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PROVE PRE-FILL™: **2021 IMPACT** **INNOVATION AWARD** **IN FRAUD**

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IMPACT BRIEF

PROVE

Headquartered in New York and founded in 2008, Prove Identity (Prove) is a provider of identity verification and authentication solutions that helps companies reduce friction and fraud from digital journeys by making it easy for consumers to use their phones to prove their identity. Its suite of solutions provides clients with the ability to onboard new customers more quickly and securely, review high-risk transactions, protect user logins, and authenticate both individuals and businesses. Prove's solutions are used by over 1,000 companies, including 8 of the top 10 banks, 3 of the top 5 retailers, 2 of the top 3 cryptocurrency exchanges, 2 of the top 3 healthcare companies, and 6 of the top 10 insurance companies in the U.S.

Prove divides its solutions into two categories:

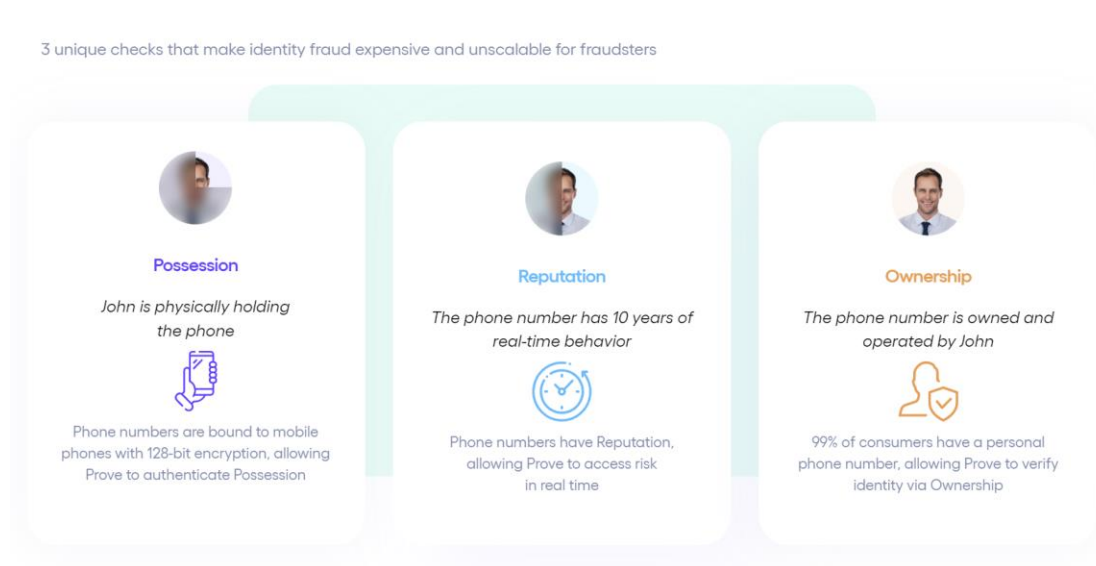
- **Digital onboarding including no-cost KYC:** Digital onboarding largely consists of the [Prove Pre-Fill](#) solution, which securely auto-fills online applications with verified customer data and enables businesses to reduce the required number of form fields by an average of 80%. It provides consumers and businesses who consent to the auto-fill process with an improved user experience and a more secure application process. This solution also includes optional KYC checks such as global sanctions, watchlists, and politically exposed persons (PEP) screening at no additional cost.
- **Digital engagement:** Digital engagement includes the [Prove Fonebook](#), a registry of customer identities allowing clients to manage customer phone numbers and related data in a tokenized manner, and associated identity authenticators. Leveraging this capability, users can add and update missing information on a customer, manage the related tokens, and authenticate identity throughout the customer life cycle.

Core to Prove's solutions is the company's Phone Identity Network ("PIN"). Built on the foundation of the Prove PRO Model, it relies on three dimensions (Figure 1):

- **Possession:** The phone numbers within Prove's platform are bound to physical phones through an encryption key, allowing clients to effectively verify that their customer is in possession of the phone.

- **Reputation:** The platform leverages up to 10 years of phone number history to facilitate risk assessment. This data includes SIM swap history, porting, and phone-number tenure.
- **Ownership:** Through network data, the ownership of the phone is verified, allowing clients to have confidence in the related identity.

FIGURE 1: PROVE—PRO MODEL



Source: Prove

This approach, combined with authoritative data sources, enables Prove to provide a set of solutions that help improve the customer experience and accelerate time to revenue while controlling fraud risk.

MARKET CHALLENGES AND NEED

When establishing a relationship with an individual or business, verification and authentication of the prospect's identity is a fundamental requirement for most companies; it is particularly critical in a digital environment. Yet customers and prospects expect that such processes are quick and frictionless, especially when interacting with

companies through digital channels. One study found that **97% of customers say a smooth, easy experience is important when choosing a service provider.**¹

While a superior customer experience is imperative, it must be done safely and securely, properly validating the customer's information against authoritative sources or acceptable proxies. Traditional approaches match or score identity information provided by the individual against a combination of publicly available information and credit bureau header data elements (such as name, Social Security number, date of birth, and addresses). **However, a key weakness to such approaches in a digital environment is that the person presenting the data may not be the actual individual to whom the data relates.**

Additionally, the COVID-19 pandemic accelerated the shift to digital onboarding and servicing, speeding up the expected/anticipated rate of this transition. Now, companies are having to focus more time and investment on creating exceptional customer experiences. In fact, a recent survey found that **88% of customers expect companies to accelerate digital initiatives due to the COVID-19 pandemic.**²

Thus, to compete in today's market, companies must improve customer experience by investing in new technologies and capabilities. Enhanced customer experiences are important throughout the customer life cycle, from the initial application process and onboarding to activation and ongoing engagement.

INNOVATION: PROVE PRE-FILL

Prove Pre-Fill facilitates a company's ability to streamline the customer onboarding process by enabling applicants to auto-fill required data elements with verified data. The solution leverages Prove's Phone Identity Network (PIN), which correlates the possession, reputation, and ownership of the phone and related phone number to provide a smooth and fast user experience while, at the same time, verifying the identity and authenticating the individual (Table A).

¹ Maria Schuld, "Move Over Digital. Customer Experience Now a Key Differentiator," FIS Global, April 22, 2019, accessed August 16, 2021, <https://www.fisglobal.com/en/insights/what-we-think/2019/april/move-over-digital-customer-experience-now-a-key-differentiator>.

² "What Are Customer Expectations, and How Have They Changed?", Salesforce Resource Center, accessed August 16, 2021, <https://www.salesforce.com/resources/articles/customer-expectations/>

TABLE A: PROVE PRE-FILL INNOVATION SUMMARY

CATEGORY	DETAILS
Innovation	Prove Pre-Fill™
Official launch date	2017
Description	Auto-fills verified identity information and authenticates the individual asserting their identity by leveraging information about the possession, reputation, and ownership of the related device and phone number.
Implementation time and approach	Powered by a set of APIs, clients can customize the customer experience with implementation times ranging from days to weeks depending on the level of customization and testing requirements.
Key benefits	<ul style="list-style-type: none"> • Improves prospect/customer experience by minimizing prospect data input • Lowers application abandonment rates • Accelerates time to revenue with increased approval rates • Reduces fraud and data input errors • Includes KYC checks such as global sanctions, watchlists, and politically exposed persons (PEP) screening at no additional cost

Source: Prove

By auto-filling the information in an authenticated manner, Prove Pre-Fill streamlines the customer experience and authenticates the identity of the individual simultaneously, enabling more new account openings and reducing application abandonment. This also helps to curtail new account-opening fraud, such as synthetic identity, and pushes fraudsters into the non-opt-in population.

TARGET MARKET

Prove's target market for Prove Pre-Fill consists of U.S. financial services—both traditional institutions and fintech and cryptocurrency firms—as well as insurance, healthcare, and e-commerce retail companies. They are also expanding into other markets, both vertically and geographically, which have similar needs.

In addition to selling directly to clients, Prove provides the product on a white-label basis through partners such as technology vendors and other risk solution providers.

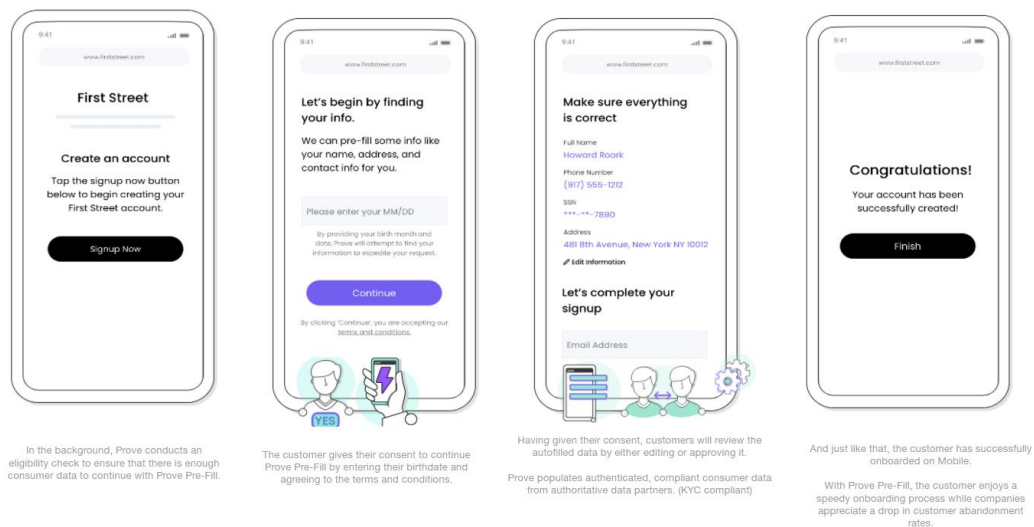
HOW IT WORKS

Prove Pre-Fill is integrated directly into the client's new account application process through a set of available APIs. The integration occurs in the background, so that all branding is that of the client company.

The consumer or business prospect begins the application process and is guided through a series of steps as follows (Figure 2):

1. The applicant is prompted to opt-in to auto-fill their personal information.
2. Once opted in, the applicant is prompted to enter a piece of identifying information (e.g. last four digits of SSN) to ensure that data regarding the correct individual is auto-filled. Then, an eligibility check is run.
3. Once the user is authenticated, the information required for the application is automatically filled in, and the applicant is asked to verify its accuracy.

FIGURE 2: PROVE PRE-FILL—ACCOUNT OPENING EXPERIENCE



While the applicant is entering the limited identifying information, in the background, the consumer's identity token is located in the PIN platform and validated to be used for the Pre-Fill interaction. The identity token is informed and kept up-to-date using signals from several authoritative data sources, including telecommunication companies, banks, public

sources, and up to 10 years of proprietary Prove historical data, all of which are combined to also mitigate account-opening fraud.

In addition, fraudsters are more likely to opt out of the Prove Pre-Fill experience, as they have been shown to want to avoid the automatic population of their own (or perhaps inconsistent) personal data in the application. This has the effect of creating a richer population of likely fraudulent account openings within the opt-out group, since fraudsters effectively place themselves in that group, providing a more fertile hunting ground for fraud analysts.

Currently, Prove Pre-Fill customers receive detailed analytics about how the solution is performing from the Prove Customer Success team.

KEY QUANTITATIVE AND QUALITATIVE RESULTS

Prove has received positive client feedback on the product for both its impact on customer experience and the effectiveness of the identity verification and authentication capabilities. As illustrated in Table B, the solution mitigates account opening fraud while significantly accelerating the approval and activation of new customers.

TABLE B: PROVE PRE-FILL CLIENT RESULTS

BANKING CLIENT USE CASE	PROVE PRE-FILL RESULTS
Accelerate deposit account opening and funding	<ul style="list-style-type: none">• Deposit account opening and funding could be completed in just 90 seconds
Streamline digital card account opening process to increase pass rates and maximize opt-in population	<ul style="list-style-type: none">• Reduced the number of keystrokes required to complete an application by 80%• Achieved a 93% opt-in rate for the pre-fill capability, along with a lower abandonment rate• Forced fraudulent applicants into the remaining 7% (opt-out population)• Reduced “true name” fraud to near zero, largely due to the “possession” aspect of the Prove model

Source: Prove

FUTURE ROADMAP

The product roadmap for Prove Pre-Fill is designed to further enhance the solution's usability and efficacy:

- Improved synthetic ID detection
- Improved Know Your Customer (KYC), including sanctions, politically exposed person (PEP), and adverse media screening
- Improved email-address-level assurance
- Income data to streamline credit applications

AITE-NOVARICA'S TAKE

The combination of an increased focus on customer experience and the accelerated shift to digital onboarding and engagement is driving institutions of all types to embrace new technologies to meet increasing customer expectations of easier, frictionless experiences. At the same time, there is little forgiveness for the higher levels of fraud losses that can often come with less disruptive, more customer-friendly fraud prevention tools. Aite-Novarica Group sees that the Prove Pre-Fill solution is well-positioned to address these traditionally contrary challenges.

- Prove Pre-Fill uniquely delivers a meaningfully enhanced customer experience at a critical phase in the customer life cycle—the beginning.
- The level of fraud prevention capability is significant, detecting fraudulent applicants and identifying potential fraudsters based upon their self-selection into the opt-out group.
- Fraud risk managers can enjoy both fraud prevention capabilities and reduced customer disruption since the solution is effectively “anti-disruptive” and has a high opt-in rate.

For these reasons, Prove's solution stands out as one that addresses the full equation of customer experience, risk efficacy, and time to revenue in a mobile environment. Given its success to date, coupled with its future roadmap items, Aite-Novarica Group expects the solution to continue to advance within the market.

IMPACT INNOVATION AWARDS IN FRAUD & AML

The world is changing rapidly and sustaining effective financial crime risk management has become extremely challenging and complex. The breadth and capabilities of fraud and AML technology solutions must now go beyond traditional offerings to address new market forces, fight financial crime, and achieve regulatory compliance while elevating the customer experience and operational efficiency.

Aite-Novarica Group's inaugural Impact Innovation Awards in Fraud & AML are designed to recognize and celebrate innovations that are disrupting financial crime. Award recipients are leading the industry by identifying and implementing new products, capabilities, or levels of automation and effectiveness that bring our financial services industry one step closer to next-generation fraud and AML innovation. They are the FIs and technology providers, regardless of size or region, that others will follow.

QUALIFICATION AND EVALUATION METHODOLOGY

Aite-Novarica Group solicited nominations for its 2021 Fraud & AML Impact Innovation Awards from May to the end of June 2021. All nominated initiatives were required to be in production and must have been implemented within the last two years.

Analysts from Aite-Novarica Group's Fraud & AML practice reviewed all fraud nominations and narrowed the field to the top submissions. Along with Aite-Novarica Group Fraud & AML analysts, an external panel of subject matter experts and industry thought leaders determined the winners of three distinct fraud innovation categories: risk mitigation, operational efficiency, and customer experience. Each fraud nomination was evaluated on seven individual criteria (Figure 3).

FIGURE 3: IMPACT INNOVATION AWARD EVALUATION CRITERIA

Impact Innovation Award Evaluation Criteria			
Level of innovation and competitive advantage	Market needs assessment	Impact on customer experience and end-user experience	Impact on operational efficiency
Financial crime risk detection and mitigation	Level of scalability across customer base		Future roadmap assessment

Source: Aite-Novarica Group

ABOUT AITE-NOVARICA GROUP

Aite-Novarica Group is an advisory firm providing mission-critical insights on technology, regulations, strategy, and operations to hundreds of banks, insurers, payments providers, and investment firms—as well as the technology and service providers that support them. Comprising former senior technology, strategy, and operations executives as well as experienced researchers and consultants, our experts provide actionable advice to our client base, leveraging deep insights developed via our extensive network of clients and other industry contacts.

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