



Executive Summary

Account Opening
in Financial Services

Link™ Index

Executive Summary

Solution providers of account opening in financial services are focused on providing the highest levels of assurance without compromising user friction while maintaining regulatory compliance.

Definition	Account opening solutions in financial services are compliance and fraud solutions that enable enterprises to identify a new user at the point of customer registration. The primary use case is around mandatory compliance checks in the form of “Know Your Customer” (KYC).
Market Demands	The market demands solutions with strong data quality that can handle fraud and compliance use through a single platform solution; while many providers are building out key capabilities, no one vendor has won this market yet.
Market Challenges	Existing challenges around manual review and user friction, a lack of comprehensive platform capabilities, and inaccurate and incomplete data sets are key issues that vendors today must solve to meet and exceed buyer needs.
Key Purchasing Criteria	Financial service enterprises look for vendors who meet specific key purchasing criteria when shopping for account opening solutions, with 94% prioritizing speed and accuracy, 81% prioritizing product capabilities, and 71% prioritizing value for money.
Vendor Landscape	While there is a large universe of ~150 vendors claiming to solve for account opening compliance and fraud in financial services, only 32 vendors or 21.3%, had the necessary product capabilities to meet buyer demands in the market.
Landscape Analysis	Large incumbents have the strongest position in the market today with buyers, but new, innovative solutions and regionally focused vendors with direct access to government source data can provide buyers with capabilities to enhance user experience (UX) for end users.
Buyer Opportunity	Financial services buyers who utilize market leading compliance and fraud solutions in account opening stand to see a significant ROI, with a potential return of \$3.50 for every dollar invested into a solution provider.

Leading Vendors Profiled



Market Overview

The primary use case is compliance, specifically ensuring that enterprises comply with Anti-Money Laundering (AML) regulations by performing a KYC check; however, vendors also require fraud capabilities to meet buyer demand.

Financial services-centric account opening solutions are focused on solving compliance and fraud problems, enabling enterprises to identify a new user at the point of customer registration.

The primary use case revolves around mandatory compliance checks such as KYC. Buyers are looking for more comprehensive platforms while also evaluating vendors' ability to combat Account Opening (AO) fraud.



Market Demands

The market requires solutions with high data quality that can handle fraud and compliance use cases via a single platform solution; while many providers are developing key capabilities, no single vendor has yet won this market.

Market Conditions

Causes

Buyer Demands



KYC is the primary use case for buyers

92% of buyers saw traditional data-driven 2x2 checks as being “Must Haves” in a solution.¹

The cost of non-compliance is high

AML fines increased over 50% in 2022 to reach over \$5B in issued fines.²

Solutions with strong data quality are key

While capabilities matter, vendors with strong, global KYC data were preferred by buyers.



Fraud capabilities can be key differentiators

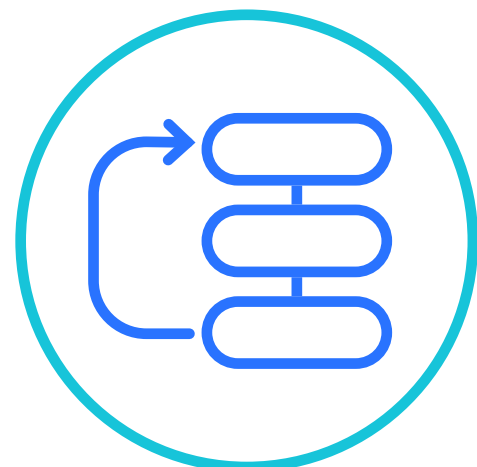
46% of buyers pointed to fraud capabilities – e.g. user risk scoring – as necessary capabilities.¹

Account Opening (AO) fraud is rising

By the end of 2023, it is estimated that \$2.2B will be lost to AO fraud because of synthetic identity.²

Robust customer registration solutions

Registration solutions that include capabilities like liveness/spoofing detection offer differentiators.



Buyers use multiple vendors in a waterfall

52% of enterprises used more than three vendors as part of a waterfall.¹

Incomplete data sets and vendor capabilities

Out of 400 vendors assessed, no solution had 100% of the product capabilities wanted by buyers.¹

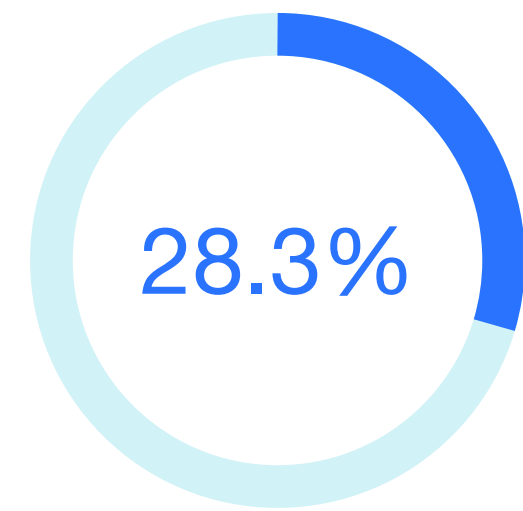
Integrated Identity Platforms (IIPs)

Buyers want solutions that work across the customer lifecycle to simplify their tech stacks.

(1) Liminal Market Survey, May 2023 (N=50 buyers in financial services) (2) Financial Times, “Global anti-money laundering fines surge 50%”

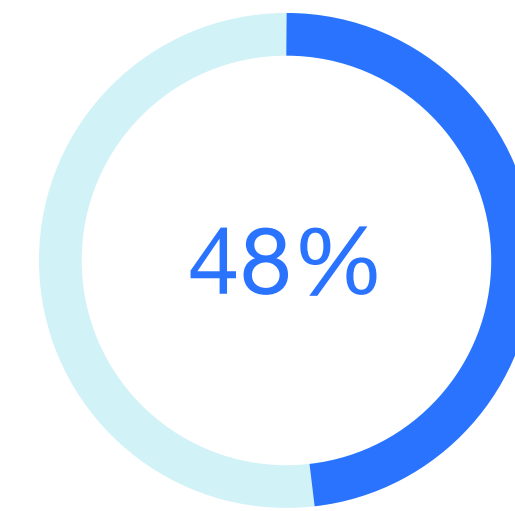
Market Challenges

To address buyers' challenges, solution providers must reduce manual review and user friction, provide comprehensive platform capabilities, and have large, accurate global data sets.



Average percentage of users needing in-house manual review¹

Most buyers use a waterfall approach leveraging multiple vendors, which lead to gaps that require human intervention.



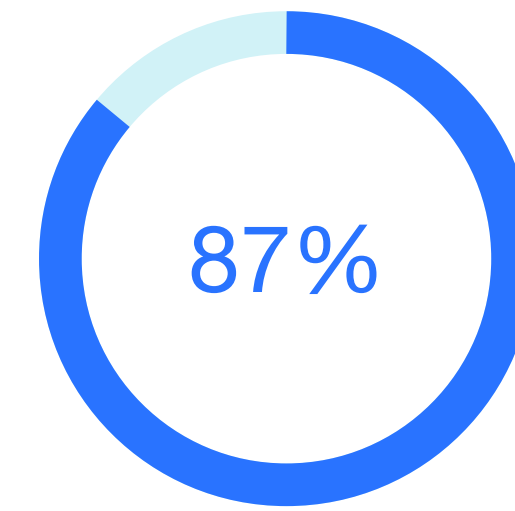
Buyer satisfaction with their current global data coverage¹

On average, buyers were across 1.7 continents and felt that their current capabilities had regional data gaps.¹



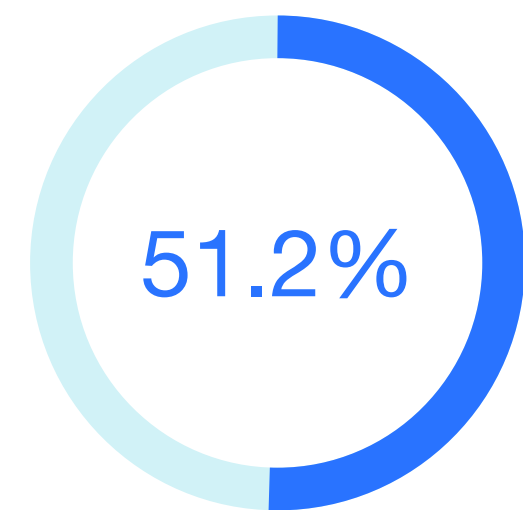
The average number of vendors used by each FIs¹

A major pain point for buyers is using multiple vendors, either for certain product capabilities or data sources.



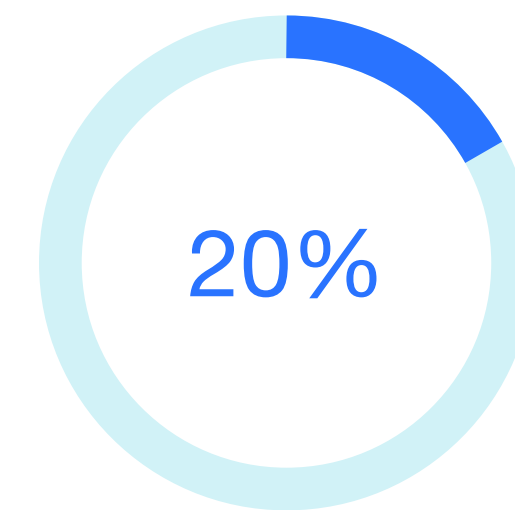
Buyers wanted more fraud capabilities as part of their solution¹

While compliance remains paramount, rising threats from fraud vectors like synthetic identity are shifting demands.



Buyers who see user friction as a major challenge today¹

Buyers were searching for capabilities like Pre-fill to reduce friction, which remains a key unmet demand for many financial service providers.



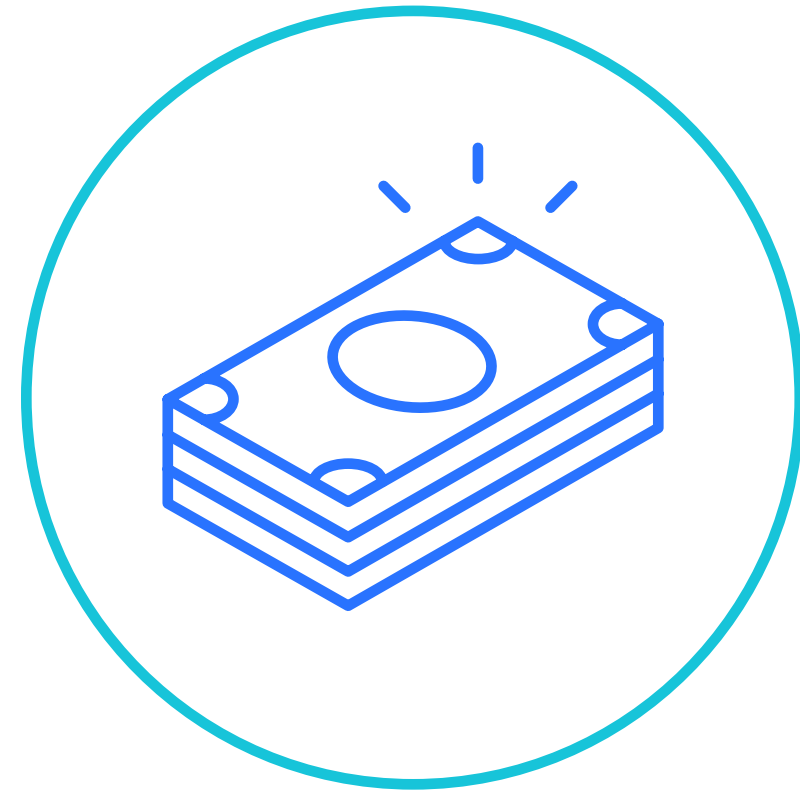
Buyers looking to switch from their current solutions

A lack of perceived differentiation and pricing considerations are driving some buyers to search for alternative solutions.

(1) Liminal Market Survey, May 2023 (N=50 buyers in financial services)

Key Purchasing Criteria for Buyers

When deciding on a vendor, buyers look for cost savings to demonstrate real Return-On-Investment (ROI) to their businesses, accuracy, and latency to improve UX, and platform capabilities to simplify their existing product stacks.



Value for Money

The potential ROI in engaging in a new vendor contract.

71% of buyers indicated that they are most concerned with how new solutions will yield tangible savings in the future.¹



Accuracy and Latency

The time it takes to verify a customer and the precision and reliability of the match.

With nearly 94% of buyers indicating speed and accuracy as a top KPC, enterprises prioritize quick and reliable solutions.¹



Product Capabilities

How robust the product and data capabilities are for solution providers.

81% of buyers are looking for more robust platform capabilities that include large global data sets and fraud capabilities.¹

(1) Liminal Market Survey, May 2023 (N=50 buyers in financial services)

Product Demand Criteria for Buyers

Buyers identified seven key capabilities as “Must Haves” in Liminal’s Market Survey of Financial Service Providers, making these necessary attributes for vendors to completely solve this use case and be considered “Leading Vendors.”

Importance	Product Capabilities	Definition
Must Have*	<ul style="list-style-type: none"> Address Verification Customer Risk Scoring DOB Verification Government Identification Number Verification Name Verification Phone Number Verification Tax Id Verification/Tin Verification 	<ul style="list-style-type: none"> Verifying a users’ reported address matches historical records Credit decisioning and prequalification services help determine if a customer qualifies for credit products Document verification is the process of validating the authenticity of documents Confirming an individual identity against a government-issued ID number (e.g. SSN, TIN, DL) Validating a potential customer’s full name against a trusted data source during the onboarding process Process used to establish whether a number is in service, and if the number belongs to the user Matching and validating legal entities with their associated government-issued legal ID number
Should Have	<ul style="list-style-type: none"> Bank Account Holder Verification Credit Decisioning & Prequalification Continuous KYC - PEP/Sanctions Watchlist 	<ul style="list-style-type: none"> Account and routing number verification confirms the validity of financial services information entered by a user Services help determine if a customer qualifies for credit products in real-time at a point of sale Ongoing monitoring capabilities to confirm a user is who they say they are
Differentiator	<ul style="list-style-type: none"> Document Verification Geolocation Intelligence/Data Liveness & Spoofing Detection 	<ul style="list-style-type: none"> Verifies the user through the verification of a government-issued identity document Location intelligence is information that can be used to identify an electronic device’s physical location Distinguishes whether a biometric capture is a live, accurately represented individual or a fake
Nice to Have	<ul style="list-style-type: none"> Bot Detection Device Risk Scoring Document Liveness Employment Verification Form Pre-fill Income Verification User Risk Scoring 	<ul style="list-style-type: none"> Analyze all the traffic to a website, mobile application, or API to detect and block malicious bots Assessing the risk of a user, and the likelihood of fraud, chargebacks, or other undesirable behavior Determination of whether a submitted document is an original document or a spoofed digital image Process of validating a job candidate’s employment history Capability that automatically populates users’ PII data into form fields from an authoritative source based Process that establishes an applicant’s income and ability to pay Provides a probabilistic risk score indicating the likelihood that the account owner is a fraudster

(1) Liminal Market Survey, May 2023 (N=50 buyers in financial services); * NOTE: Vendors need to have “Must Have” capabilities to be considered a Leading Vendor

Link Score

The Link Score was developed by Liminal to help buyers evaluate the overall efficacy of solutions across the market. It ranks key criteria – momentum, market strength, stability and success, product scope, and leadership – to evaluate potential providers.

Category	What it is	The questions we are asking	Key Components
Company Momentum	Collective measurement of the company's ability to grow relative to its peers	How much traction has the company received so far?	<ul style="list-style-type: none">• Social media growth• News recognition• Company growth• Brand recognition• Funding momentum
Market Strength	The overall attractiveness of the markets that the company chooses to participate and compete	How appealing is the market in which a company operates?	<ul style="list-style-type: none">• Market size• Market growth• Regulatory and market risk• New entrant velocity• Competitor size and market capture
Company Stability	The degree of steadiness and resilience exhibited by the company	How stable is the company? Can they continue to innovate and survive without running out of money?	<ul style="list-style-type: none">• Estimated burn rate• Company size• Leadership stability
Product Scope	The breadth and uniqueness of a company's product(s)	How unique are the companies' products and capabilities? What other use cases can this company solve?	<ul style="list-style-type: none">• Product breadth across Liminal's landscape• Total unique product capabilities• Vertical and geographic coverage• Patents and IP
Leadership	The overall relative strength of the executive team and investors based on past performance	How strong are the individuals at the executive, board, and investor level?	<ul style="list-style-type: none">• Investor and board strength• Total executive experience

The Market Landscape for Account Opening Solutions in Financial Services

While all vendors in our evaluation could offer various capabilities, only 32 out of 150 vendors had all of the “Must Have” capabilities to meet buyer demands for compliance and fraud prevention.

Adjacent Vendors

Strong overall solutions, but do not have the required capabilities for this Market Use Case.

Specialized Vendors

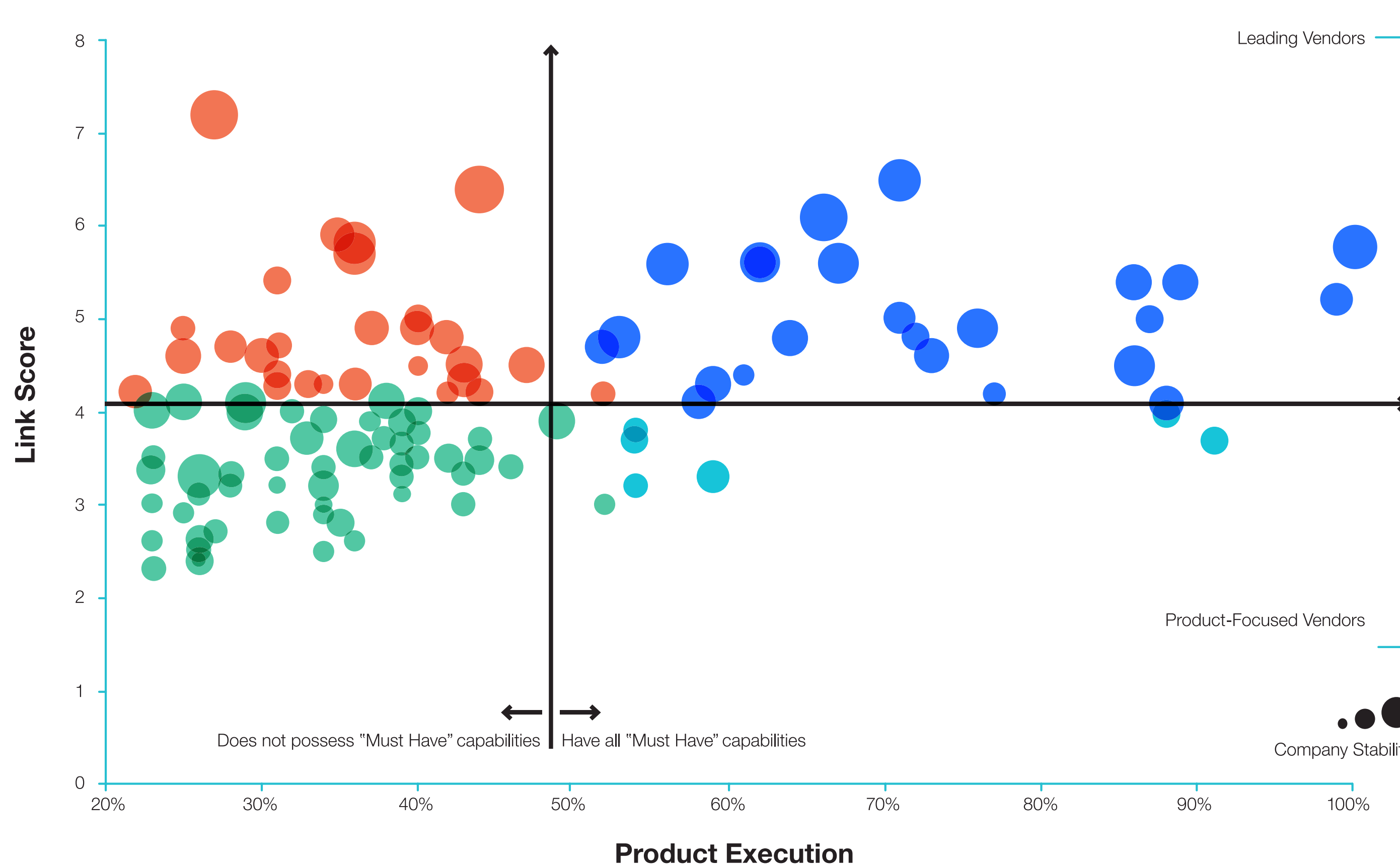
Solutions that have capabilities to solve for a portion of this use case, but do not have all “Must Have” capabilities.

Product-Focused Vendors

Solutions that have strong product capabilities, but lower than the median Link Score.

Leading Vendors

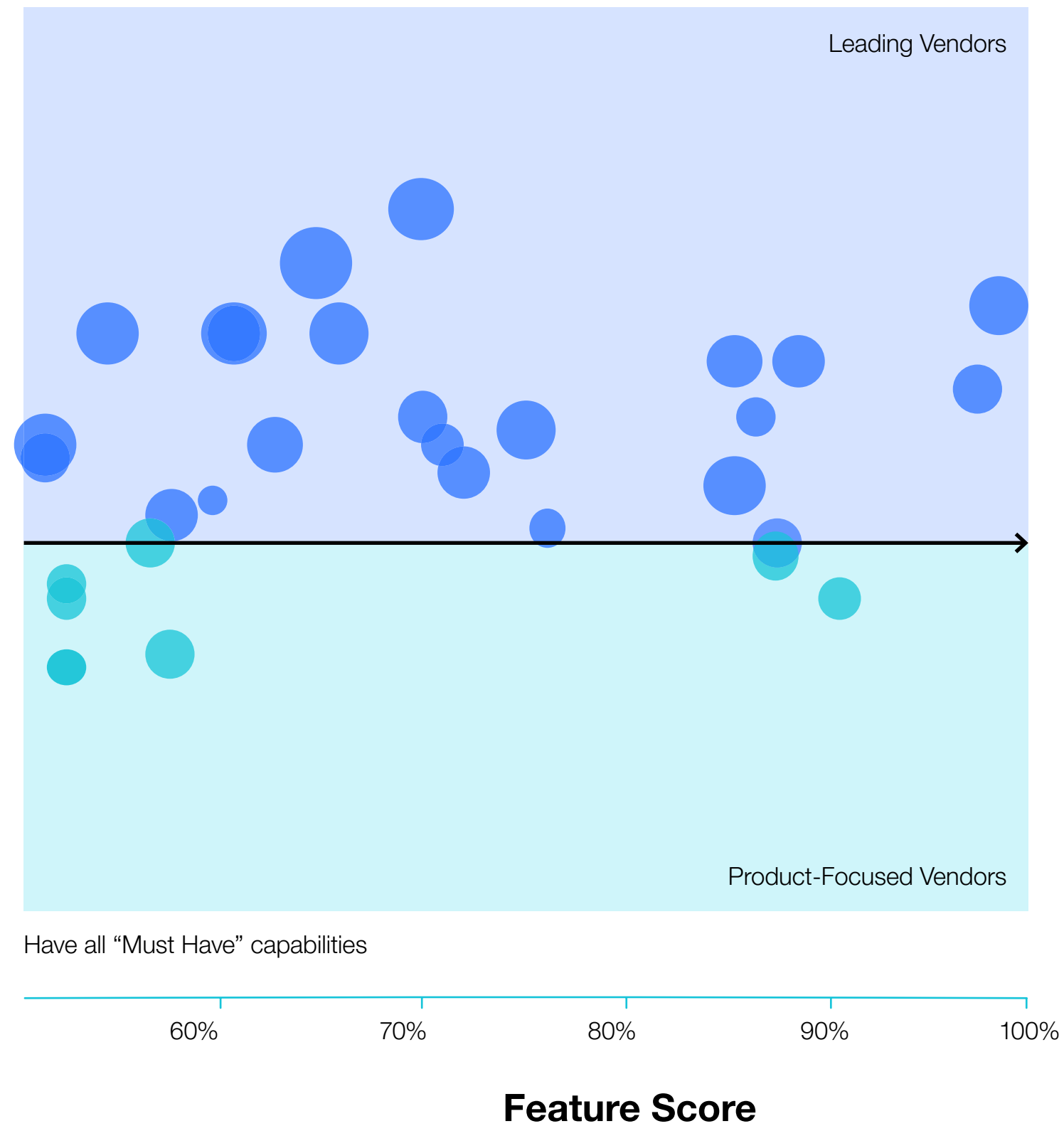
Strong overall solutions that possess all “Must Have” capabilities for this Market Use Case.



Only
21.3%
of vendors have the capabilities to meet buyer demands

Market Presence Evaluation Criteria for Product Leaders

All leading vendors with “Must Have” capabilities were surveyed to assess their market presence.



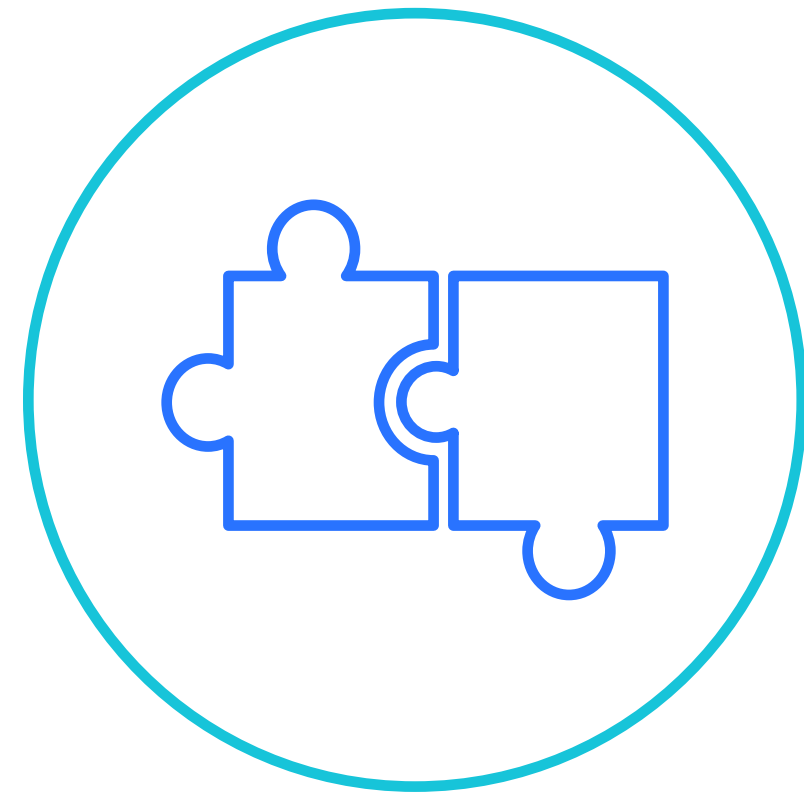
Market Presence Evaluation Criteria

Vendors were evaluated for market presence across five key areas:

Brand	How well known a vendor is in financial services
Satisfaction	How satisfied their current customers are in financial services
Leadership	How many buyers see the vendor as a “Market Leader”
Customers	How many surveyed customers use the vendor
Overall	Overall brand recognition, exclusive of financial services

Key Market Takeaways

While the market is crowded, only a small percentage of solutions today can fully solve for account opening in financial services; while using a large incumbent provides buyers with a sense of security, there are also innovative, regional players worth considering for their proximity.



There are many partial solutions in market

Only 22% of the 150 vendors had the necessary feature set to solve for Account Opening in Financial Services.

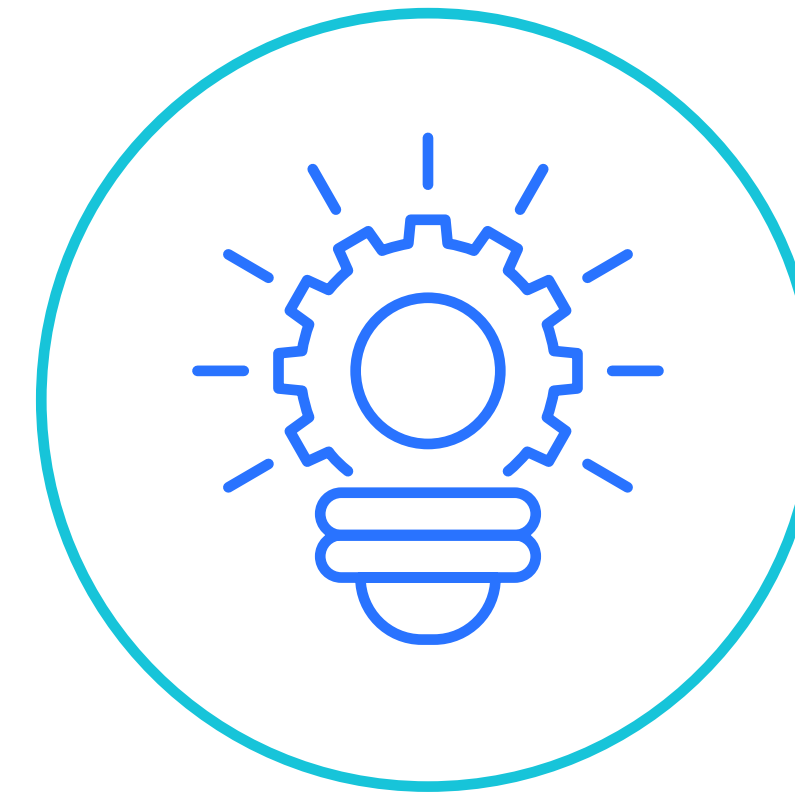
Buyers and vendors need to break through the market noise to ensure their solutions meet the demands.



Large incumbents have a strong foothold

Over 87% of all buyers saw credit bureaus and large incumbents as the leading solutions in market today.

These players provide certainty to buyers; vendors looking to compete need to outline key differentiators to win market share.



Innovative new entrants have unique solutions

Smaller companies tended to have more unique capabilities like Pre-fill, device risk scoring, and geolocation.

Buyers and vendors should consider how unique product capabilities can enhance the UX for the end user when it comes to account opening.



Regional expertise is a key consideration

While there are global brands, regional expertise in LATAM, MEA, and APAC were key considerations for buyers.

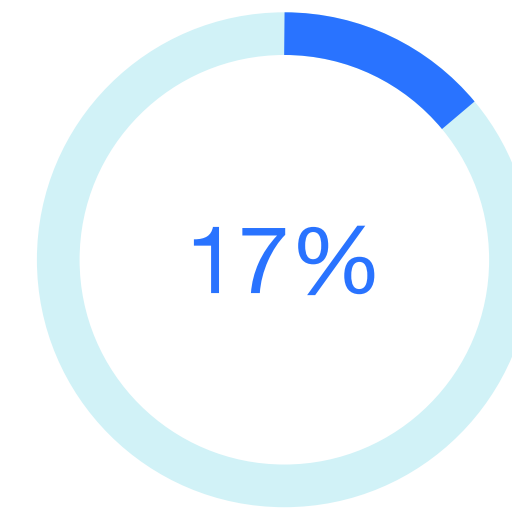
As buyers and vendors enter new markets, it is important to understand the role of regional players in obtaining close-to-source data sets.

Market Opportunity for Buyers

Financial Services buyers who use market-leading compliance and fraud solutions in account opening can expect a \$3.50 ROI in a solution provider.

\$1.40 Fraud and compliance cost savings

Strong, accurate solutions better identify legitimate users – saving buyers from fraud loss and compliance fines.¹

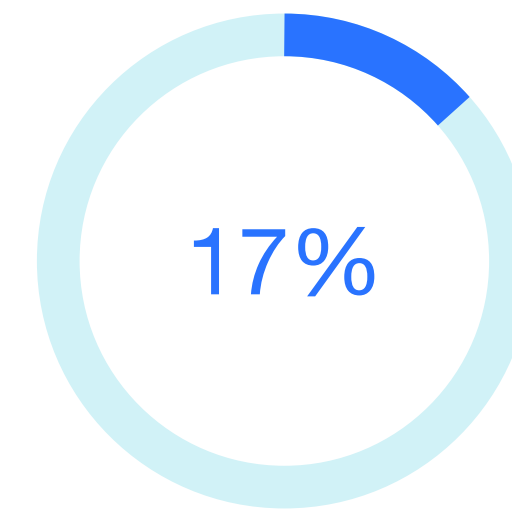


Reduction in fraud at account opening

Solutions that offer a wider breadth of capabilities beyond two market use cases allow companies to comply regulation and provide stronger barriers to AO fraud.¹

\$1.80 Revenue increase due to UX improvements

Choosing the right vendor allows for financial service providers to increase customer conversion, driving more revenue for their business.¹

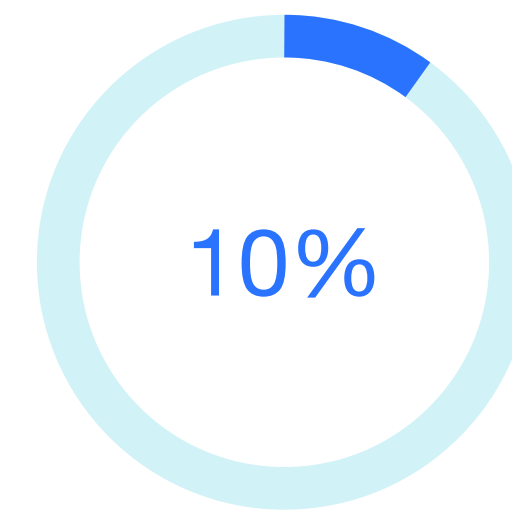


Reduction in abandonment

Solutions with robust, accurate, global datasets require simple data checks for onboarding, enhancing customer conversion.¹

\$0.30 Savings from Automated processes

Automated identity verification solutions reduce manual review, and ultimately costly overhead.¹



Decrease in manual review

Buyers who found market leading solutions saw immediate impact from a reduction in the amount of manual review required.

Note: Cost savings are per customer
Savings values will be changed based on the volume of customers of a client

(1) Liminal Market Survey, May 2023 (N=50 buyers in financial services)

Link™ Index Report

A specialized research publication designed to empower technology buyers and solution providers with a competitive edge in the digital identity technology market.

Methodology and Contact Us

Liminal's multifaceted approach, incorporating diverse data sources and expert perspectives, ensures our evaluation is thorough, unbiased, and highly valuable.

Our report employs a proprietary research framework, leveraging Liminal's Digital Identity Landscape™ taxonomy and ontology, to evaluate and rank product capabilities based on their relevance to real-world market use cases.

For more information about the Link Index methodology, please visit: www.liminal.co/policies/methodology



Empowering buyers with a different kind of research

The Link™ Index Report sets itself apart with its unparalleled depth and rigor in evaluation.

We take pride in our comprehensive approach, which incorporates five distinct inputs to ensure the most accurate and valuable insights for our clients:

- Company Profile in the Link™ Platform
- Integration of Market Intelligence and Research
- Proprietary Market Prioritization Model
- Leveraging our Expert Network and VOC Calls
- Company Survey for Validation

For more information about our research or becoming a Link Platform member, reach out to your Liminal Account Executive or **contact us.**



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