

ANNOUNCING 2017 ACCOUNT SAFETY IN BANKING SCORECARD AWARD WINNERS

September 2017

In 2016, identity fraud reached a record 15.4 million victims in the US. Most worrisome was the resurgence of account takeover, which rebounded from a low point in 2015 to impact 1.4 million consumers and account for \$2.3 billion in losses. ATO is one of the most impactful fraud types and one which has the potential to dramatically undermine financial relationships.

Online and mobile banking have become accountholders' first stop for meeting their financial needs. While adoption of mobile banking is still growing, the number of weekly mobile bankers first exceeded the number of weekly branch users in 2015. Digital channels are not the future of banking – they are where customers bank first and foremost today. This

has two significant fraud implications for financial institutions:

- First, the same factors that are increasing customer use of online and mobile banking make them more attractive to fraudsters. Increased online and mobile banking functionality gives fraudsters more avenues to monetize compromised accounts.
- Second, financial institutions anti-fraud measures – everything from authentication to alerts and fraud reporting – need to be held to the same standard of quality content and service as the rest of their online and mobile banking platforms. Falling behind not only other financial institutions, but also the digital trend-setters – companies like Google and Amazon – makes financial institutions look antiquated.

2017 ACCOUNT SAFETY IN BANKING

SCORECARD AWARD

BEST IN CLASS

USAA

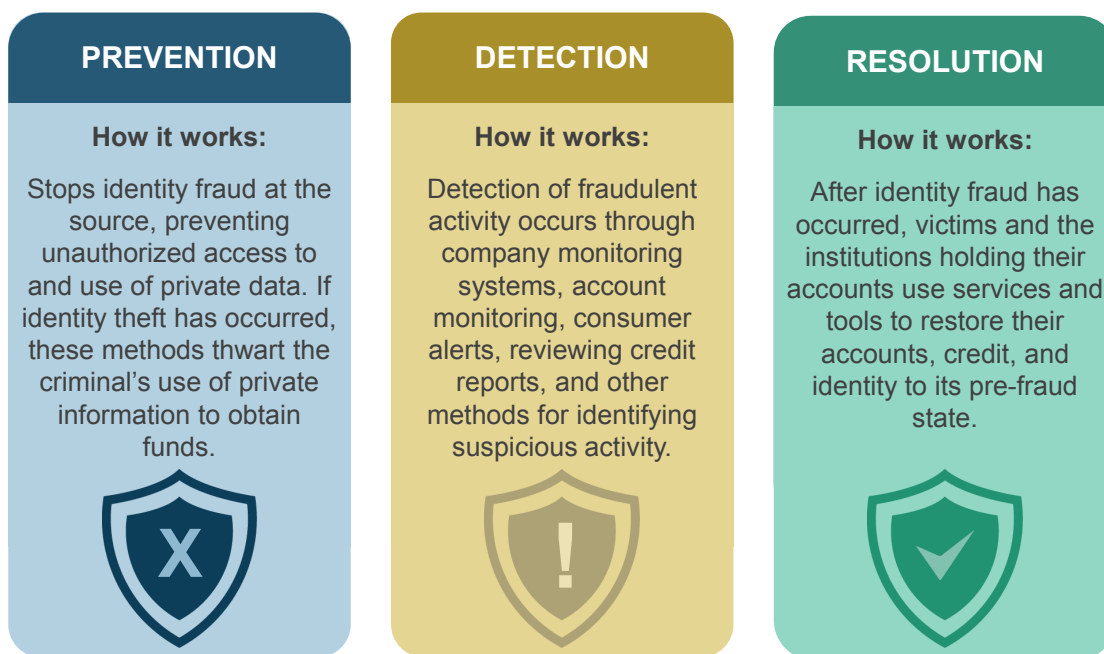


Javelin's 2017 Account Safety in Banking Scorecard highlights leaders from among the 28 largest depository financial institutions in the US – providing timely and actionable benchmarking tailored to current and emerging fraud trends.

USAA takes "Best in Class". With an impressive showing across all three categories, USAA takes the top place overall. USAA distinguished itself as one of the few financial institutions to offer multiple biometric modalities to their accountholders and with a robust array of alerts across a wide array of channels.

PROTECTING ACCOUNTHOLDERS EFFECTIVELY FROM FRAUD OCCURS OVER THREE STAGES

Shielding accountholders from fraud occurs over multiple stages. Prevention – ensuring that fraud does not happen in the first place – is arguably the most essential of these stages, since detection and resolution become irrelevant if fraud never occurs. Accordingly, prevention receives the highest weight in the Overall score. However, since some fraud will inevitably slip through even the most well-designed safeguards, detection centers around features designed to ensure that accountholders are able to discover fraud as quickly and easily as possible. Resolution focuses on capabilities that help victims recover from fraud with minimal disruption to their life.



Source: Javelin Strategy & Research, 2017

Prevention

Bank of America, Bank of the West, Fifth Third, USAA, and Wells Fargo distinguished themselves as leaders in fraud prevention among the largest financial institutions in the US. In particular, these five financial institutions offer particularly robust authentication capabilities, with an average of 4.4 different authentication methods in use for online banking compared to 2.9 for all institutions included in the scorecard.

Detection

Bank of America, Comerica, Fifth Third, USAA, and Wells Fargo distinguished themselves as leaders within detection. In particular, these institutions rose above the pack in the variety of alerts and channels they offered. The leaders in detection offered an average of eleven of the fourteen alerts and 5.2 of the six channels covered. Catching fraud early is crucial to minimizing the expense for financial institutions and the complexity of resolution for victims. Fraud that was detected in one day or less took an average of 3.8 hours for victims to resolve with a mean fraud amount of \$562. In contrast, fraud that was able to occur undetected for three or more months cost \$2,728 and took victims an average of 19.4 hours to resolve.

Resolution

Consistent with previous years' results, financial institutions in 2017 fared best in resolution. Bank of America, PNC Bank, TD Bank, USAA, and Wells Fargo stood as leaders above a crowded pack. For accountholders, resolution is often the most defining feature of a fraud incident. How much time they had to spend establishing the details of the event, how long it took for funds to be returned, and whether they had any significant out of pocket expenses all contribute strongly to how fraud victims perceive their financial institution and whether fraud will have any long-term repercussions on their banking relationships. While just 3.7% of fraud victims who were able to resolve fraud in less than an hour indicated that fraud had a significant impact on their life, that proportion rises to 21.7% for victims who spent upwards of 10 hours resolving fraud. Consequently, while it is the area where financial institutions are currently performing best, it is also the area with the least margin for error.

2017 ACCOUNT SAFETY IN BANKING LEADERS

PREVENTION		DETECTION		RESOLUTION	
Leaders	Bank of America Bank of the West Fifth Third USAA Wells Fargo	Leaders	Bank of America Comerica Fifth Third USAA Wells Fargo	Leaders	Bank of America PNC Bank TD Bank USAA Wells Fargo
Contenders	Ally Bank BBVA Citi Citizens Comerica HSBC PNC Bank Santander TD	Contenders	Ally Bank Bank of the West BBVA Huntington PNC Santander U.S. Bank Union Bank Zions Bank	Contenders	Ally Bank Bank of the West BB&T BBVA Citi Fifth Third NFCU Regions SunTrust
Followers	BB&T Chase Huntington Key Bank M&T SunTrust U.S. Bank Union Bank Zions Bank	Followers	BB&T Chase Citi Citizens M&T NFCU Regions SunTrust TD Bank	Followers	Chase Citizens Comerica HSBC Key Bank Santander U.S. Bank Union Bank Zions Bank
Laggards	BMO Harris Capital One First Republic NFCU Regions	Laggards	BMO Harris Capital One First Republic HSBC Key Bank	Laggards	BMO Harris Capital One First Republic Huntington M&T

* FIs in each category are listed alphabetically

Methodology

Javelin's Account Safety in Banking Scorecard consists of 160 individual criteria related to protecting consumer depository accounts from third-party fraud threats. Each criterion was weighted by Javelin to reflect its relevance to current and emerging threats facing consumer accounts. Criteria were further divided into prevention, detection, and resolution categories. The overall score was a composite of these three categories, with prevention accounting for 45% of total points, detection accounting for 35% of total points, and resolution accounting for 20% of total points.

To reflect the bell curve distribution of scores, Javelin divided financial institutions in each category into four tiers:

- Leaders (ranks 1 to 5)
- Contenders (ranks 6 to 14)
- Followers (ranks 15 to 23)
- Laggards (ranks 24 to 28)

Javelin took a two-stage approach to gather the data for the scorecard. Results from 28 of the largest depository financial institutions in the US were initially collected through a network of mystery shoppers with at least one active account at each financial institution. Once the mystery shopping had been completed, each financial institution was contacted and given the opportunity to validate the results. Twenty-one financial institutions validated the results of the scorecard.

Financial Institutions evaluated:

- Ally Bank
- Bank of America
- Bank of the West
- BB&T*
- BBVA
- BMO Harris*
- Capital One*
- Chase*
- Citi
- Citizens
- Comerica
- Fifth Third Bank
- First Republic Bank*
- HSBC
- Huntington
- KeyBank
- M&T
- Navy Fed. Credit Union*
- PNC Bank
- Regions*
- Santander
- SunTrust
- TD Bank
- U.S. Bank
- Union Bank
- USAA
- Wells Fargo
- Zions Bank

* Financial institutions who chose not to validate mystery shopping results

About Javelin's Awards Programs

In conducting its market research, Javelin finds that certain providers rise to the top. Javelin's awards recognize these leaders for their exceptional quality of product or client experience, ability to meet customer demand, or overall excellence. The Account Safety in Banking Scorecard awards are one of many offered by Javelin, including Mobile Banking Leaders awards, Mobile Banking Vendor awards, Online Banking Leaders awards, Trust in Banking Leaders awards, and more. To learn more, visit www.javelinstrategy.com/content/javelins-awards.