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eBook

Customer Experience and The Emotional Toll of Fraud

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Introduction

When people experience fraud, their future behaviors are likely permanently changed.

As the threat landscape evolves and the competitor landscape broadens, financial institutions (FIs) must seize the opportunity to become a trusted resource for their customers and optimize the customer experience (CX).

This means faster fraud detection and prevention, predicting fraud before it occurs, and safeguarding the customer journey across every touchpoint.
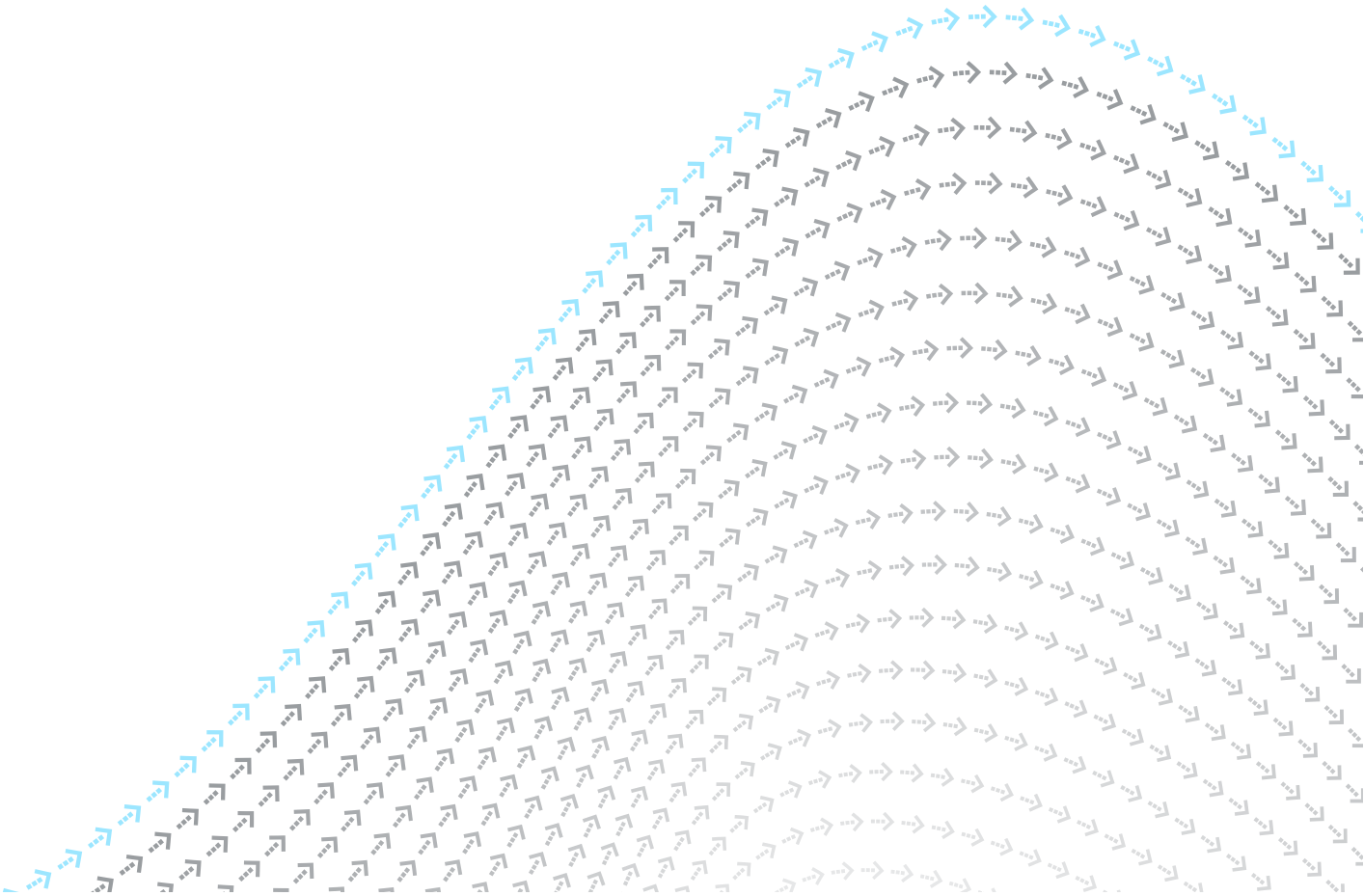
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A Golden Opportunity to Build Trusted Relationships with Customers

Identity fraud victims are 3x more likely to leave their primary financial institution.[2]

Customers depend on their primary FIs to protect their identity and their assets from theft and fraud. So when fraud does happen, **even if the FI is not at fault, customers are 31 percent more likely to leave the institution.[1]**

There's a substantial amount of compromised data that is stolen via phishing scams and social engineering, in addition to being purchased on the dark web. Information that resides outside of traditionally acknowledged personally identifiable information (PII), such as date-of-birth and social security numbers, are being targeted and used to steal an identity and perpetrate fraud. Email addresses, passwords and mobile phone numbers are now increasingly vulnerable to criminals and fraudsters.

FIs must proactively detect and prevent fraud to reduce attrition and improve CX—because there's a direct impact on the bottom line if a consumer falls victim to fraud.

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Digital Acceleration & Payments Modernization Amplifies Fraud Risk

To maintain loyalty, customer experience is critical. 87 percent of companies expect to compete on CX in 2021.[3]

Numerous fraud schemes are occurring across all channels, and now fraudsters target customers in ways that resonate with their specific generational persona.

Customers expect that every interaction and transaction is based on that pillar of trust with their FIs—and beyond this, with the things that are tied to their personalized concept of identity, like phone numbers and email addresses.

The core of a CX-driven fraud program is based on the concept of identity and trust:

- Fraud prevention must be incorporated into every transaction to establish trust.

- Artificial intelligence (AI) and machine learning (ML) can adapt, process large volumes of data, and make a curve fit an individual customer rather than a broad customer base.

- FIs must protect customer journeys across different touchpoints, channels and mediums using best-in-class data, analytics and AI.

- Customers must feel confident that their FI is protecting everything they do with their assets in a personalized, immediate and accurate way without impacting their perception of ownership.

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Competitive Differentiation in the Customer Experience Era

Banks face many challenges: declining customer loyalty, an emergent fintech class, and commerce platforms that continue to inch toward providing financial services.[4]

Ensuring a positive customer experience makes all the difference:

Fraud outcome matters

Even if fraud is not the FI's responsibility, they must take the opportunity to help with the CX and become that trusted resource—because the outcome is going to alter the customer's mindset.

Prevent customer attrition

The competitor landscape today is more extensive than it was just 20 years ago, and it's not difficult for a customer to switch to a competitor bank, fintech or emerging player.

Establishing customer relationships earlier

Younger generations will soon be experiencing life changes and thinking about car and home loans, and investments. FIs want to start relationships now to build upon and move forward as a trusted partner.

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Putting CX Front & Center in Fraud Prevention

Done right, customer experience offers a path forward that puts banking on the right side of customers in a sustainable way.[3]

FIs need the right tools to proactively detect and prevent fraud, safeguard the customer journey, and protect both the customer and their institution from fraud schemes.

Today, CX has to be front and center in fraud prevention. FIs must strike an optimal balance between risk and revenue that enables access to accounts safely, quickly and digitally in a way that keeps the door open for legitimate customers while stopping fraudsters from entering.

Data and AI are the answer:

- **AI personalizes fraud and helps FIs build an understanding of normality from an individual customer perspective.** It also provides immediacy and adaptability so that FIs can establish that trusted identity of the customer and enable faster access to products.

- **It's not just about what data is available, but what data can be generated.** This creates a baseline of normality from an understanding of broader behaviors that exist within a peer group or business unit.

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IFM-X
Provides Intelligent Fraud Prevention and Proactive Detection

IFM-X, the intelligent enterprise fraud prevention solution from NICE Actimize, supports FIs in providing mutual trust at every touchpoint so they can drive continual, safe account growth through excellent, digital-first customer experiences.

End-to-end fraud prevention protects the customer journey across the entire life cycle. Agile advanced analytics and powerful AI adapts to new and emerging fraud threats now and in the future.

IFM-X New Account Fraud and IFM-X Payments Monitoring:

- Seamless first and third-party data ingestion and integration to immediately stop fraud in real time.

- Connects and extends coverage earlier at the application stage with identity proofing, and moving into early account monitoring and ongoing monitoring.

- Detects sophisticated fraud from stolen and synthetic identities, and mule activity.

- Always-on AI understands customer patterns and continuously learns, discovers and adapts to quickly detect anomalous activity and prevent complex fraud attacks.

- Orchestrates data across all point solutions to create accurate fraud analytics, accelerate alert resolutions and centralize all fraud prevention activities.

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Mutual Trust at Every Touchpoint

Trust goes both ways—FIs have to trust that their customers are not defrauding them, and customers have to trust that their FI is protecting their assets.

Payments modernization, shifting customer expectations, the evolving regulatory landscape, and digital acceleration can make it challenging to deliver a superior CX in the digital-first age.

IFM-X enables an optimized customer experience with advanced AI to help FIs continually nurture trust with their customers through accurate, real-time and holistic fraud detection and prevention. FIs can use data-driven intelligence to protect their customers, their organization, and truly thrive in this new economy.

→ Get Started

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Additional resources

On-Demand Webinar:
The Emotional Toll of Fraud

→ Watch Now

1. Javelin Strategy & Research, 2021
2. Javelin Strategy & Research, 2021
3. https://www.gartner.com/en/documents/3996862/to-improve-customer-experience-improve-the-customer-faci
4. https://go.forrester.com/blogs/category/banking/
5. Javelin Strategy & Research, 2021
6. https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/cutting-through-the-noise-in-retail-banking-customer-experience

About NICE Actimize

NICE Actimize is the largest and broadest provider of financial crime, risk and compliance solutions for regional and global financial institutions, as well as government regulators. Consistently ranked as number one in the space, NICE Actimize experts apply innovative technology to protect institutions and safeguard consumers and investors assets by identifying financial crime, preventing fraud and providing regulatory compliance. The company provides real-time, cross-channel fraud prevention, anti-money laundering detection, and trading surveillance solutions that address such concerns as payment fraud, cybercrime, sanctions monitoring, market abuse, customer due diligence and insider trading.

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