

# Investment in identity protection is key to consumer trust

## Comment



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Recent research from Trulioo, a global identity and business verification company, revealed 71 per cent of consumers believe brands are prioritising the speed of delivering seamless online experiences over protecting them from identity fraud. Undoubtedly, touchless, seamless customer experiences and transactions have been the panacea for business survival, continuity and growth – a much-needed good news story for business and the brand promise of our COVID-19 times.

But the surge in online offerings, couched by many as “10 years of digital transformation in 10 weeks”, required temporary solutions, accelerated development of new practices and rapid on-boarding of new suppliers, invariably widening the vector for adversary attack.

Unlike the notifiable data breaches scheme, where notification of serious harm from breach is legislated, institutional self-disclosure of the value of cyber crime is not.

The Financial Cost of Fraud Report developed by Crowe in the US puts the total cost of all fraud types at \$US5.12 trillion globally. That was in 2019, before the pandemic. Closer to home, the Australian Cyber Security Centre’s latest annual cyber threat report puts the cost of cybercrime in Australia at \$33 billion a year.

With risk mitigation, the governing framework and ransomware a significant agenda item, digital practices adopted through the pandemic deserve retrospective action. Would COVID-19 compromises stand up to scrutiny if re-examined two years from now? Or will the gains in brand consideration through delivery of almost overnight shifts to online offerings be eroded by subsequent trust crises? These are considerations for the risk register.

According to Trulioo, 76 per cent of

people feel they are at greater risk from online fraud than a year ago, and they are not accepting responsibility.

Almost half of respondents said the onus is on businesses to protect their customers from online fraud or identity theft, while 32 per cent think it is the job of their bank and only 18 per cent say it is their responsibility.

Consumers have pivoted. Early in the pandemic, the focus was on a first-rate experience in return for the loyalty of their online custom. Trulioo research from 2020 showed 73 per cent said the account opening process could make or break their relationship with the online brand. Balancing the experience and first impressions of the brand with security was still a focus.

Fast and seamless customer experiences became the business obsession throughout the customer journey. But this year, alarmingly, only 5 per cent of consumers placed the nirvana of “seamless” as an effective measure of fraud prevention. Security is now the nemesis of experience if not treated with disproportionate measure

and investment. Nearly half of the respondents wanted the best possible security available.

Secure digital identity verification in the consumer’s view is now the holy grail of what has become an almost entirely digital existence. And COVID-19 has shown us just how quickly consumers are open to accept and adopt new habits and technologies that were once thought either too hard or decades away.

As we emerge into a post-pandemic era, successful brands will be those that can connect a trusted purpose with digital agility and delivery and, critically, can implement continuous innovation to protect their most valuable asset, the customer.

Identity protection is the arms race that requires consistent incremental innovation against bad actors that don’t need to wait for funding cycles to drive relentless innovation for growth.

Worryingly, industry voices pinpoint Australia at a crossroads in the development of a strong digital technology economy, falling behind on

sovereign capability and R&D investment. A recent Australian Bureau of Statistics report highlights business expenditure on R&D remains at 2012 levels.

Under-reporting of identity fraud and cyber-crime might protect brand reputation, but it masks the urgency of investment required.

The stakes have escalated. “Australian businesses are nowhere near well enough prepared for this. I would describe the position as woeful actually,” says Shayne Elliott, ANZ chief executive.

Lifetime value is now contingent on secure lifetime experiences. A fix-it-later approach is no remedy for the potentially significant and cost of loss of customer trust, fraud class actions and reputational harm to the brand.

For Australian brand owners, innovation investment must be the critical call to arms.

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