

Bulking up the Business Case: Voice Bio and Electronic ID

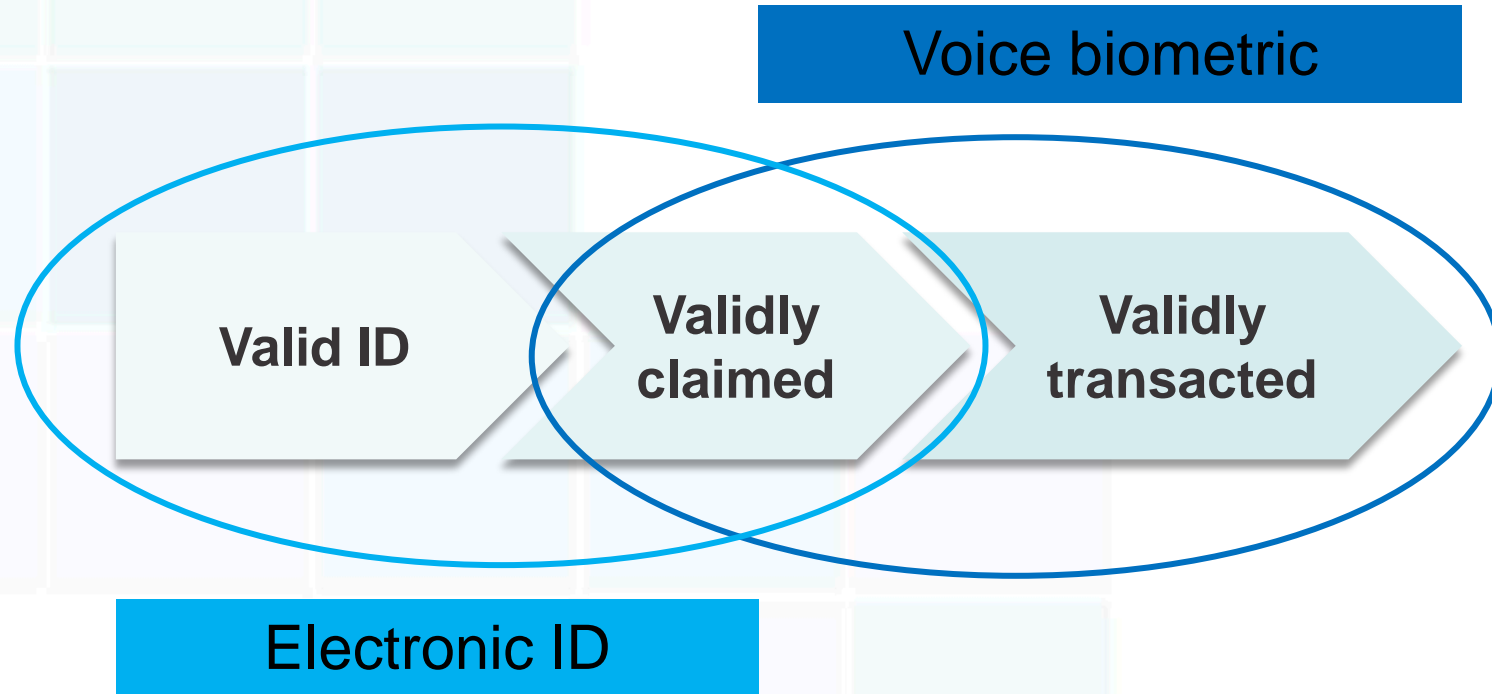
Chris Gration

Veda Advantage



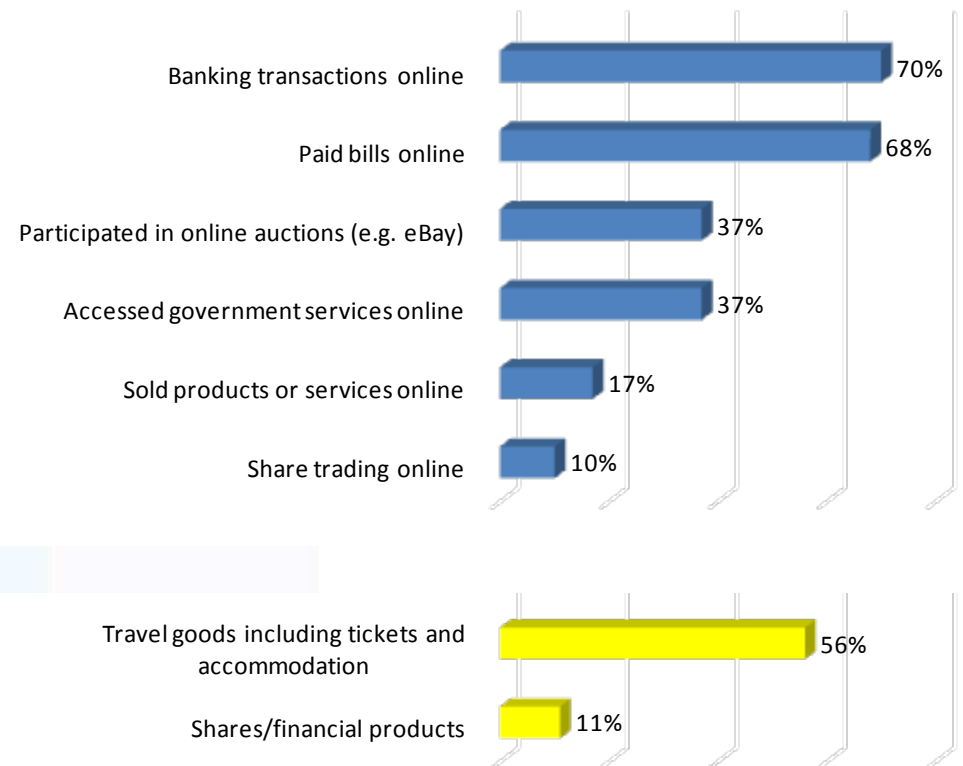
Don't you know who I am?

Key Questions About Identity



Financial Services and Telco Customers

- 70% of online consumers bank online, but only 11% buy shares or financial products.*
- More than 50% of new banking customers online drop out if forced to go to a branch.**
- For telcos, a rising number of customers wrongly or poorly identified don't pay their first bill.
- There has been no simple way for customers to use the documents and cards in their wallet to prove their identity online.
- Without the large customer base and branches of big banks, small banks face competitive disadvantage.



Transforming Identity Enrolment Online



Profile Engine

Profiles:

- Credit Card
- Deposit
- Home Loan
- Trading Account
- Online gaming
- Telco
- High Risk



Exceptions Check

- Velocity Rules
- Known Fraud events
- Black Lists
- Device ID - optional



Database Verification

- Veda Identity Records*
- Veda Commercial File*
- ASIC Directors*
- Electoral Roll
- National Tenancy*
- Insurance Reference*
- WhitePages™



POI Verification

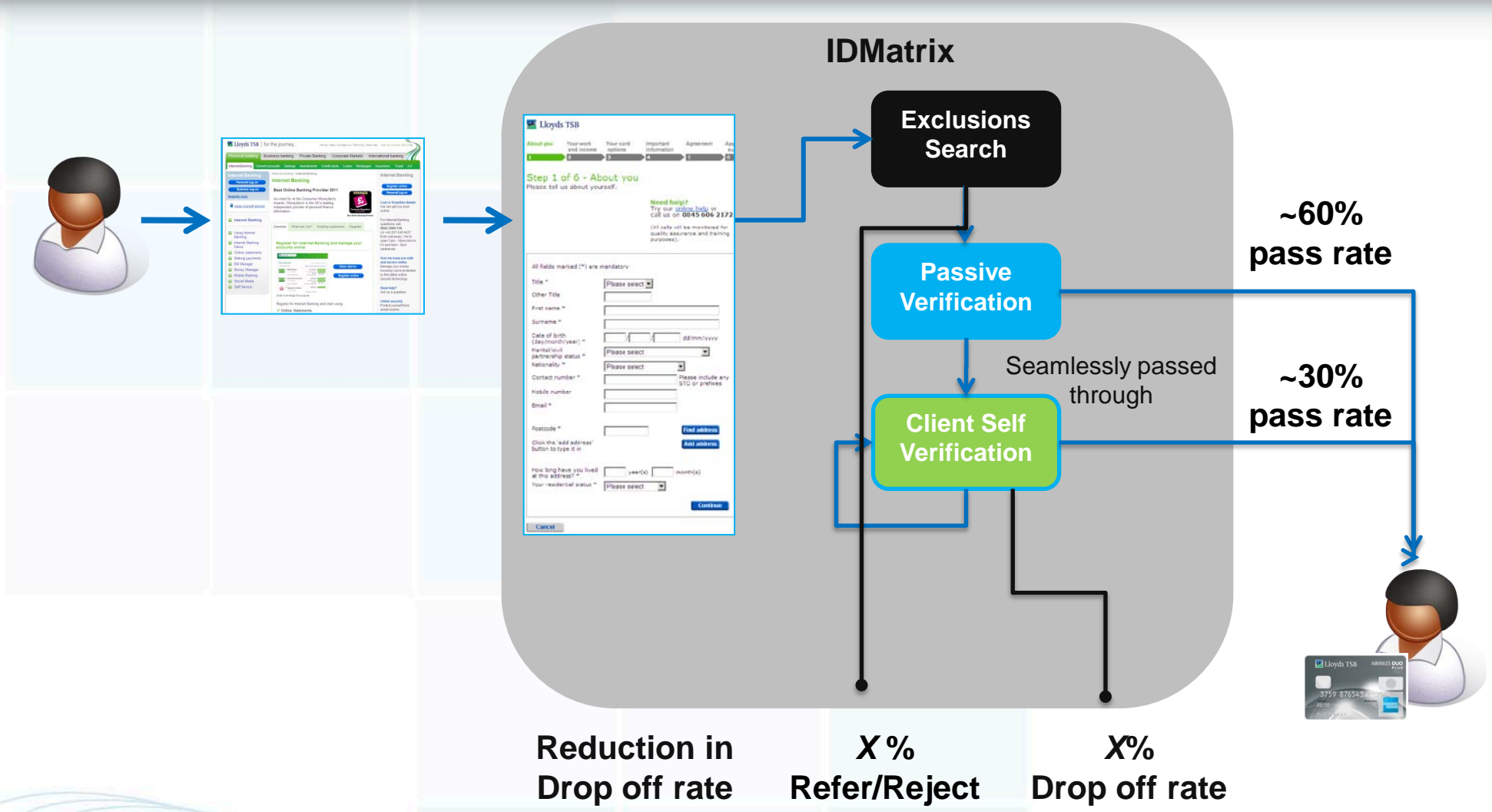
- Australian Passport
- International Passport + Residency + Entitlement to work
- Birth Certificate
- Marriage Certificate
- Driving License
- Medicare



IDMatrix Rules Engine

Scenario and Result Calculation

The Customer Experience



Bankwest Electronic Customer Verification

Challenges

- Nearly 40% of Bankwest customers currently utilise its online services.
- Bankwest were looking for new ways to improve its banking services.
- Bankwest wanted to access new customers with broader demographics than it would normally reach through its branch network.
- 65% of online applicants abandoned the application process.

Solution

- Veda Electronic Customer Verification.

Results

- Immediate credit card application processing.
- Substantially increased conversion rate for online applications.
- Improved credit performance of customers that were electronically verified.
- Reduced fraud risk using more comprehensive verification.

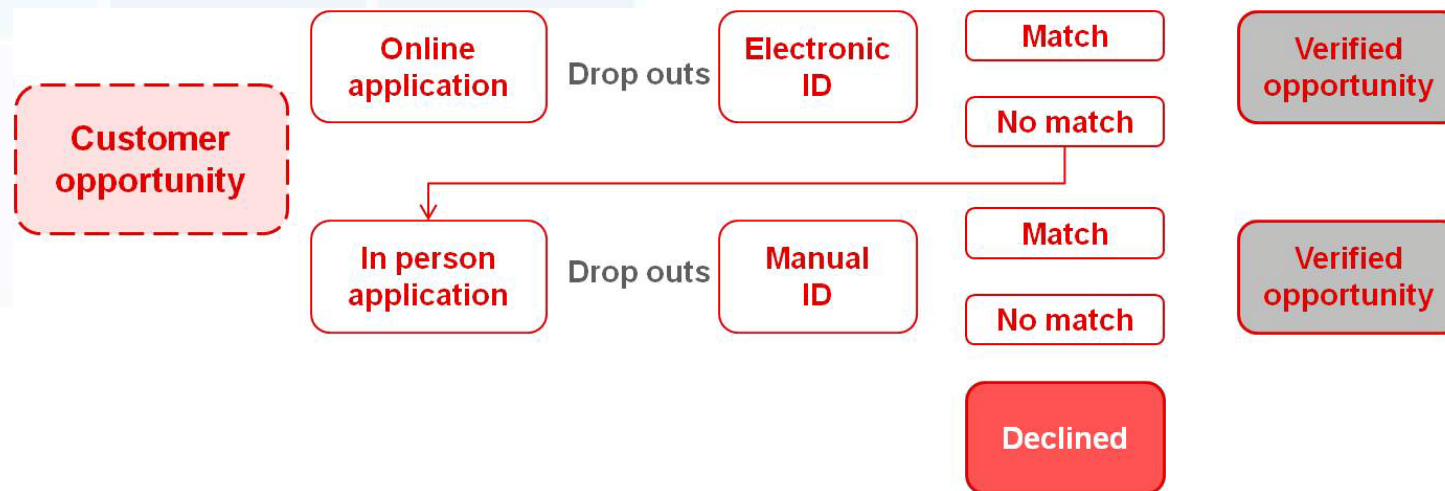
Considerations in your Business Case

Benefits to consider in your business case:

- Bankwest experienced more than a 100% increase in online conversion rates for credit card applicants.
- Bankwest experienced an increase in credit performance on those customers verified by EV.
- Bankwest reduced its costs associated with archiving and retrieval of paper-based identity documents.
- Bankwest reduced its costs associated with using Australia Post as a third party verification point.

What are the Benefits for Financial Services?

- ROI: Electronic ID produces ROI 4.2 greater than customer acquisition with face to face verification.*
- Competitive advantage: 31% of customers with a preferred brand ended up selecting a product from a different bank online.**



What are the Benefits for Bank Customers?

- Opportunity to experience a true online, real time fulfilment of a financial product or solution online.
- Convenience.
- Ability to buy from a new provider online.

Learning

- Initial business drivers:
 - Compliance – AML/CTF.
 - Fraud.
- New business driver:
 - Business owner (online business) – customer acquisition, convenience, op ex.
- Bulking up the business case – fraud & compliance with online business owner.
- Customer experience: single ID management process.

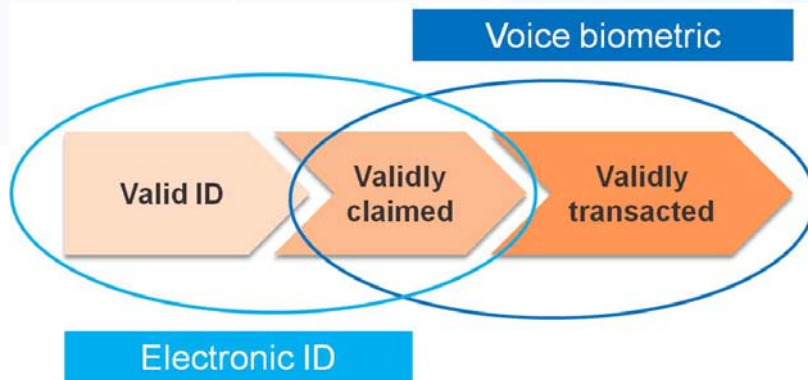
Key Questions About Identity

Electronic ID – new online customers

- validly claimed?
- credit bureau data
- social footprint
- dynamic questioning

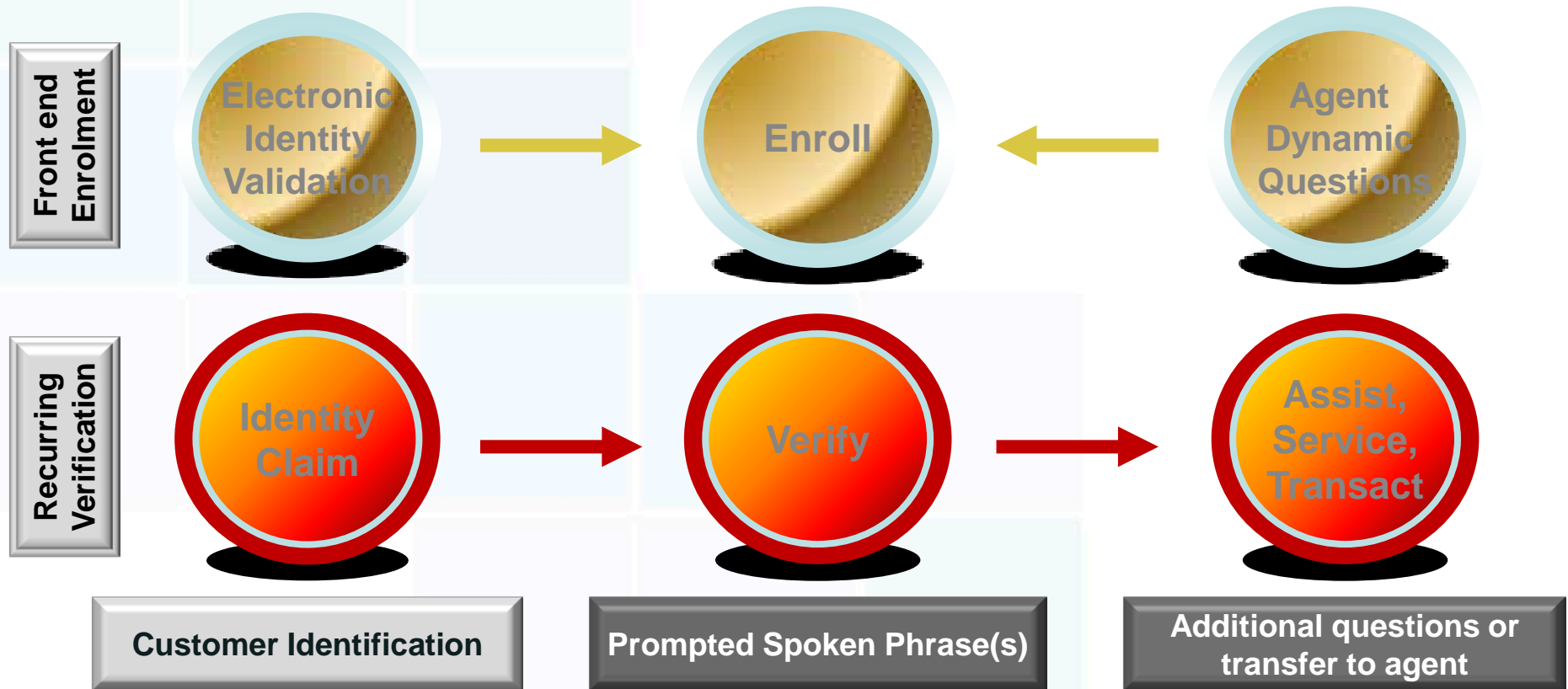
Voice biometric – enrolling existing customers

- valid ID?
- new enrolments online?
- secure enrolments existing customers



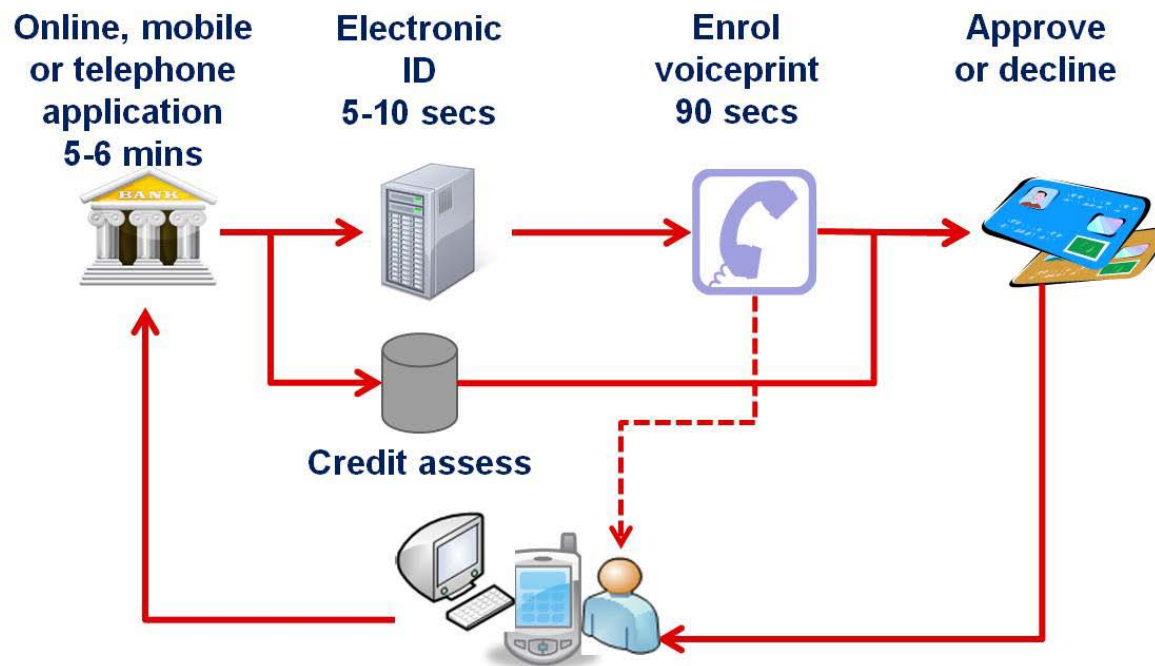
In combination, strengthen the business case ?

Combining Electronic ID with Voice Biometrics

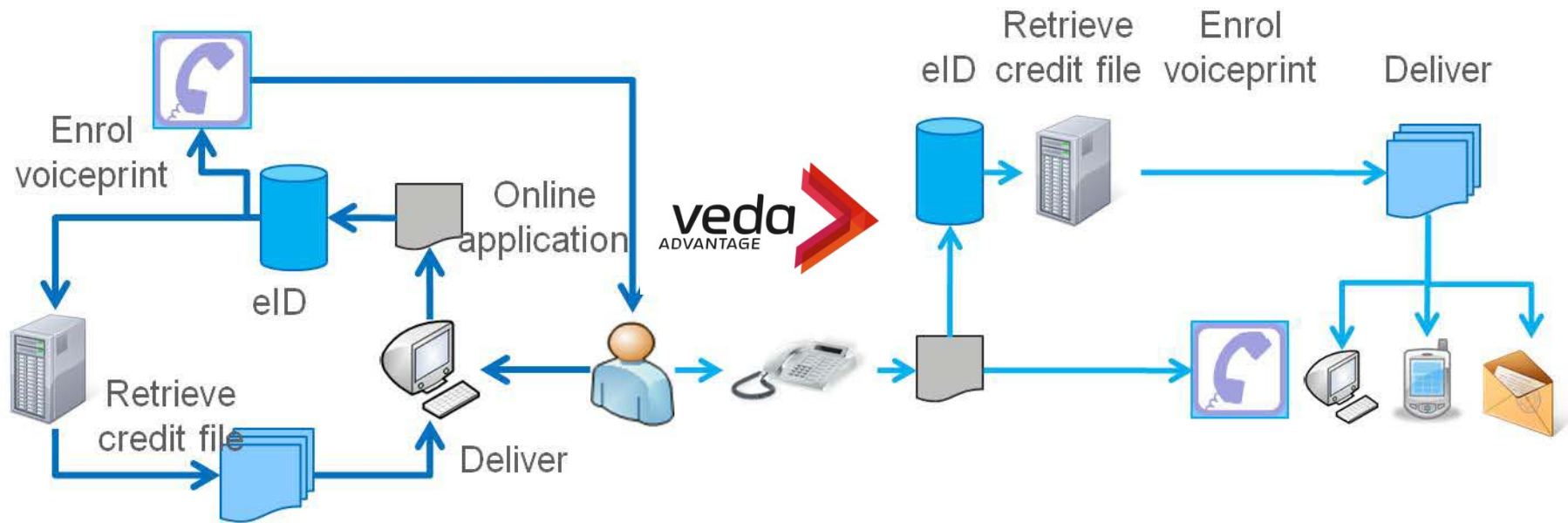


How Might that Work?

- Approval real time ~ 8 mins
- Multi-channel
- Single ID management process



Veda Advantage



- Veda has statutory obligation to provide protected access to credit file information for 14.5 million Australians
- Currently 250,000 per annum; password fatigue, access only every 2-3 years
- Likely to rise to 1 million p.a. in 2-3 years

About Us

- Regionally based Building Society operating since 1903
- Financially, Australia's largest building society
- Charter is to provide members with a genuine alternative to traditional banks
- Mutual organisation (owned by our members, not by shareholders)
- Total assets of more than \$6.3 billion
- Multi-award winning products and services – more Cannex 5 star rated products than any financial institution in Australia – including the big four!
- **96% Member Satisfaction**
- 60 seat call centre, operates 7 days a week, 15% annual growth in call volumes



Business Benefits

- **Customer Experience:**
 - Sophistication, multi-channel, any-time service.
 - **Customer Acquisition Cost:**
 - Expense of branch-based engagements, online drop-out rate.
 - **Security and Risk:**
 - Fraud costs, multi-level authentication, biometrics.
 - **Call Centre Efficiency:**
 - Call handling times, self-service.
- Electronic ID enables speedy processing without costly agent assistance.
 - Early verification and qualification of callers enables fraud detection, intelligent routing and response.
 - Verification and qualification of callers enables behavioural modifications to drive self-help.
 - Migration of agent calls to self-help can reduce call costs by up to 50%.

Customer Benefits

1. Identity treated respectfully and securely
2. Simple translation of physical ID to online ID
3. An end to password fatigue

*Do your banking the way you want to do it,
rather than the way you have to do it.*

*Easier, quicker and more secure transactions
online or over the phone.*

Choice of Channels Engagement
Internet / Call Centre / Smart Phone

Biometric ID&V Value Path

Customer
Acquisitions

Future
Banking
Needs

Collections

Feedback

▼ ID Matrix & Voice Biometrics ▼

Savings =
\$21.50 per EV

Benefits:

- ROI 4x higher than referral to branch for ID fulfilment
- End to end processing
- Reduce time to market
- Reduce churn

Savings =
\$1.45 per call

Benefits:

- Reduce AHT*
- Improve customer experience
- Reduced customer/staff effort

* 41 seconds reduction per call

▼ Outbound Automation ▼

Savings =
\$2.57 per call

Benefits:

- Decrease cost of debtors
- Increase time to money
- Payment options

Increase
Shareholder
Value

Benefits:

- Capitalise during lifecycle
- Increase advocacy scores
- Obtain business insights
- Improve services

Combining these powerful identity solutions can:

- Strengthen the internal business case.
- Help build organisational support.
- Build a stronger customer value proposition.
- Reinforce your approach to the three key ID questions.

Who could consider the combination?

- Anyone who has a relatively high cost of new customer enrolment, and/or wants rapid take-up of voice enrolment.
- Smaller institutions using innovation and online channels to build market share.
- Financial services, telcos, health providers, government agencies.

Questions

- Not meeting customer expectations about identity management can have serious implications
- Voice biometric market leaders may want to extend their lead with electronic ID and voice bio together

