

Digital identity is broken and it's time we fixed it

Digital fraudsters pose a huge threat to consumers and businesses alike, preying on online tractions and interactions, but keeping them away doesn't have to mean friction for users

Digital identity, as we currently know it, is broken and with the coronavirus pandemic accelerating the migration to online, fuelling a boom in internet fraud, the need to fix it is growing more urgent.

In the physical world, we identify people instinctively because of their characteristics: their face, voice, body language and the way they walk. Online, however, it's much harder to prove identity and easier for fraudsters to pretend they're someone they're not.

Authenticating people when conducting online transactions, or other interactions that require user verification, is therefore vital to preventing fraud.

However, having to authenticate ourselves regularly online creates friction that turns many customers away, creating a Catch-22 for businesses. Research by Decibel found that seven in ten customers abandon purchases because of a bad user experience. To improve digital identity processes, we have to understand where they went wrong. The answer is they simply tried to replicate physical ID processes in a digital way.

"If people can now get everything they need online, what influences loyalty? It's predominantly the user experience, but security and privacy are also becoming more important," says Amir Noorjala, chief commercial officer at Callsign, whose artificial intelligence-based identity and authentication solutions allow customers to interact safely online, with minimal friction, while ensuring bad actors are blocked to protect customers' identities.

"Fraud needs volume to hide itself in and that volume is now online. Every company should be asking how they can



ensure they have the best online experience without opening the gates to fraud. You do it with passive technology that collects multiple different data signals without affecting user experience, giving the best of both worlds."

Passively collecting information, while sustaining an optimal user experience, means thinking about digital identity in purely digital, not digitalised, terms. It requires portability of identity across both devices and channels, including web, mobile and open banking.

By analysing the thousands of datapoints across device, location and behaviour, Callsign can confirm in real time whether users' behaviours fit their normal pattern. If they do, they can get on in a frictionless way, but when they don't, or malicious activity is detected, Callsign introduces further tests, avoiding a rules-based approach that is easily replicated by bad actors. This allows users to get on with their digital lives, while businesses improve customer engagement and productivity, and reduce fraud risks.

Placing identity at the core of their business is the digital version of putting the customer first. It helps ensure smooth online experiences and transactions, but also secure, privacy-preserving experiences, and getting this right drives customer loyalty.

"We're completely rethinking digital identity," says Noorjala. "Utilising artificial intelligence and machine-learning models, we use real-time data to confirm if your device is recognised and

that it's free from malware, alongside behavioural traits such as how you type or how you swipe, the pressure your finger places on the screen and the angle you hold your phone, as well as your location."

"With all these passive data signals, we secure online transactions and massively reduce both digital fraud and friction in the user experience. And it's all done in a privacy-preserving manner. Unlike most approaches, which require constant surveillance, we put privacy at the centre. By only collecting data at each transaction and analysing against previous behaviour, not individuals themselves, we know who you are without knowing who you are."

While other companies ask users to verify their identity again and again, and rely on physical authentication checks, Callsign's passive approach puts identity at the heart of every transaction, facilitating a more holistic and intelligent view of the customer. The more people move online, the more important this will become. Organisations that succeed digitally will be those that recognise identity is part of every online interaction.

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