

Customer attitudes to digital identity

Meet the expectations of tomorrow



Introduction

Digital identity is often discussed in the context of the benefits it provides businesses. If implemented and managed correctly, these benefits are significant—it can stop fraud, improve operational efficiency, and enable regulatory compliance.

But how does it impact your customers?

What does their relationship with digital identity look like—and how does it temper their experience and perception of your business?

We conducted research across 4 countries (USA, UK, France and Germany), and surveyed 4,000 people on what digital identity means to them. We did so to better understand how your customers feel, and how businesses can optimize their approach to digital identity in a way that meets your customers' needs.

This report is divided into 4 sections:

- 01 The importance of digital identity
- 02 Customer relationships with digital identity
- 03 Current solutions for onboarding
- 04 Current solutions for re-authentication

Section 1

The importance of digital identity



The way we access products and services has changed more dramatically over the last few years than at almost any other time in history

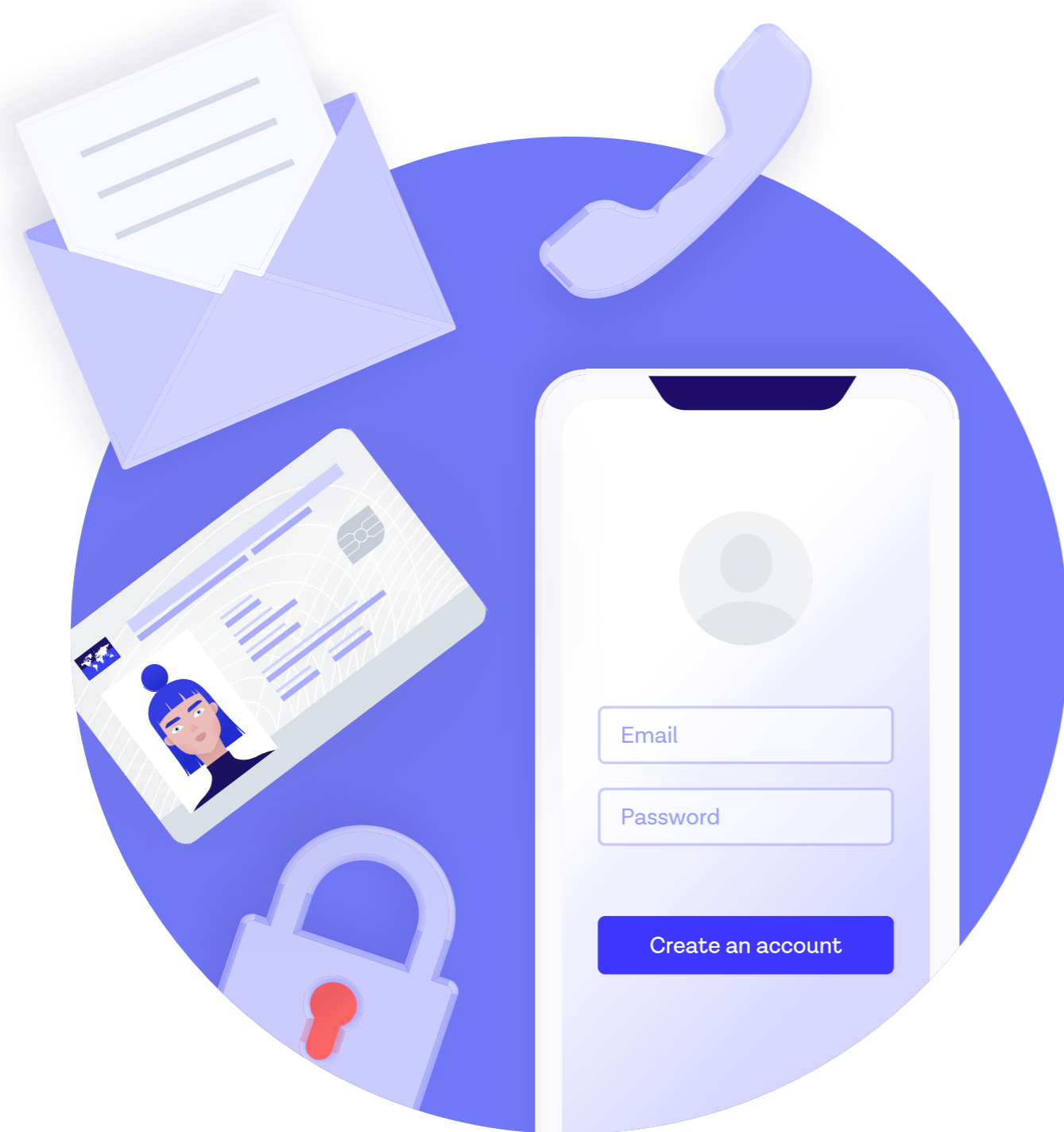
Up until a year ago, digital channels were one of many ways to engage customers. But for many today, digital is fast becoming the only available channel. Accelerated by the Covid-19 pandemic, we're accessing more digitally than ever before—roughly 60% of people report accessing more online since the start of the Covid-19 pandemic. And to access these services online, we rely on our digital identity.

Digital identity lets us manage our daily lives either fully remotely, or with minimal contact. It allows us to bank, communicate, organize travel, access healthcare, make investments, take out insurance—and this list is only getting longer.

Businesses can verify the identity of a potential customer in a number of ways. But before we examine specific verification methods, we must understand how your customers view digital identity, and how important it is to their everyday lives.

How your customers define digital identity





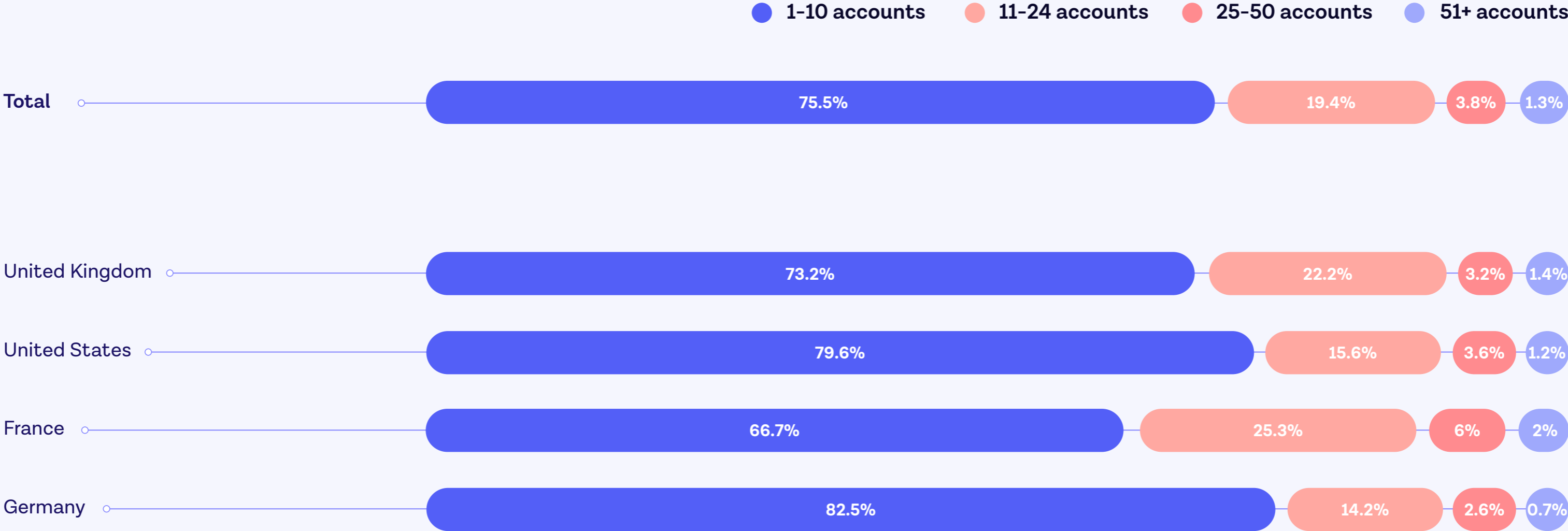
Customers access multiple online accounts every week

Roughly three-quarters of our respondents access up to 10 accounts every week. And 1 in 4 are accessing at least 11 accounts every week. Your service is often one of many in your customers' long list of accounts to create and access.

Considering the many different ways there are to prove your identity online, this puts a lot of pressure on an individual, as opposed to a business, to manage the different ways they're asked to prove their identity. To take that pressure off the individual, and to stand apart from every other online account, your process needs to be convenient, straightforward and secure.

A higher proportion of respondents from France access more accounts per week (6% access 25-50 accounts each week, 25.3% access 11-24 accounts each week). Comparatively, more respondents from Germany access fewer accounts each week (82.5% access 1-10 accounts each week).

Have customers accessed more online since the start of the pandemic?



The Covid-19 pandemic has increased the number of services people access online

There's been a direct correlation between the Covid-19 pandemic and the number of services we access online. As people have stayed at home to avoid the virus, the number of remote interactions we've seen has increased. The trend was already growing, but combined with the pandemic, the shift to a more contactless society has accelerated.

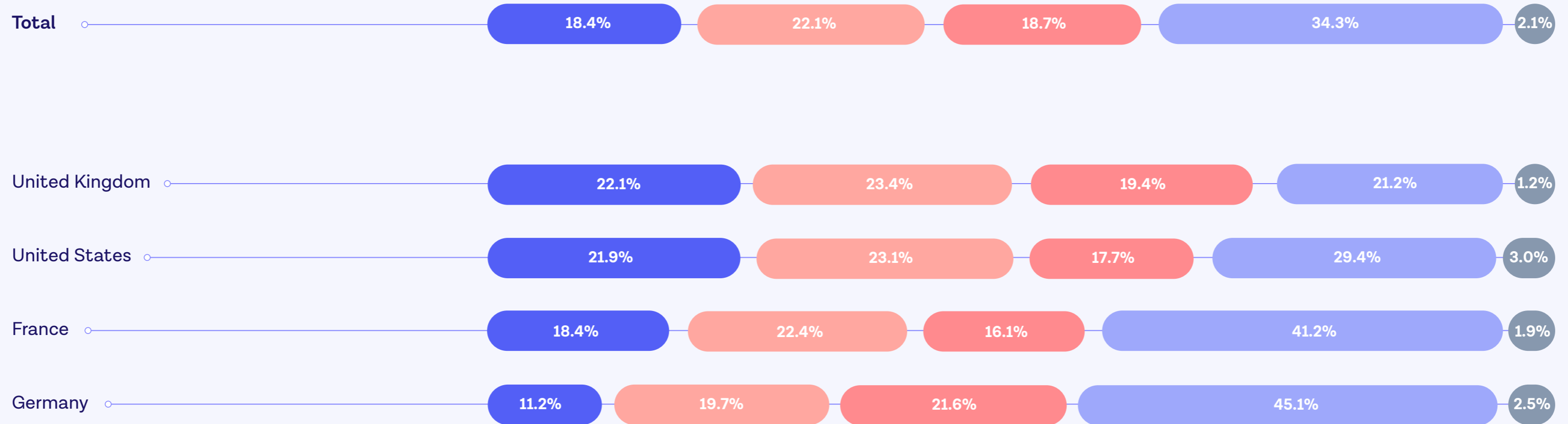
And it seems this behavior change is here to stay. The online model has been proven to work. Businesses are changing their infrastructure to allow for more remote interactions, and are increasing their efforts to reach consumers online. Meanwhile, customers are getting used to completing more transactions remotely.

All of this means more scenarios where people will need to make use of their digital identity.

60% of people report accessing more online since the start of the Covid-19 pandemic.

People are accessing more services online

● **Yes, a significant amount** (+50% more than usual) ● **Yes, a reasonable amount** (25-49% more than usual) ● **Yes, a small amount** (1-24% more than usual) ● **The same amount** ● **Less than usual**



People are dissatisfied with how their digital identity is handled

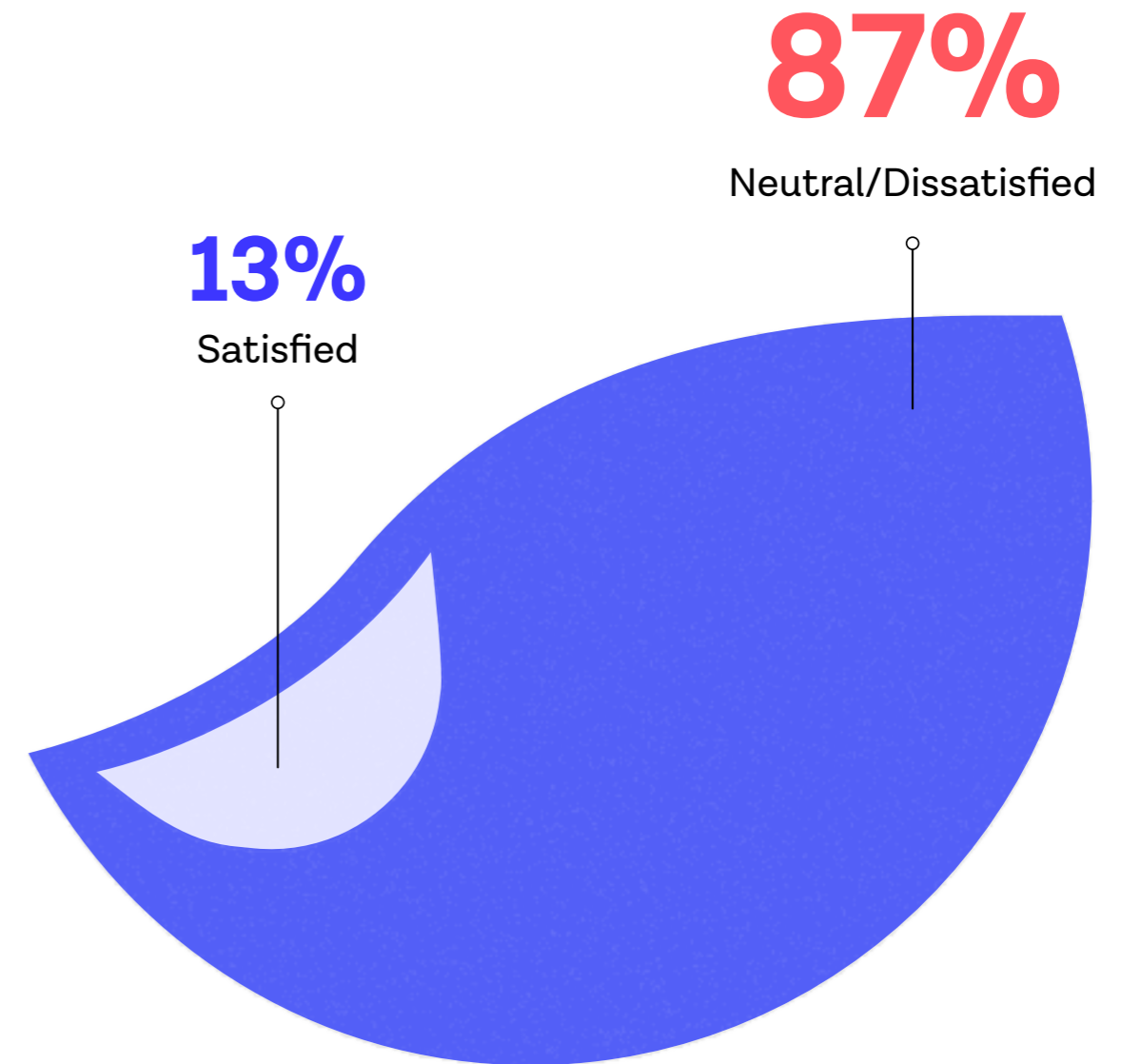
But there is still work to be done. There's a discrepancy between the amount we use our digital identity online, and how satisfied people are with the way it's handled.

Only a very small proportion of our respondents report their digital identity being handled 'as I want it'.

The majority of people (87%) feel either neutral, or dissatisfied. In what other areas of business could we get away with 87% of customers feeling dissatisfied or indifferent?

While people don't feel their digital identity is being handled as they want it, it seems to have, up until now, been the accepted norm. But with an increase to our online presence, plus pressure from regulators and governments on privacy and security, it's likely this will change.

For businesses, this presents an opportunity: digital identity is clearly an area where it's possible to differentiate by delivering on what people want.



Section 2

Customer relationships with digital identity



What are customers' key concerns?

You'd expect that customer concerns with online identity would focus primarily on speed and efficiency—for example how convenient is the process, and how easy is it for them to complete. But our data shows a different pattern.

While customers will always care about convenience, the most pressing issue for customers right now is privacy and security.





Privacy

36.8% of people are concerned they're being asked for too much data

52.8% worry their data will be passed to 3rd parties



Security

50.2% are concerned that their data won't be held securely



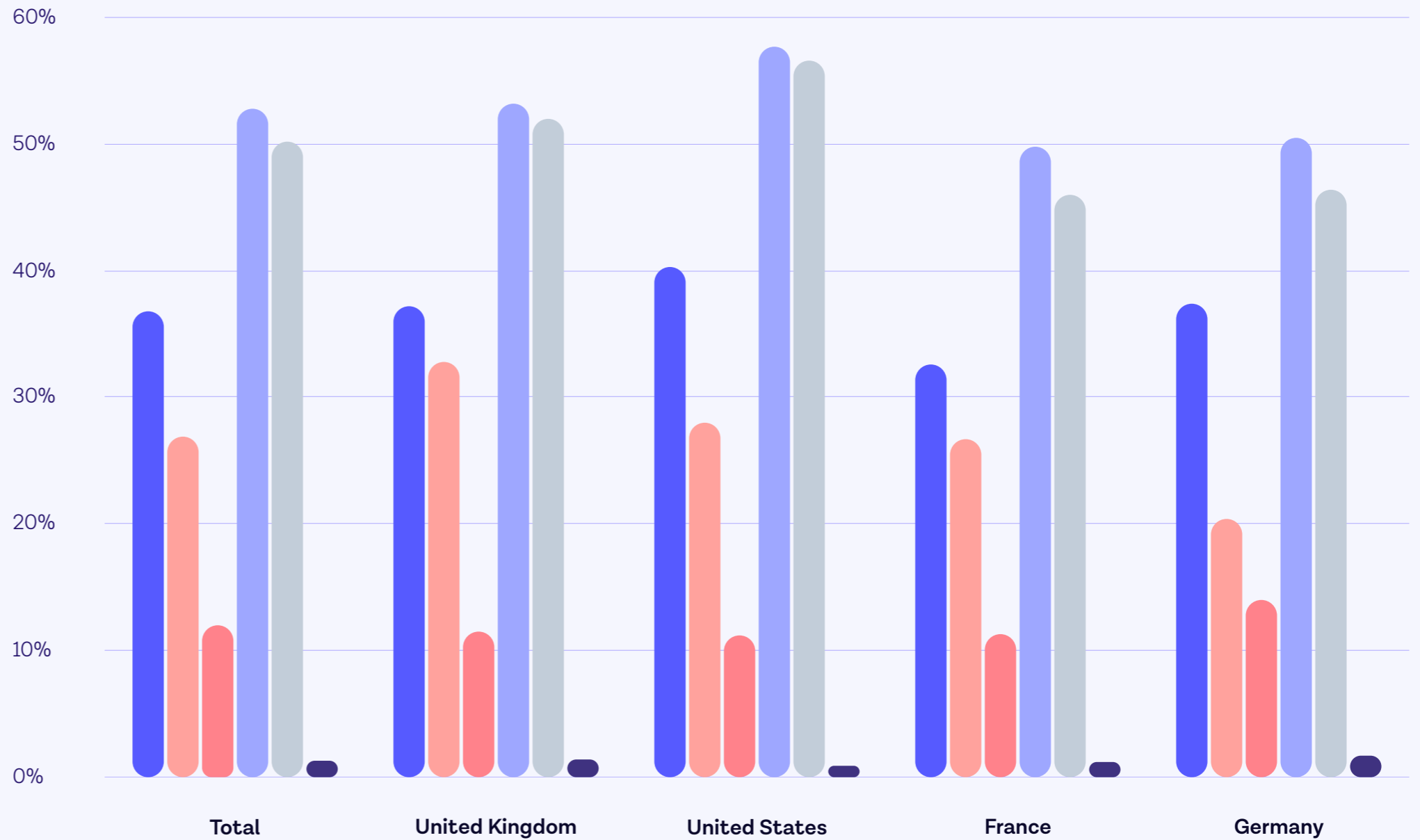
Convenience & ease of use

12% of people report finding methods of proving their identity confusing

26.9% said they find it takes too long

Key concerns:

- I'm asked for too much information
- It takes too long
- It's confusing
- I'm concerned my data will be passed on to third parties
- I'm concerned about the security of the information I'm providing
- Other



“

It's just a matter of time before hackers get through to any database that companies use for keeping data private.

Charlie, 34, United States

It seems as people have become more accustomed to digital methods of identity verification, concerns have shifted. Convenience and ease of use are now expected and on the whole, businesses are meeting these expectations. How easy it is to access a product or service is no longer what differentiates you from your competitor.

Your customers are now making these decisions based on what happens to their personal information and data once it's handed over. For example, they're asking: how can I prevent my identity from being stolen or my account hacked? How do I know who can access my information, how my data is being used, or how much is even online in the first place?

Frustrations around digital identity lead to abandonment

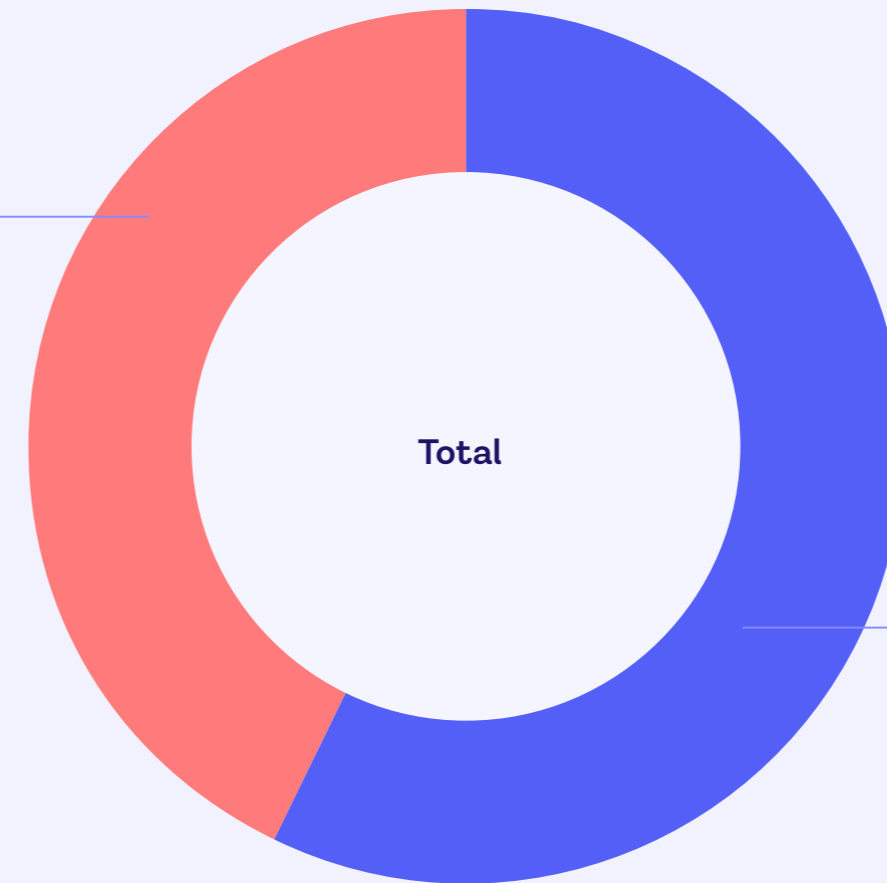
We asked our respondents: In the last year have you abandoned signing up for a new account or service because of one or more of these concerns?

- I'm asked for too much information
- It takes too long
- It's confusing
- I'm concerned my data will be passed on to third parties
- I'm concerned about the security of the information I'm providing



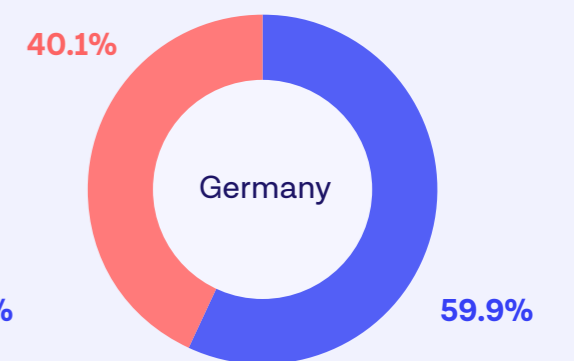
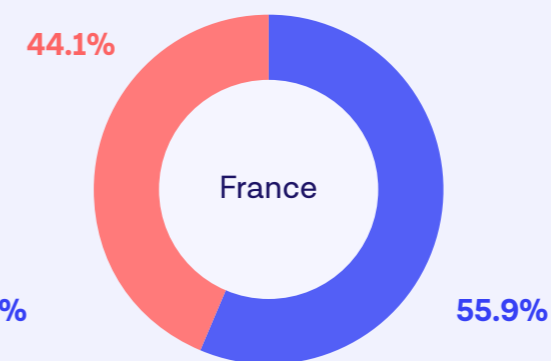
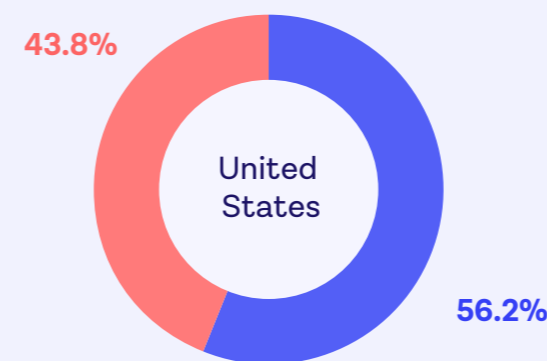
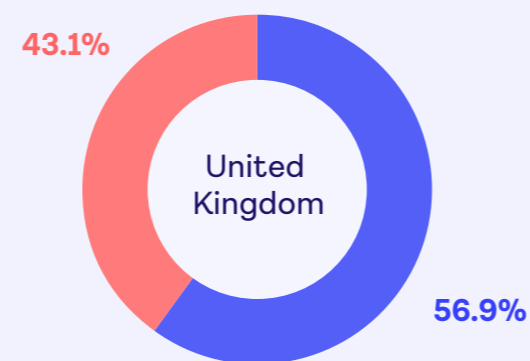
42.8%

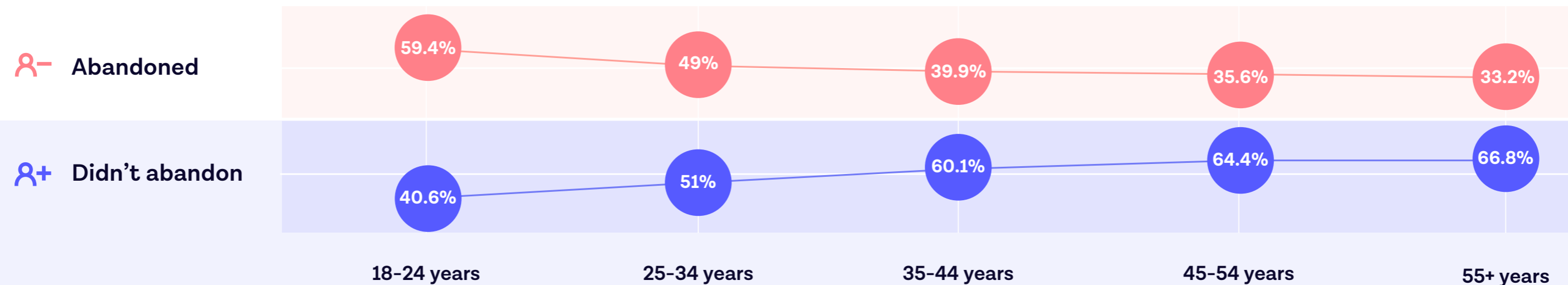
Abandoned



57.2%

Didn't abandon





Our data shows that younger age groups are more likely to abandon, indicating that they hold businesses to a higher standard.

Older age groups appear more forgiving, but still report abandoning at a rate of 1 in 3.

“It took forever. I wanted to give up... If it becomes too much of a hassle for something I don’t really need, I can just find another company...”

Alex, 40, North America

Businesses need a consistent flow of new users in order to grow. Younger generations often form part of this new user base. If you can't meet the next generation's expectation, your business will struggle to continue to grow.

The more dissatisfied, the higher the rate of abandonment

While roughly 40% of our respondents reported abandoning sign up in the last year because of frustrations, this figure was much higher (57.8%) when we took into account dissatisfaction rates.

To help negate these abandonment rates, businesses need to reassess their digital identity strategies. What is it about the process that customers find so frustrating? If as our data suggests, their main frustrations centre around security and data handling, businesses should consider being more upfront about how they handle data.

Of those who are extremely dissatisfied with the way their digital identity is handled, **57.8%** reported abandoning a sign up in the last year.

Section 3

Current solutions for onboarding



Existing ways of verifying identity at onboarding are falling short

Our relationship with digital identity is getting more important, and has room to improve—but what about specific methods of proving and re-authenticating identity?

General concerns around digital identity relate more to security, according to our data. But when it came to specific, existing solutions, a large proportion of our respondents found existing solutions to fall short both in terms of convenience **and** security.



Username & Password

Creating an account by providing a username and password combination at onboarding.

38.8% don't think convenient

36% don't think secure



Database

Manually filling in online forms with personal information including address history, date of birth, and government ID information.

53.1% don't think convenient

55.6% don't think secure



Branch

Visiting a branch in person and providing personal information, and an ID to be copied and checked.

66.5% don't think convenient

53.4% don't think secure

Document and biometric checks are a relatively **emerging** method compared to database checks or in-person verification.



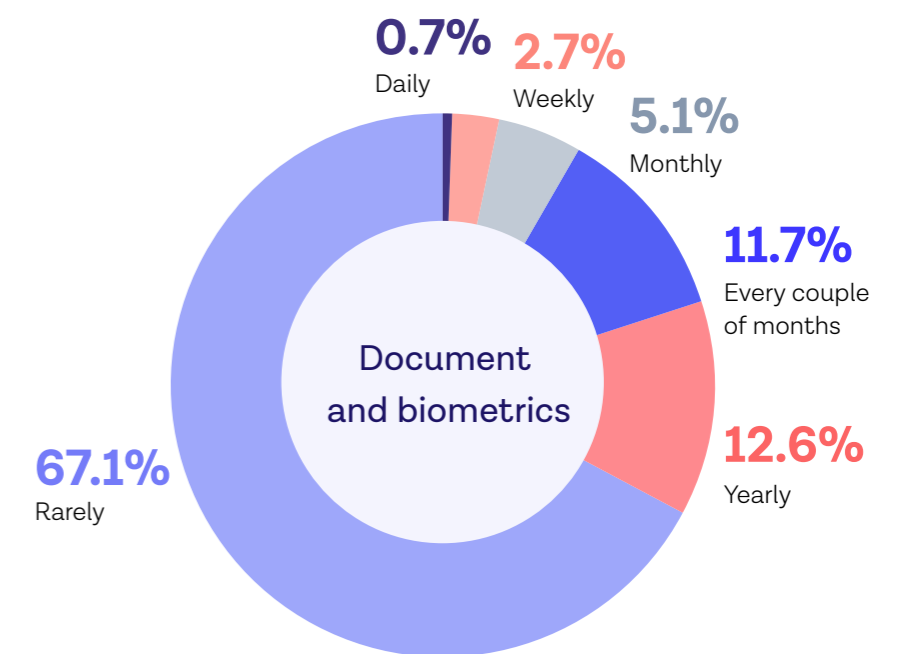
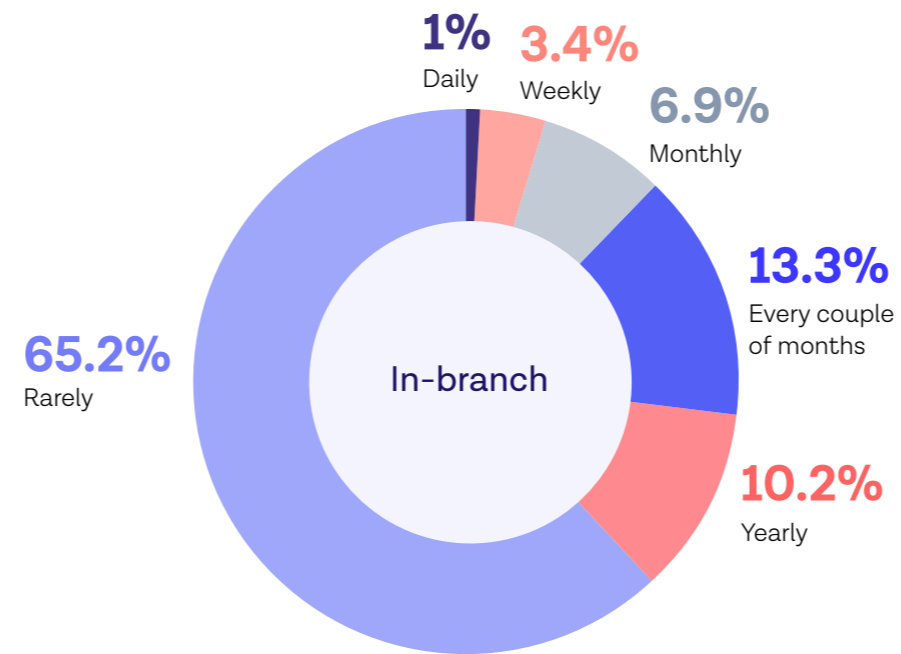
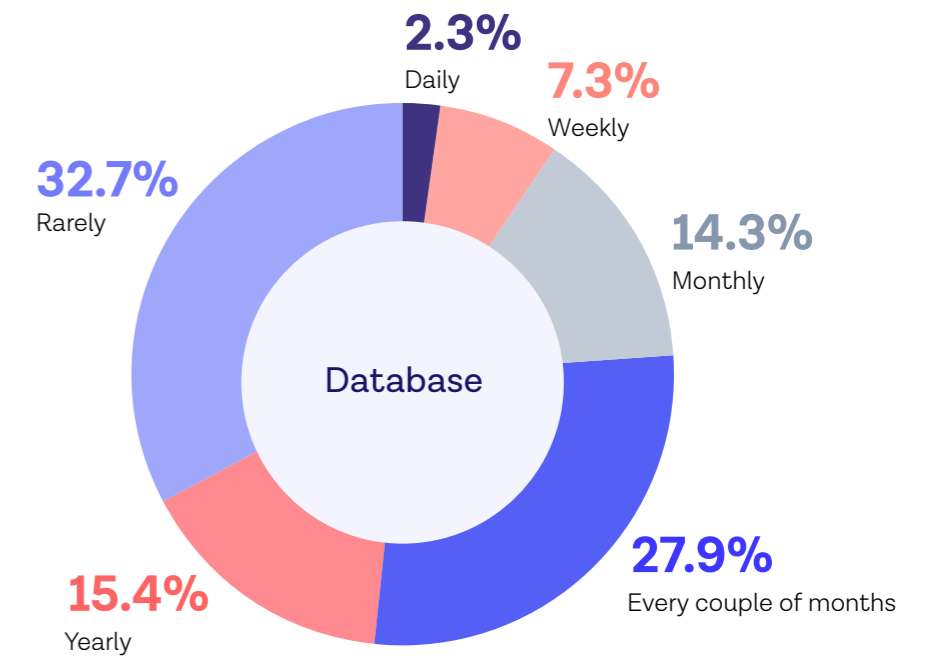
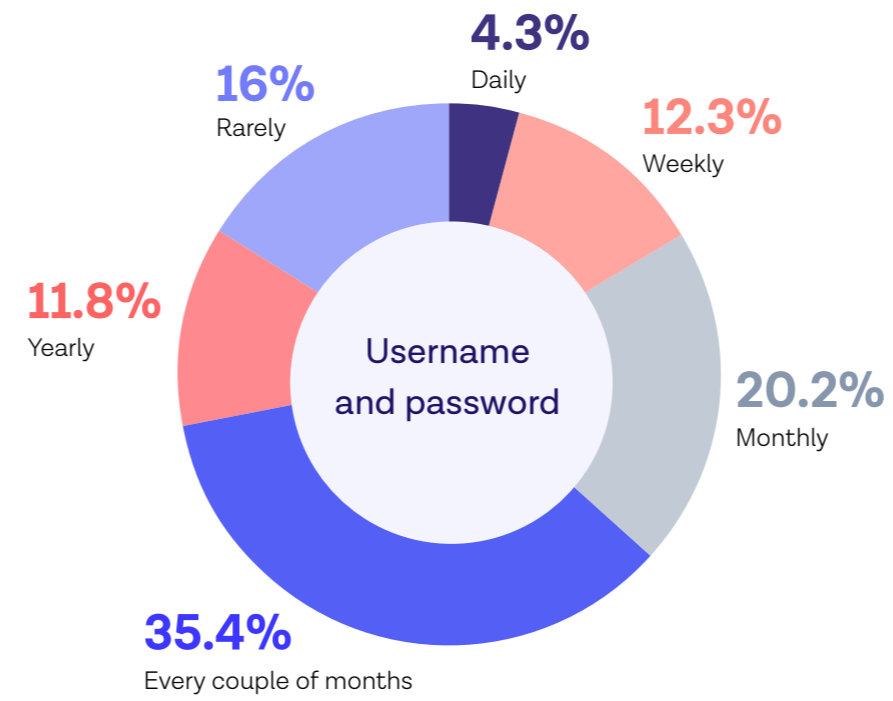
Document and biometrics

We also asked respondents about a fourth method of proving their digital identity: completing a document and biometric check.

In completing this process a user captures an ID using their mobile device or computer, and then captures a static or video selfie. The identity partner then analyzes the document for authenticity, and compares the biometric profile of the selfie against the photo on the ID. This means they can signal to the business that a person is who they claim to be.

Document and biometric checks are a relatively emerging method compared to database checks or in-person verification. Only **20.2%** of respondents reported completing it at least every couple of months.

How often are customers asked to verify their identity using...



Although respondents were not as familiar with document and biometric checks, they were receptive when the benefits were explained.

If instructed that these checks reduce the risk of impersonation fraud—**only 1 in 4 people** would be unhappy using this method.

If instructed that they reduced the likelihood of account takeover—**only 1 in 5 people** would be unhappy using this method.

Providing this context to document and biometric checks helps build trust between businesses and users. We advocate for businesses to explain both why a check is taking place, and what a user will need to complete it. This helps set expectations for the process, and increases the likelihood a user will complete it.



Document and biometric users are more satisfied with how they prove their identity

We uncovered distinct data trends when looking at users who indicate they are familiar with completing a document and biometric check.



Database checks

Frequency: every couple of months



In-branch checks

Frequency: every couple of months

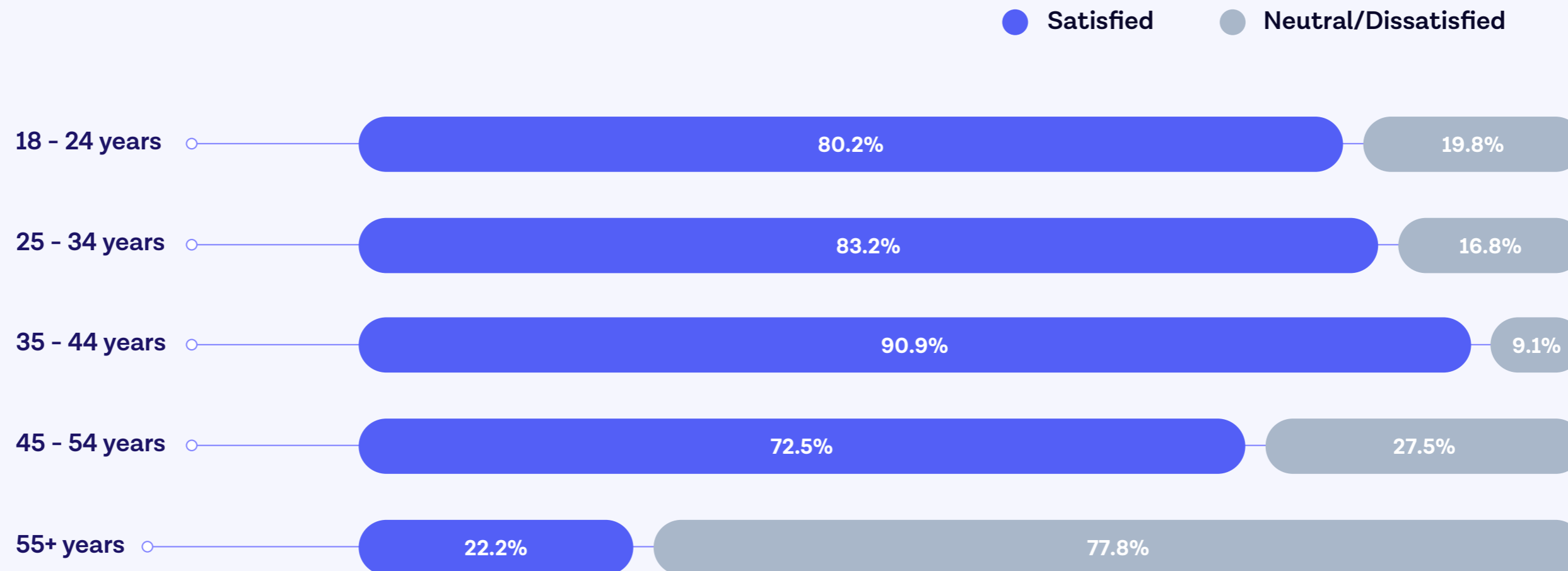


Document and biometric checks

Frequency: every couple of months

Respondents up to the age of 54 reported being even more satisfied the more they complete document and biometric checks

For those who have experienced the technology, it seems to be the way forward.



51.5% of people chose a document and biometric check as their preferred method of opening a bank account.

Document and biometrics are more popular for some industries than others

We also asked respondents what their preferred method of proving their identity would be for different types of services.

Customers prefer documents and biometrics when opening a bank account.

51.5% of people chose a document and biometric check as their preferred method for opening a bank account.

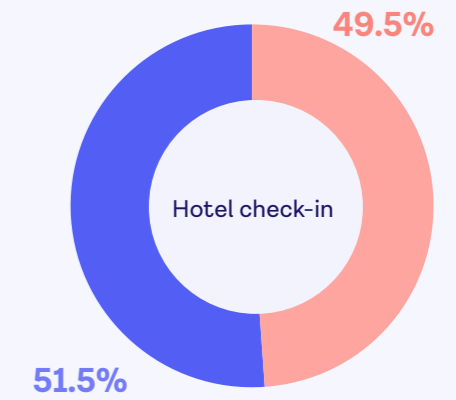
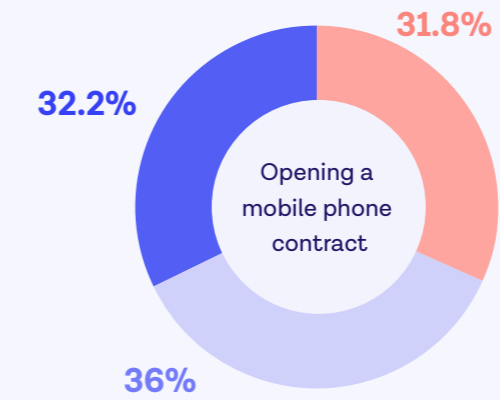
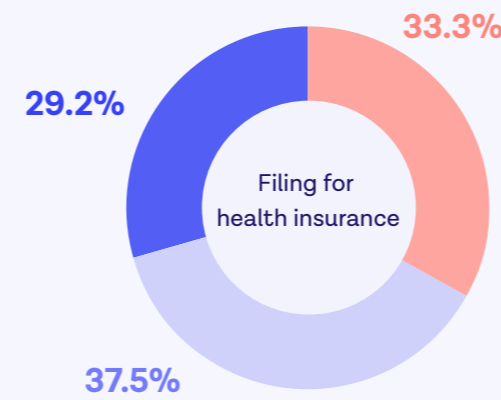
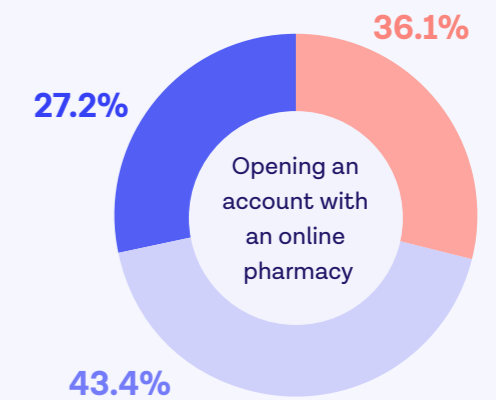
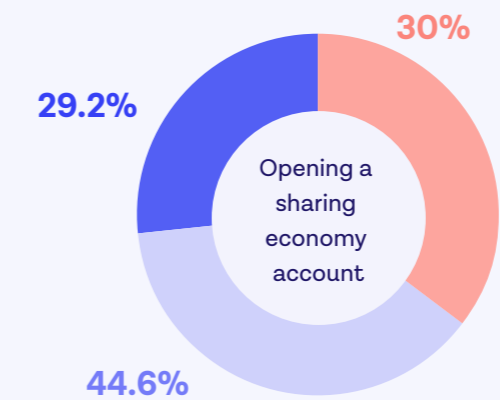
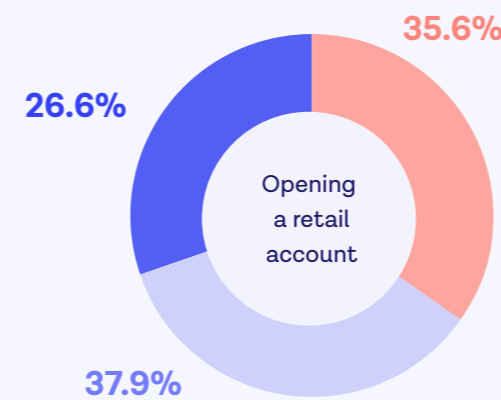
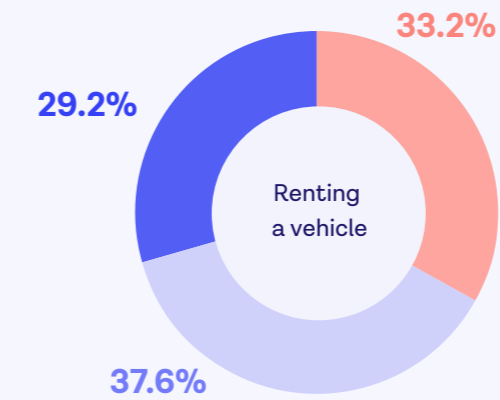
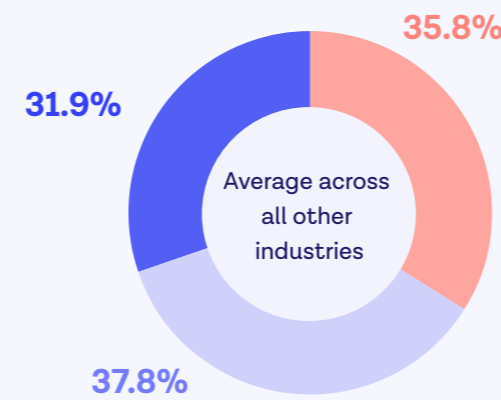
This response was remarkably consistent across all age ranges, with a maximum deviation of only **+/- 6.4%**.

In other industries, document and biometric checks are not as prevalent

We can see that depending on what products or services they're accessing, customers prefer different solutions. Overall, online forms and document and biometric checks are the most popular two, while in-person or over the phone was the least preferred option on the whole.

Despite document and biometric being the emerging solution—and comparatively unknown—it's already taken a strong foothold. It's already preferred in financial services, and is a close to equal preference versus filling out online forms and providing documents for database checks in all other industries.

Customers prefer: ● Document and biometric ● Online forms ● In-person or over the phone



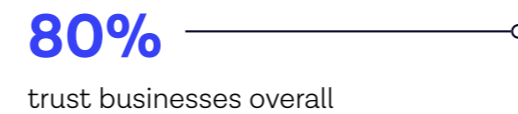
Completing document and biometric checks increases trust in a business

We asked consumers how document and biometric checks are changing their relationship with businesses, and examined why a preference for this method is emerging.

We also examined what ‘trust’ means to people in this context.

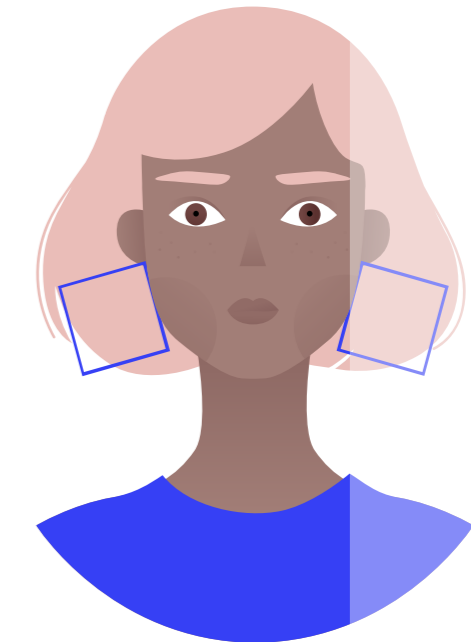
It appears that document and biometric checks help assure people that businesses are taking both data privacy and data security seriously, compared to other methods of handing over personal data—such as via online forms, or in-person.

Of those familiar with all verification methods



Document and biometric checks

Frequency: completed monthly



All other methods

Frequency: completed monthly

When asked what ‘trust’ means...

37.2% of consumers said:

“I have control over who my data is shared with and have the ability to delete it”

24.5% of consumers said:

“I am confident my data is stored securely, or not stored at all”

To investigate this link further, we also asked people what impact using document and biometric checks have on their perception of a business.

It appears that document and biometric checks have a number of positive effects on a customer's perception of a business, particularly in regards to how seriously they treat security and privacy. This is in line with the concerns they expressed about proving their identity as examined in section one: 52.8% are concerned their data will be passed on to 3rd parties, and 50.2% are concerned about the security of the information they provide.

Using document and biometric verification makes customers think...

This business cares about security

45.7%

This business cares about privacy

31.1%

This business cares about my experience

18.4%

This business is innovative

26%

Other

2.7%

It would not change my perception of the business

23.6%

Section 4

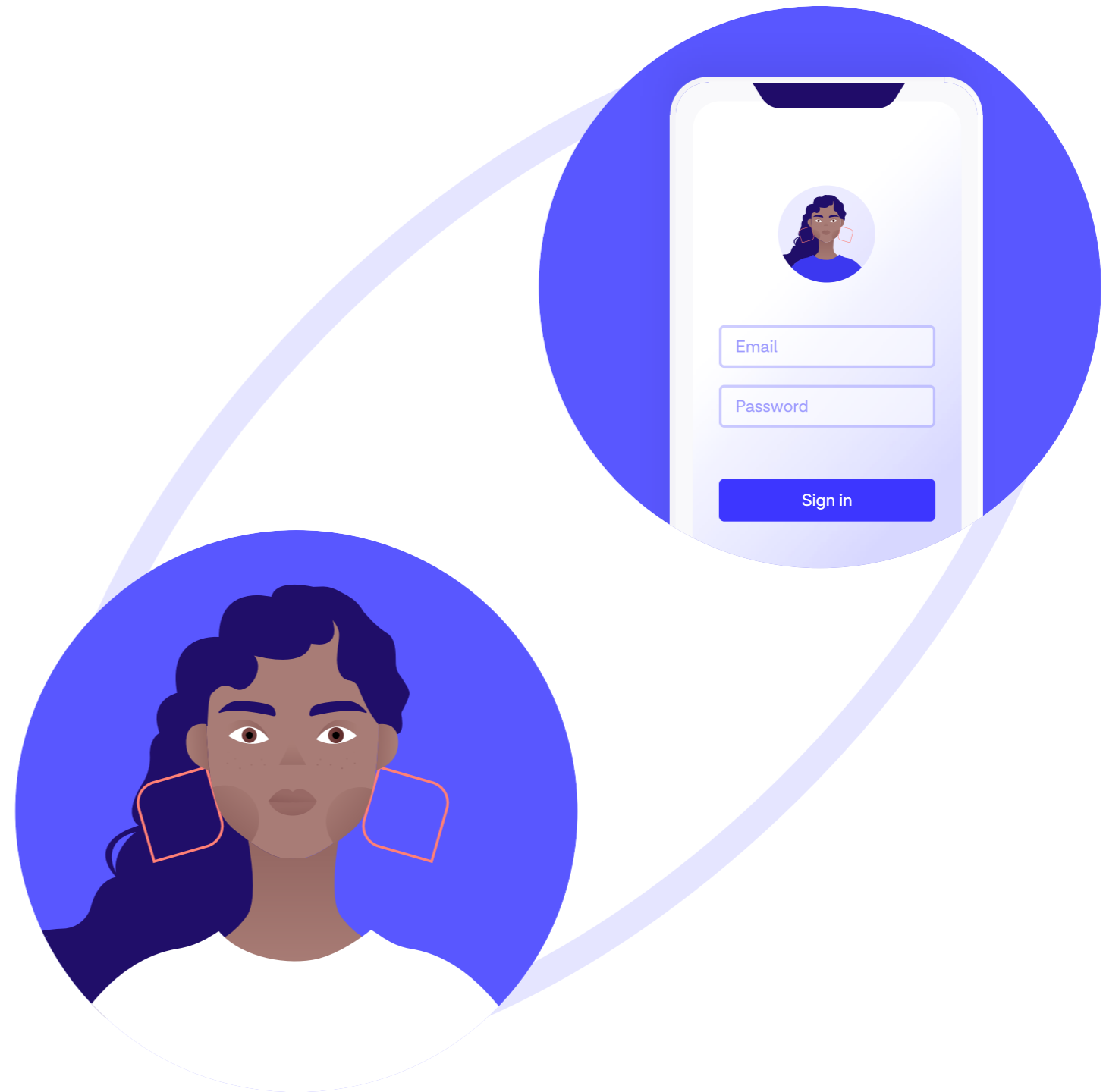
Current solutions for re-authentication



Customer relationships with digital identity don't end at onboarding

Once we've successfully proved our identity and opened an account, we still need to signify we have the right to access our account on an ongoing basis. This might be as simple as logging in, where a relatively weak authentication method could do—such as a username and password.

Or it may require something more robust if we're completing a riskier action—such as resetting the password or completing a transaction. The next part of our analysis focused on these moments, and the methods we use to re-authenticate.

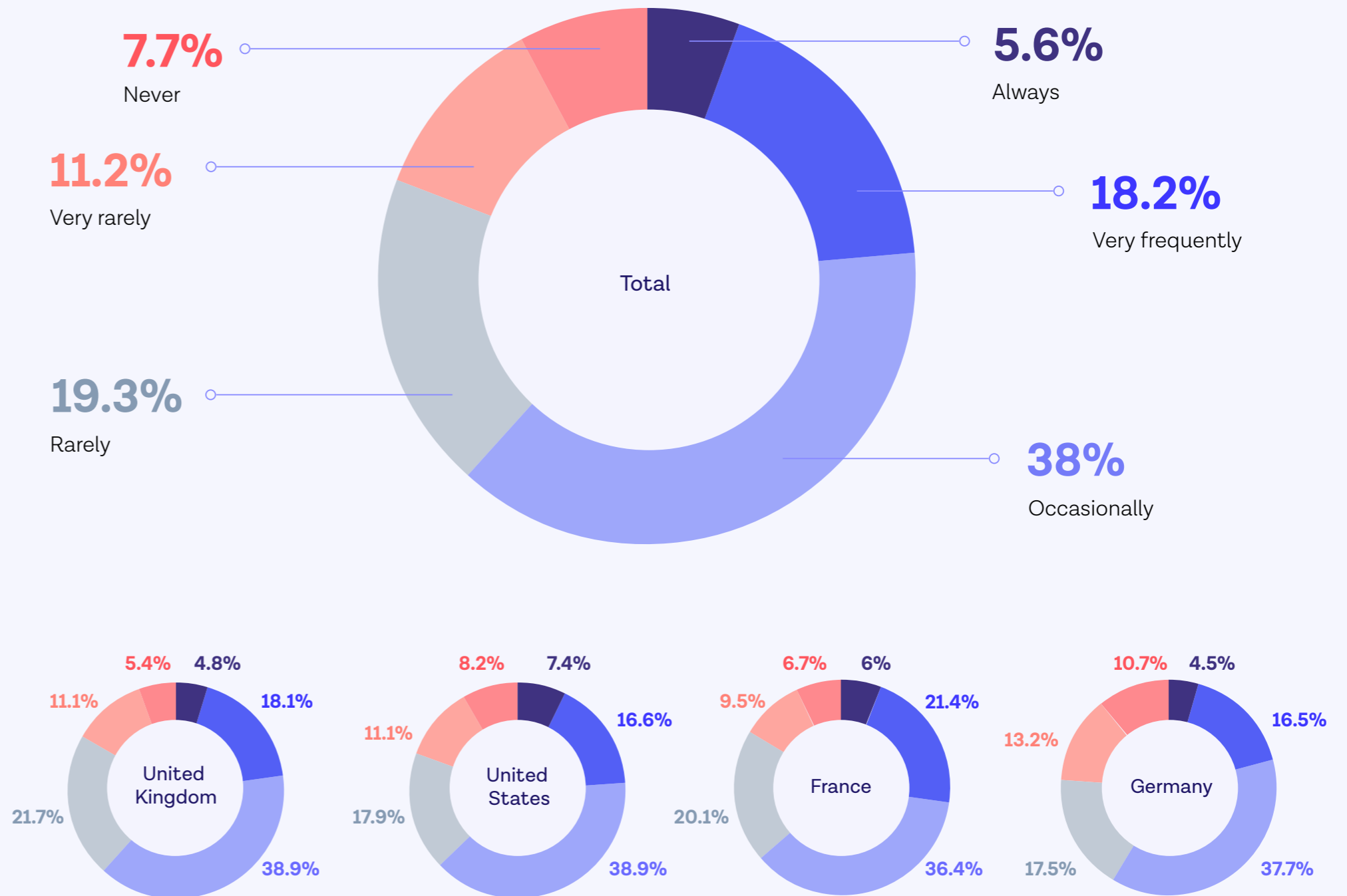


People often feel slowed or blocked from accessing services online

Over 60% of our respondents feel they are occasionally, frequently or always slowed or blocked from accessing services online.

This proved fairly consistent across the different countries we surveyed.

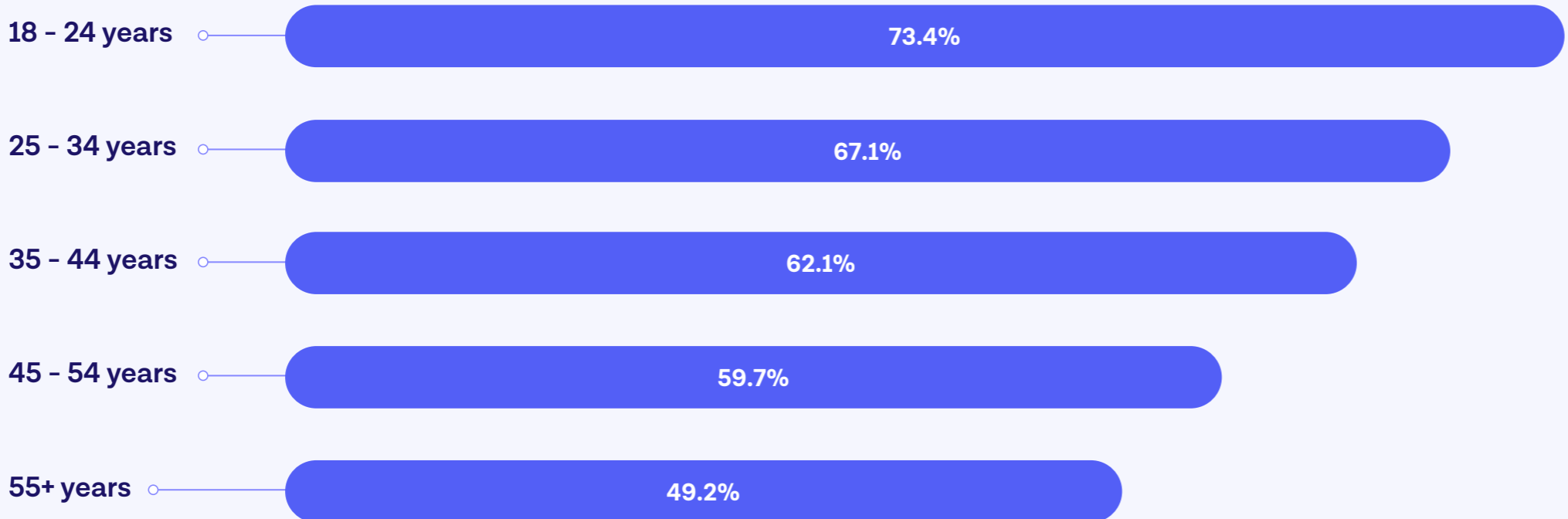
How often are customers slowed or blocked from accessing services online?



But there is a clear trend among different age ranges

The younger the age range, the higher percentage of them feel they are slowed or blocked occasionally, frequently or always. Again, the younger generation prove to be less forgiving. And yet these are the customers of tomorrow—business can't afford to disappoint them.

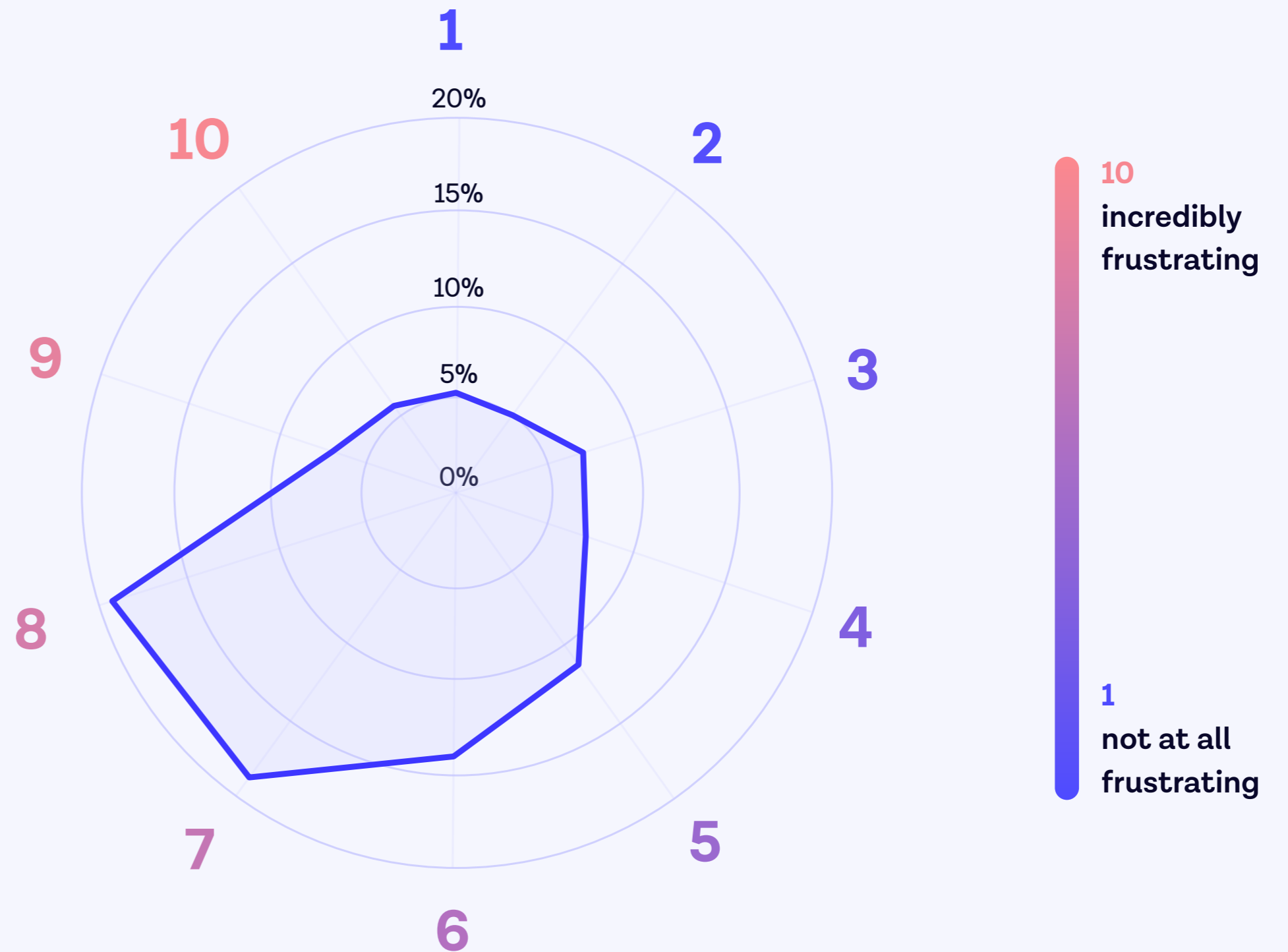
Younger generations are more frequently blocked or slowed from accessing services online



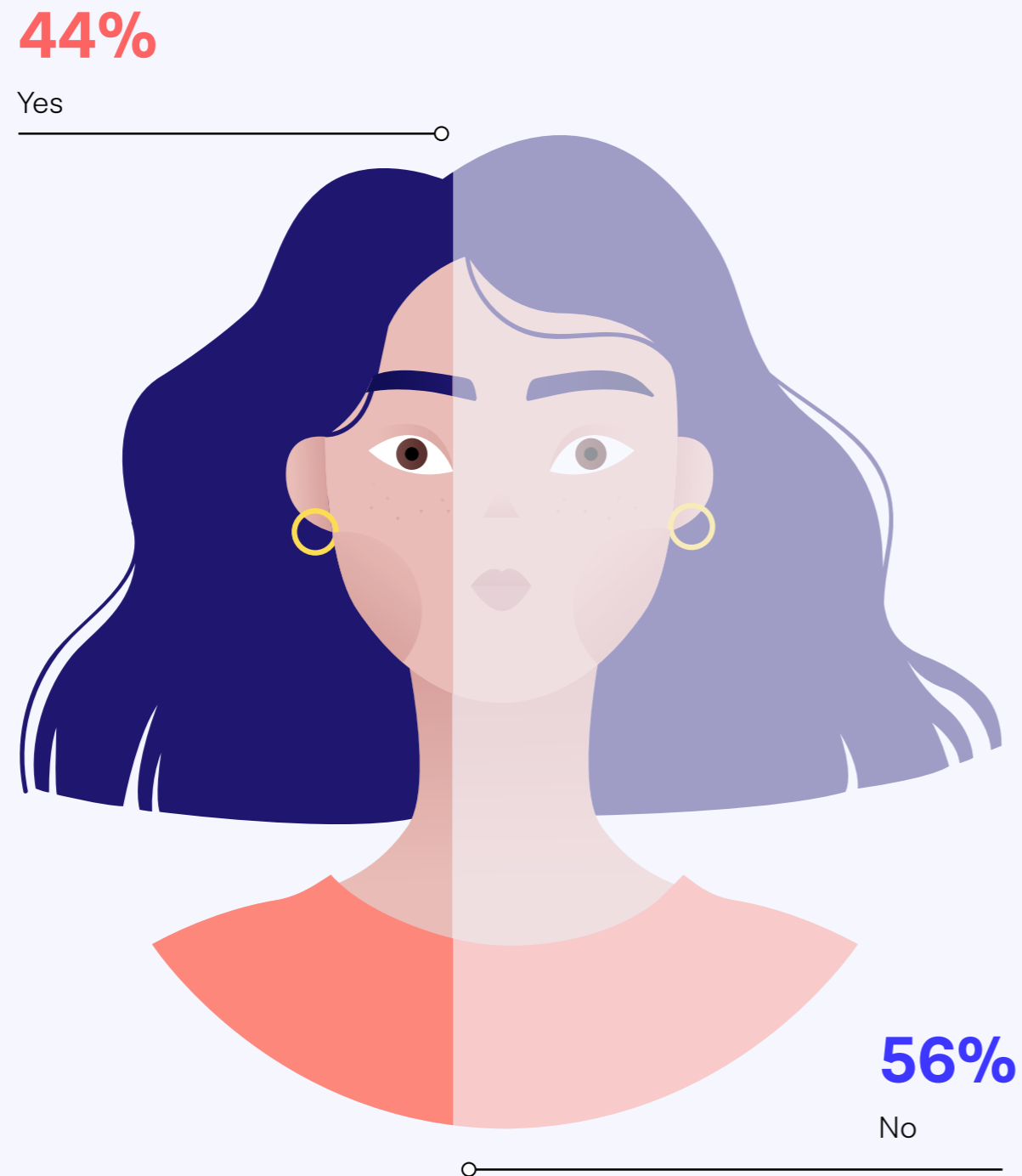
Understandably, people find it frustrating when they can't access an account

When asked on a scale of 1 to 10 how frustrating they find having their access blocked, 64.2% of respondents answered 6 or higher.

How frustrating do customers find being unable to access an account?



Have you ever been locked out of an account and been unable to regain access?

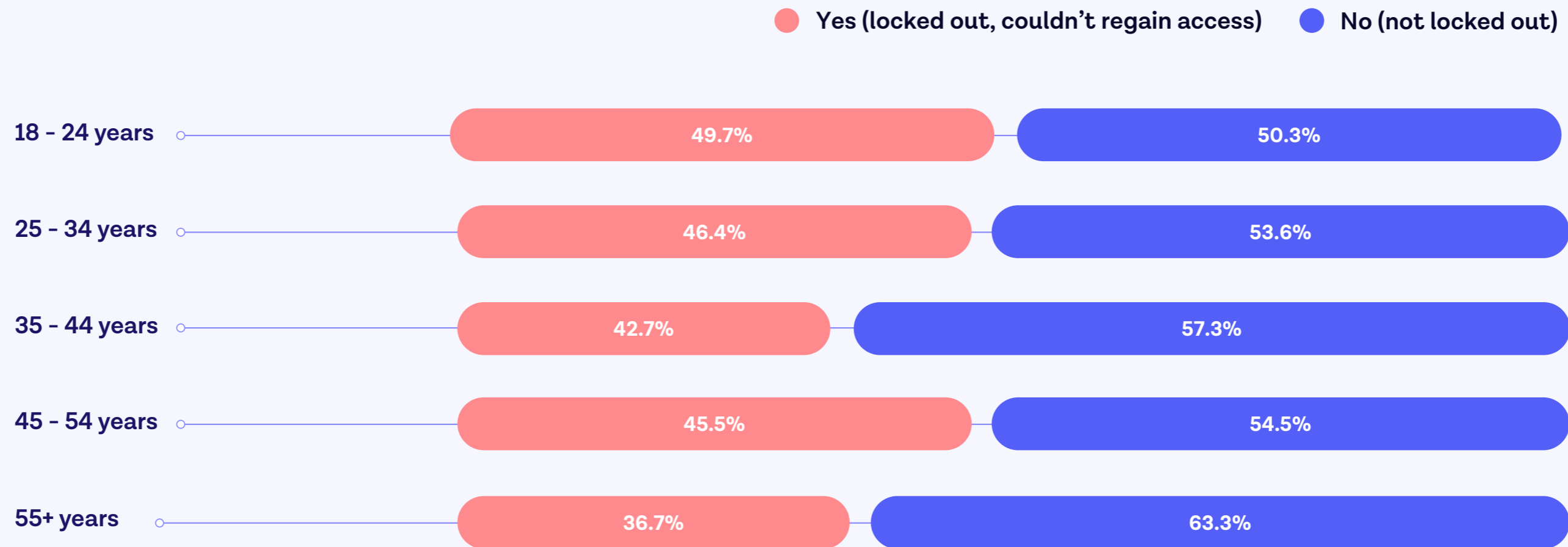


A large proportion get locked out of accounts for good

Nearly half of our respondents reported being permanently locked out of an account.

This is a huge proportion of customers. You could be losing **nearly 50%** of good customers, simply because there isn't a process in place to help them log back in effectively.

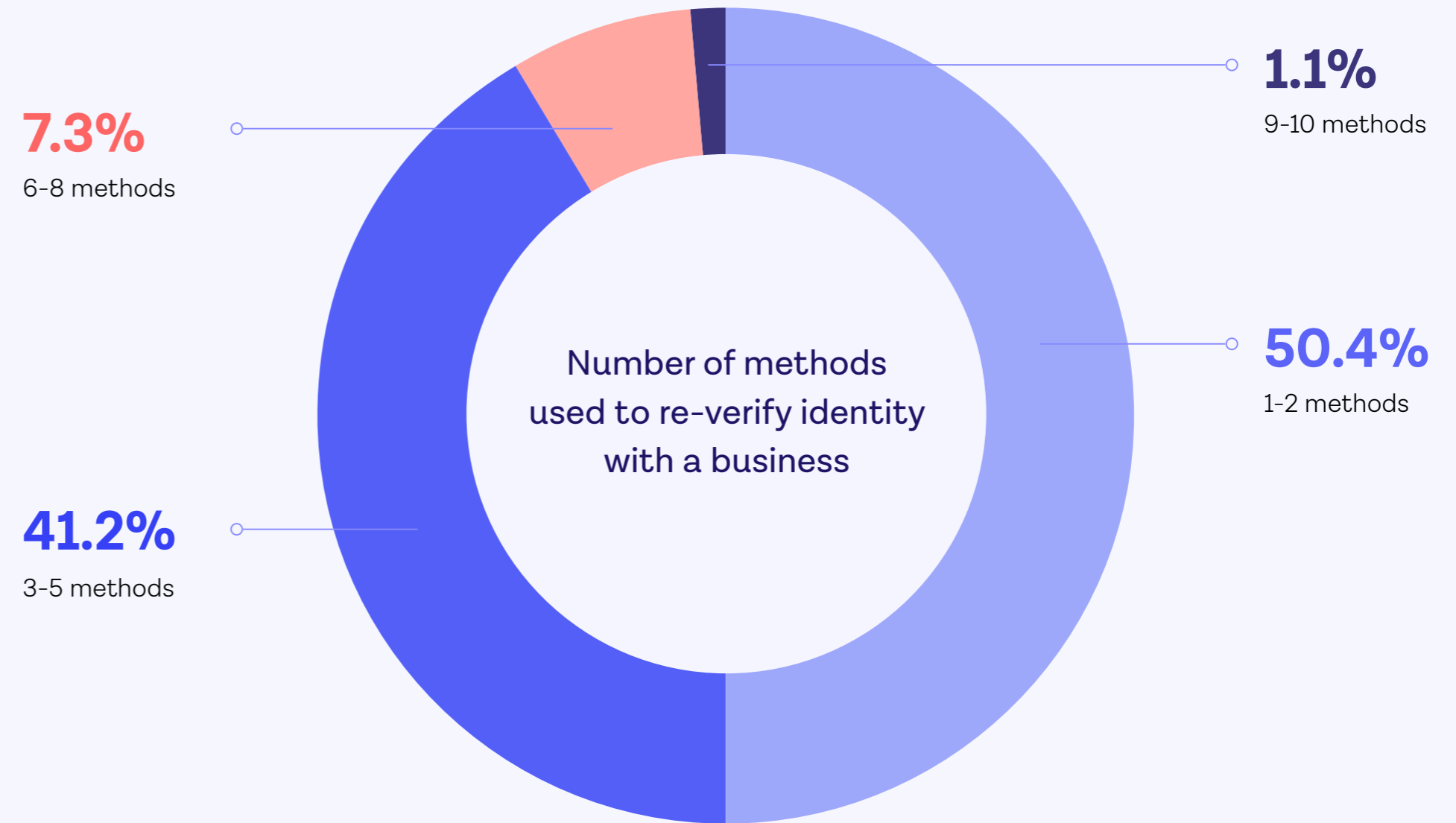
Our data shows that younger generations are more likely to get locked out of accounts and give up on regaining access



People use a lot of different methods to re-verify their identity

Part of people's frustrations may arise from the fact that they have to use different methods of authentication across different platforms.

49.6% have used at least 3 different methods across different accounts.

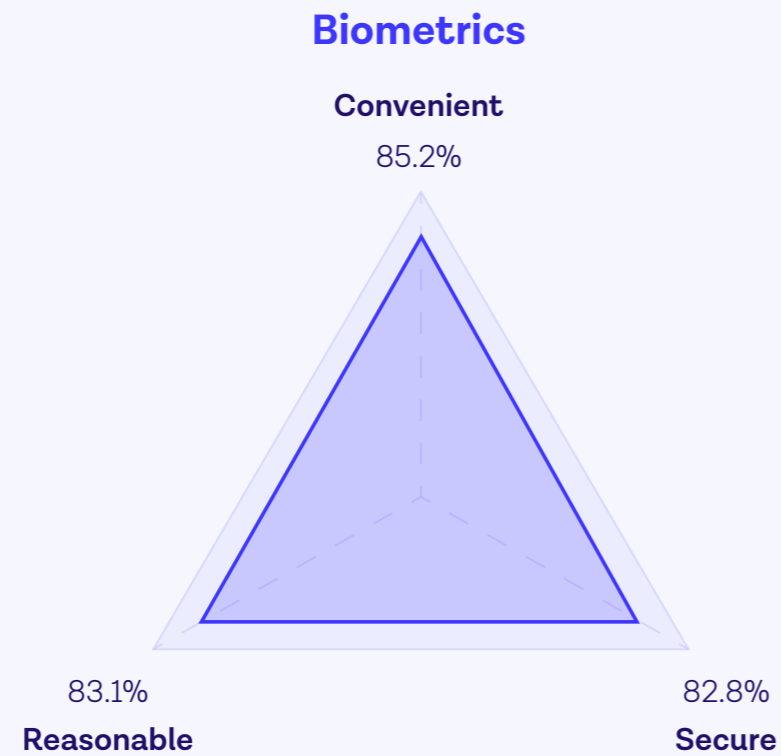


Many authentication methods are falling short of expectations

Not only do people have to contend with different authentication solutions, but they also have concerns around the security, convenience and privacy of these solutions.



Those familiar with biometrics find them far more convenient, secure and reasonable than other methods



 Convenient

- 3.4x more than in-branch
- 2.5x more than posted password
- 2.7x more than auth device
- 1.2x more than mobile / email code
- 1.5x more than KBAs

 Secure

- 1.4x more than in-branch
- 1.7x more than posted password
- 1.9x more than auth device
- 1.2x more than mobile / email code
- 1.8x more than KBAs

 Reasonable

- 2.7x more than in-branch
- 2.2x more than posted password
- 2.4x more than auth device
- 1.2x more than mobile / email code
- 1.5x more than KBAs

Biometrics are an emerging method of authentication, but are considered more convenient, secure and reasonable than traditional methods

Compared to other methods of authentication, biometrics are still emerging. Only 24.9% of our respondents agree or strongly agree they use it frequently.

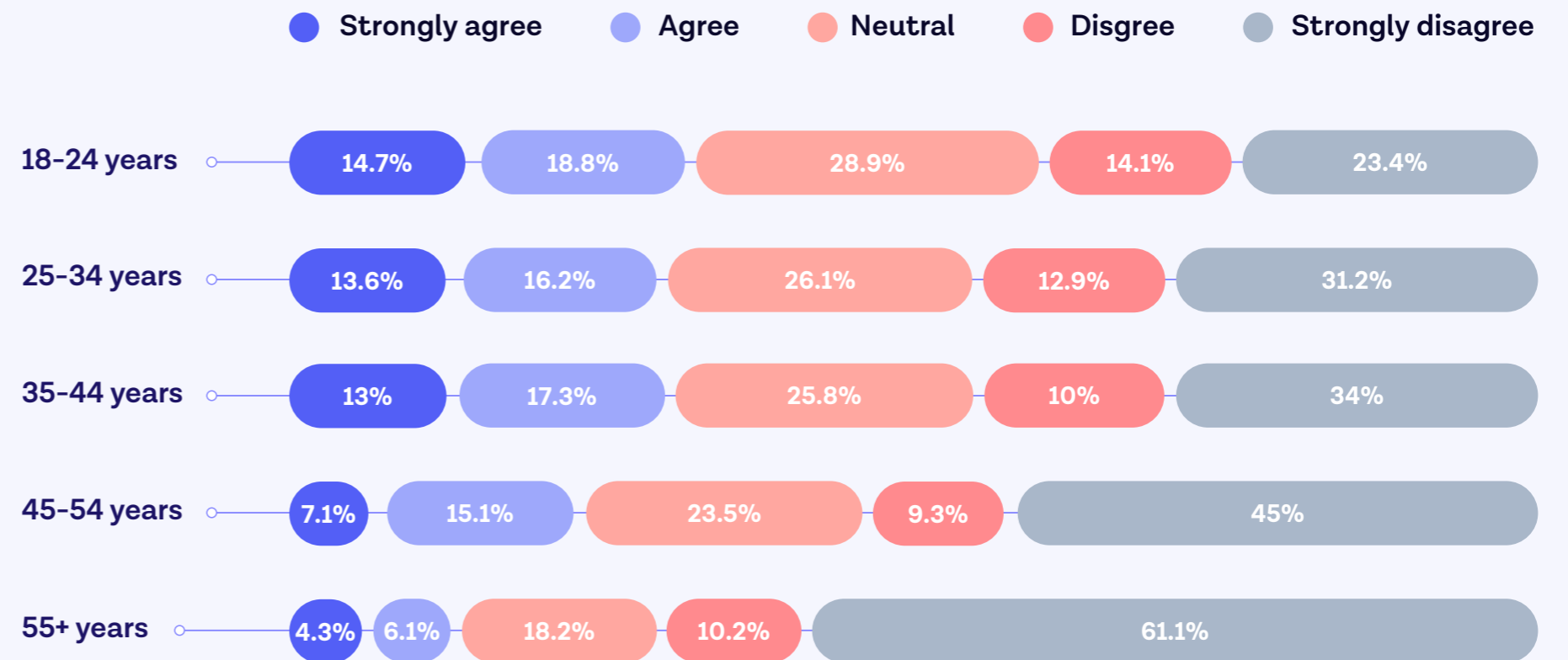
But those who do use biometrics frequently find it more convenient, secure and reasonable than other methods.

It seems once people are introduced to biometrics, it becomes their preferred method of authentication

We also see a higher proportion of younger generations using biometrics. A higher percentage of respondents up to the age of 44 agree or strongly agree they use this method frequently.

This could suggest that the kind of businesses that attract younger consumers are more likely to use biometrics, because they are more receptive to it.

Do customers feel they frequently authenticate with biometrics?



In summary

Digital identity is becoming more prevalent, and in the coming years we're going to rely on it more and more. But broadly, people are not satisfied with how they're being asked to prove their identity, and concerns around security and privacy of their personal information now outweigh concerns around convenience.

Despite more services moving online, customers are still not satisfied with how their digital identity is managed

The amount we access online is increasing, and this trend has been accelerated as a result of the Covid-19 pandemic (60% of our respondents report accessing more services online since the start of the pandemic). But at the same time, only a very small proportion of respondents (13%) report their digital identity being handled as they want it.

If customer wants and needs aren't addressed, this rift between the uptake of digital services and customer satisfaction is only going to become more pronounced.

60%

**of respondents report
accessing more services
online since the start of
the pandemic**

13%

**of respondents report
their digital identity being
handled as they want it**

Currently, the onus more often than not falls on the customer to manage their digital identity. To offset customer dissatisfaction, businesses should re-examine the relationship they have with their customers when it comes to digital identity.

This solution should of course be convenient, simple, and make life easier for their customers. But right now, customers are primarily concerned with privacy, security, and how their data is handled. Addressing these concerns is where businesses should focus their efforts.

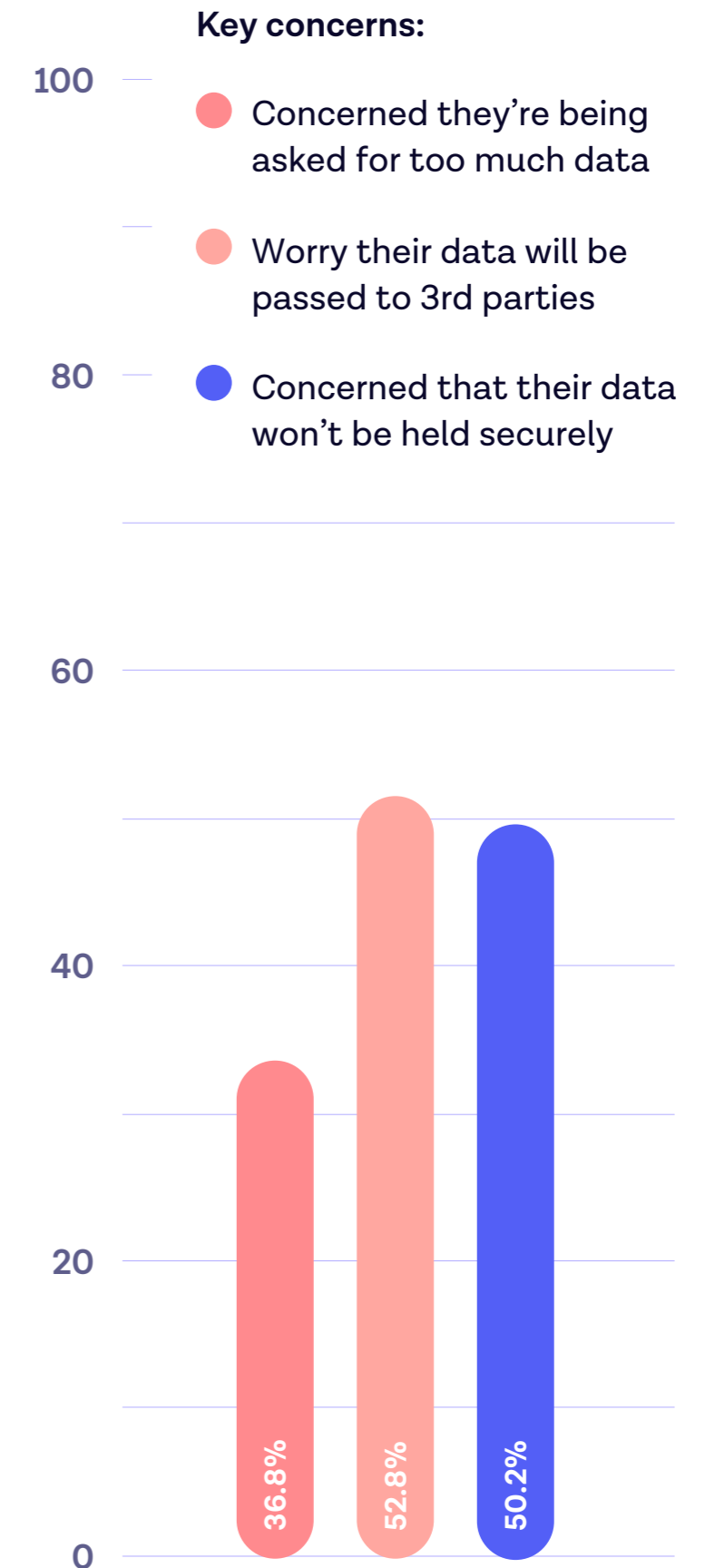
- **36.8%** of people are concerned they're being asked for too much data
- **52.8%** worry their data will be passed to 3rd parties
- **50.2%** are concerned that their data won't be held securely

Document and biometric verification is still an emerging method of managing digital identity, but one that's gaining traction

Document and biometric verification, although less frequently used than traditional methods of identity verification (eg. in-branch document checks or database checks) is gaining a significant foothold across many industries.

Currently, it's most widely used in the financial services industry. 51.5% of people chose a document and biometric check as their preferred method for opening a bank account. But what can other industries learn from this?

Perhaps there's something to be said for risk versus reward. When it comes to perceived riskier scenarios (for example managing finances), or instances where customers understand the benefits of verifying their identity online (that it can help prevent the risks of identity fraud), they don't seem to mind going the extra mile.



Those who do use biometrics frequently, and are more familiar with it, find the process more convenient, secure and reasonable than other methods

As biometrics widely meet the security and privacy expectations of customers, the use of them actually increases trust in a business. 80% of respondents feel they trust businesses overall when using biometrics, as opposed to 67% for all other methods. Going forwards, businesses can look to biometrics across more use cases as a way to address customer concerns around security.

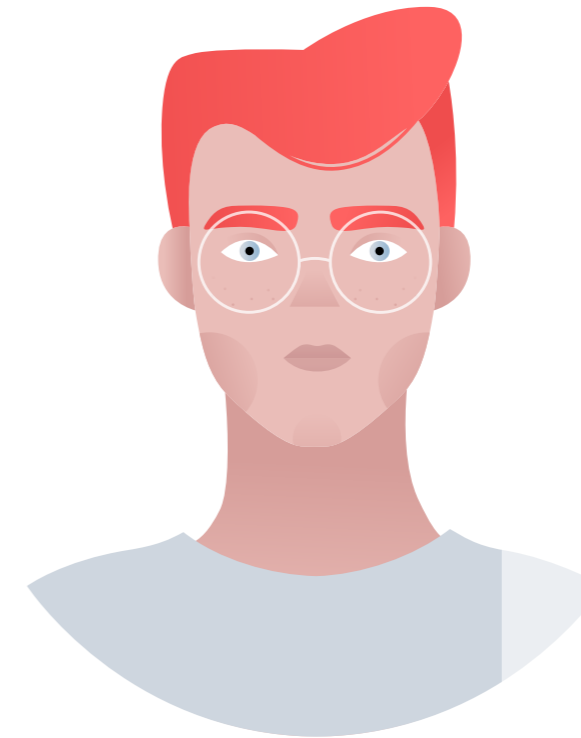
People who have used biometrics prefer that method

85.2%



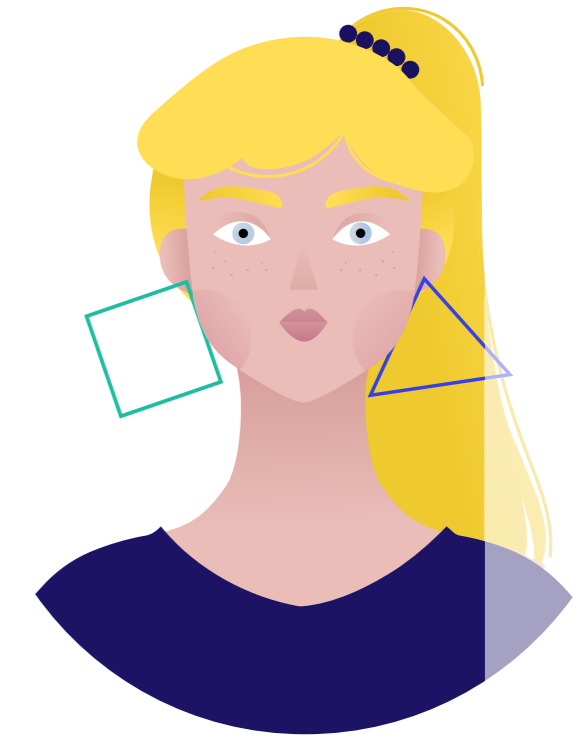
Respondents find biometrics convenient

82.8%



Respondents find biometrics secure

83.1%



Respondents find biometrics reasonable

1/3

around 1 in 3 of respondents over the age of 45 abandon an onboarding process due to frustration

Younger generations hold businesses to higher standards, but are also more receptive to emerging methods of online verification

Younger age groups on the whole hold businesses to higher standards: they are more likely to abandon sign up. Similarly, younger generations are also more likely to feel blocked from accessing the services they want. In comparison, older age groups appear more forgiving. They are less likely to abandon an onboarding process due to frustrations (around 1 in 3 over the age of 45 abandon, compared to 2 in 3 for 18-24 year olds). And older generations are also more tolerant when they get locked out of accounts. Perhaps this tolerance is due to the fact that older generations are less familiar with the emerging ways to verify identity online, and have therefore just accepted more traditional methods as the norm. Comparatively, our data shows that a higher proportion of younger generations have experience using biometrics, compared to older generations.

2/3

compared to 2 in 3 of 18-24 year olds who abandon an onboarding process due to frustration

As we've seen, biometrics as a means of verifying your identity online broadly meet customer expectations. Younger generations are the customers of tomorrow—it's vital to meet their expectations, and to continue to do so to retain them as long standing customers. On the whole, they appear more receptive to newer methods of verification like document and biometric checks.

As businesses look to reinvent the way they manage digital identity and identity verification processes, this is something to bear in mind. Implementing new processes doesn't come without challenges. But our research suggests that younger generations are a good customer base to trial new methods, like biometrics, before rolling out to wider audiences.

At Onfido we pride ourselves on being at the cutting edge of identity. We digitally prove a user's real identity by using AI to assess whether a user's photo ID is genuine, and then matching it against a selfie.

We undertook this research to better understand our customers' end users, and what is important to them, so we can optimize our product to meet their expectations.

If you'd like to learn about how identity can create great UX:

[Learn more](#)

If you'd like to get in touch:

[Contact us](#)