



Consumer Preference Drives Shift in Authentication

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This report, sponsored by Mitek Systems, explores shifting consumer preference in authentication methods and what financial services can do to both instill consumer confidence and maintain continuous authentication across the account and transaction life cycle.

This report is derived from the 2021 Identity Fraud Study: Shifting Angles, published by Javelin Strategy & Research in March 2021. Javelin Strategy & Research maintains complete independence in its data collection, findings, and analysis.

2020 was a year that saw enormous change with little time for strategizing. What started as a two-week, temporary isolation transformed into a global lockdown and forever changed the way we work, educate, spend, and invest. Consumers were required to shift to digital channels for their payments and banking needs, from mobile deposits to remote loan origination. This also meant a change in how financial institutions were expected to authenticate consumers' identities. According to Javelin's 2021 Identity Fraud Study: Shifting Angles, combined identity fraud losses reached \$56 billion in 2020, with many of those losses attributable to poor authentication during account access by the consumer.

Javelin believes that insufficient and/or lacking stepped-up authentication was to blame for the uptick in new account fraud, particularly within the automotive and mortgage-lending spaces. The need for advanced authentication continues to grow, as the threat of identity fraud and identity fraud scams escalates. Consumers also are showing increased interest in the use of biometrics for authentication, particularly because of the security and convenience they offer. Financial services should follow consumers' lead by providing layered authentication approaches that capitalize on consumers' interest in advanced authentication and delivering continuous authentication as a resilient defense against identity fraud and identity fraud scams.

In October 2020, Javelin conducted a nationally representative online survey of 5,000 U.S. consumers to assess the impact of falling victim to fraud, uncover where fraudsters are making progress, explore consumers' actions and behaviors, and identify segments of consumers most affected by fraud.

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