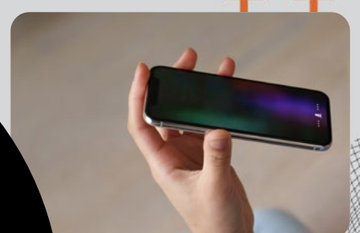
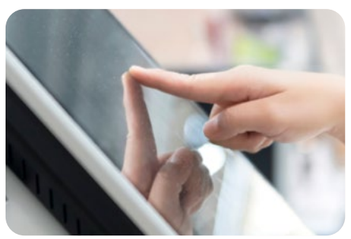
FEBRUARY 2022

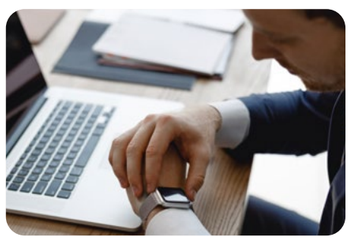
consumer **authentication** experiences

How To Achieve **Friction-Free** Customer Care

PYMNTS.com | pindrop







Consumer Authentication Experiences, a PYMNTS and Pindrop collaboration, examines consumers' views and attitudes toward authentication and security processes, detailing what they find to be good, what could be better and what diminishes their customer experiences.

consumer **authentication** experiences

table of **contents**

Introduction 04

Key Findings 06

Conclusion 18

Methodology 19

PYMNTS.com | pindrop

The Consumer Authentication Experiences Report was produced in collaboration with Pindrop, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

introduction +

Few recent developments have been as far-reaching and widespread as consumers' rapid adoption of digital tools and technologies. Less noticed, however, are the many accounts that underpin these digital lives and connect consumers to services and solutions.

A grand majority of consumers hold accounts of some type, and virtually every account holder eventually needs to access or alter account information. PYMNTS' research finds that approximately 182 million U.S. adults have accounts with financial institutions (FIs), and 89% of these consumers can access these accounts digitally. These accounts are hardly alone: our data also reveals that more than 60% of consumers have accounts at FIs, telecommunications firms, insurance companies or retail merchants. The quality of consumers' interactions with customer service representatives can make or break their relationships with these companies.

One thing always has been true about accounts: security matters. Data breach costs in 2021 were the highest in 17 years, yet PYMNTS' research finds that neglecting to screen callers is not rare for customer service representatives; for both retail and insurance companies, agents fail to verify customers' identities as much as 12% of the time.[1] As more and more individuals register accounts, verification will continue to gain importance, and organizations aiming for success will need to offer convenient, secure verification across all channels: PYMNTS' research finds that 55% of customers toggle between using phone and digital means to access services.

It is important to note that convenience is key: PYMNTS' data finds that when consumers try to reach providers, their greatest concern often is the difficulty of authenticating their credentials, not security.

In short, to properly serve customers, companies must thread a needle with their verification processes: they must be frictionless enough that consumers do not feel verification is a hassle and also must be rigorous enough to keep data breaches at bay.

Consumer Authentication Experiences: How To Achieve Friction-Free Customer Care, a PYMNTS and Pindrop collaboration, examines consumers' views and attitudes toward authentication and security processes. We surveyed 3,797 consumers in the United States about their experiences with authentication when accessing digital customer service platforms and calling contact centers, to learn more about how they prove they are who they say they are — what they find to be good, what could be better and what diminishes their customer experiences.

This is what we learned.

[1] Author unknown. Alarming cyber security facts to know for 2021 and beyond. Cybertalk. Dec. 2, 2021. https://www.cybertalk.org/2021/12/02/alarming-cyber-security-facts-to-know-for-2021-and-beyond/. Accessed February 2022.

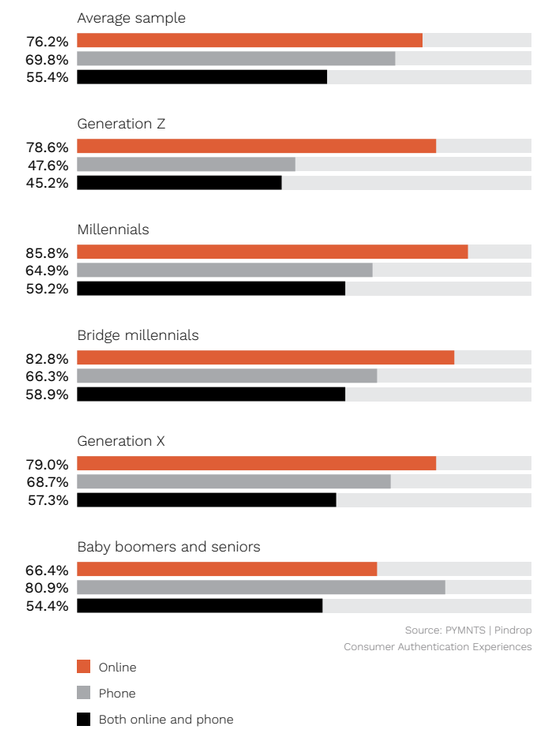
© 2022 PYMNTS.com All Rights Reserved

While digital contact methods have grown in popularity — especially among younger consumers — the telephone remains a staple of customer service contact.

Despite apps' and other electronic means' widespread growth in popularity, 70% of U.S. adults stick with the traditional telephone to connect with customer service representatives. This is especially true of older consumers: PYMNTS' research finds that 81% of baby boomers and seniors interact with customer service representatives via their phones. Younger generations more eagerly have adopted digital channels: 86% of millennials and 83% of bridge millennials communicate with account services professionals via digital means. Contacting customer service is not a one way or the other proposition, however, as 55% of consumers of all generations use both phone and online channels to conduct business.

FIGURE 1:

How individuals access customer service
Share of consumers with accounts who use select interaction methods with customer service, by generation

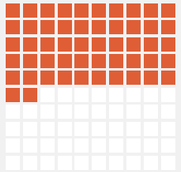


Source: PYMNTS | Pindrop Consumer Authentication Experiences

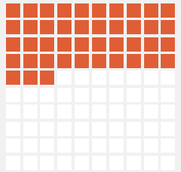
Businesses benefit when they consider their phone-based and digital verification processes together. We find that a majority of consumers strongly value consistency in authentication procedures, regardless of which channel they use: 63% say this consistency is "very" or "extremely" important to them. However, more consumers are satisfied when using online or digital means to access their accounts than when using the phone: 52% of consumers who access accounts digitally say they are satisfied, whereas just 43% who use their phones share the sentiment. This data both highlights the sizable opportunity to improve customer satisfaction and suggests that organizations looking to do so would be wise to consider voice-based solutions that could be consistent across digital and phone-based communications.

FIGURE 2:

Customer satisfaction by contact method
Share of consumers satisfied with the identification process required to access accounts



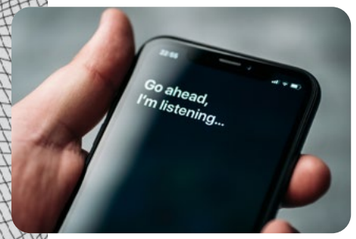
52%
Online accounts



43%
Customer service via phone call

Source: PYMNTS | Pindrop Consumer Authentication Experiences

© 2022 PYMNTS.com All Rights Reserved



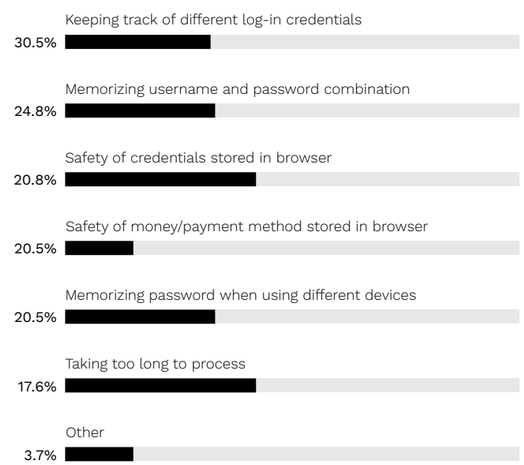
When accessing customer service, consumers' concerns cluster around convenience, ease of use and security.

Small barriers can frustrate even the most loyal customers by keeping them from the information they are trying to access, and some of the most maddening barriers take the form of security procedures put in place to protect those same customers. Consumers say their most common difficulties include struggling to remember credentials, being put on hold for too long and having to repeat authentication processes. Nearly half of consumers are worried about having to wait a long time when going through identification processes, with younger consumers citing these concerns more frequently than older individuals. In particular, Gen Z consumers are almost 20 percentage points more likely than baby boomers and seniors to say providing texted codes or passwords takes too long.

Our data makes it readily apparent that usernames and passwords represent major headaches for consumers. Between 25% and 30% of respondents who use online services say having to keep track of their credentials is a negative aspect of identifying themselves when logging in to an online account. This issue is not limited to online accounts either, as 25% of consumers cite difficulty remembering their usernames and passwords when talking to a representative on the phone as a negative aspect. Solutions that obviate the need to remember such credentials, therefore, hold great promise for companies.

FIGURE 3:

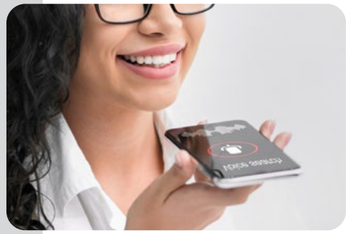
Negative aspects of logging into accounts
Share of consumers who cite difficulties with select aspects of logging into their online accounts



Source: PYMNTS | Pindrop
Consumer Authentication Experiences

Another telephone-related pain point is being kept on hold too long, according to 48% of phone customer service users, and 46% say the same of having to repeat the identification process. Customers want to streamline their account-related interactions, and businesses able to provide a smooth experience are most likely to keep their customers satisfied. Finally, 14% of consumers who use phone services have security concerns when verifying their identities with customer service.

© 2022 PYMNTS.com All Rights Reserved



Consumers are very interested in advanced ID verification for its convenience: 57% of consumers who have tried these technologies want to use them again.

FIGURE 4:

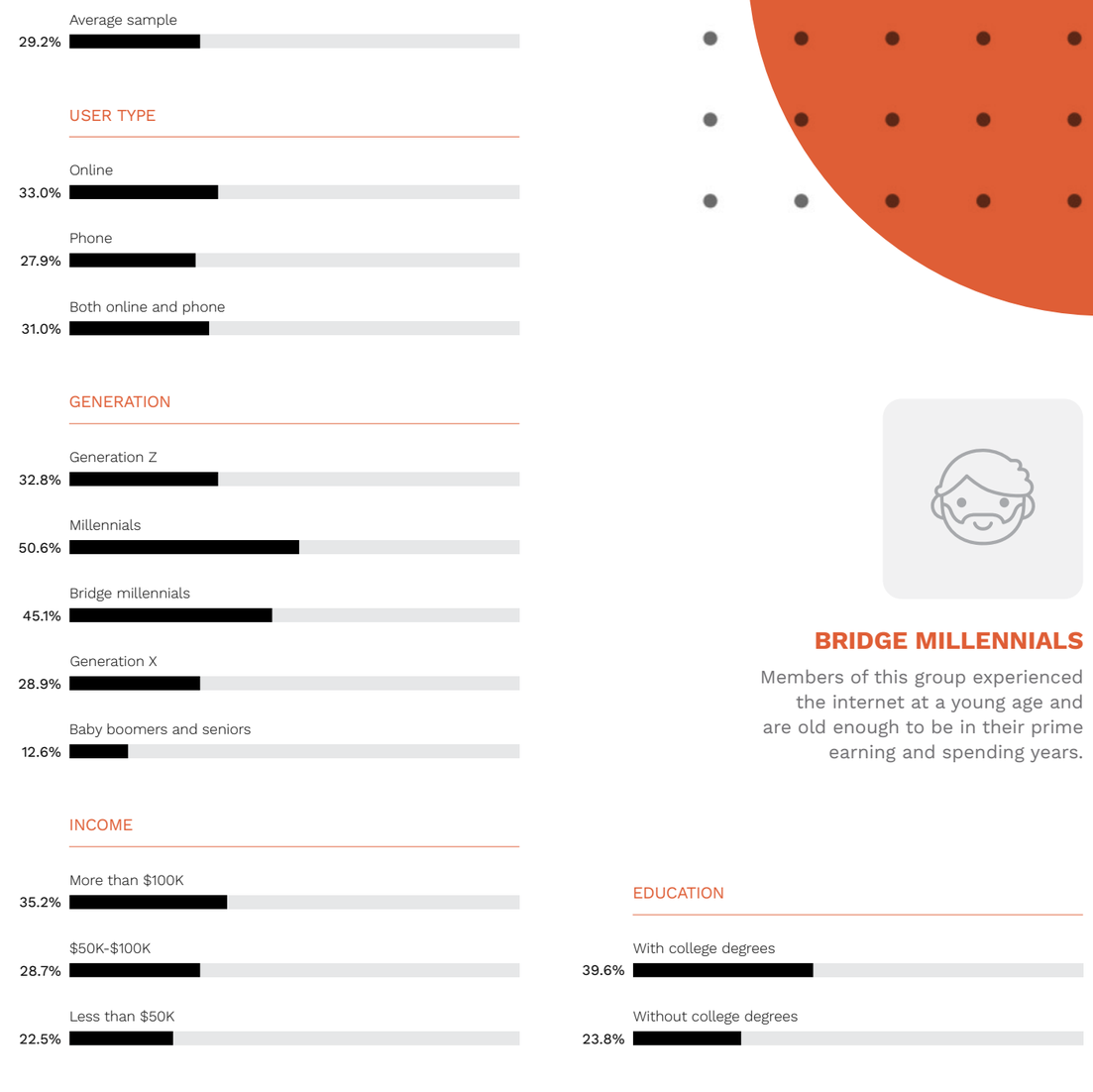
Interest levels in using advanced ID verification technologies
Share of consumers who cite select levels of interest in using advanced ID verification technologies, by familiarity

Source: PYMNTS | Pindrop Consumer Authentication Experiences

Several potential solutions to the problems legacy username and password-based processes cause fall under the umbrella term "advanced ID verification." Such solutions include technologies that make use of voice recognition, keyboard logging, liveness detection with selfies and fingerprint scans. Despite their relative newness on the scene, already 29% of consumers are "very" or "extremely" interested in such tools.

FIGURE 5:

Consumer interest in using advanced ID verification technologies
Share of consumers "very" or "extremely" interested in using advanced ID verification technologies



BRIDGE MILLENNIALS

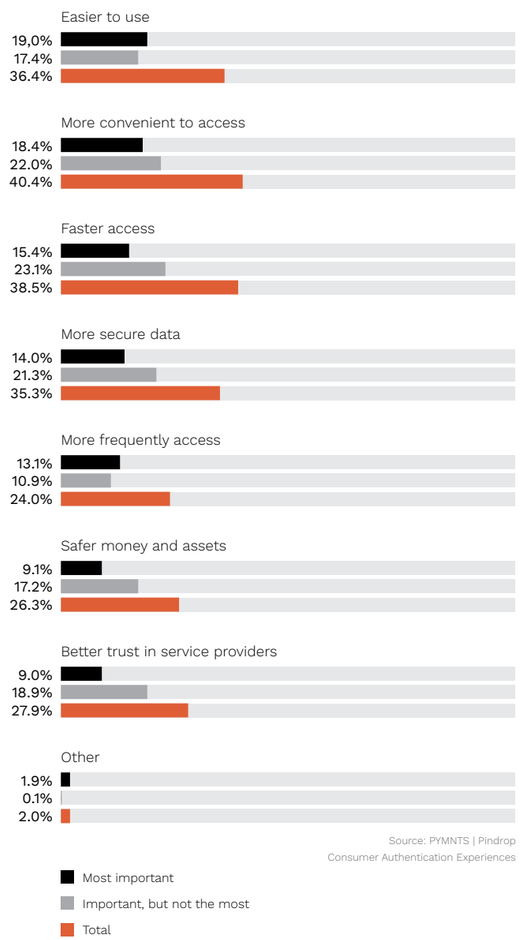
Members of this group experienced the internet at a young age and are old enough to be in their prime earning and spending years.

Source: PYMNTS | Pindrop Consumer Authentication Experiences

© 2022 PYMNTS.com All Rights Reserved

FIGURE 6:

Drivers of interest in advanced ID technologies
Share of consumers interested in advanced ID technologies who cite the most important and important drivers of their interest



Source: PYMNTS | Pindrop
Consumer Authentication Experiences

When consumers aren't interested in using advanced ID verification, they usually say security-related worries are the primary reason they object to these technologies. PYMNTS' data reveals that 32% of consumers disinterested in these tools identify concerns regarding businesses retaining personal information as a reason for their lack of interest, leading all other reasons. Eighteen percent of respondents consider this retention of data to be the most important reason for their lack of interest.

Millennials and bridge millennials lead the pack in wanting to use advanced identity verification technologies, with 51% of millennials and 45% of bridge millennials saying they are "very" or "extremely" interested in using them. Other key demographics follow suit, as those who exhibit interest in advanced ID verification also tend to be more educated and earn higher incomes.

Baby boomers and seniors tend to be most cautious, with 26% citing data security as their main driver of disinterest. Distrust and skepticism in these technologies seem to lessen by generation: just 10% of Gen Z consumers cite data security as a reason for disinterest.

Consumers say
the top three motivators
making them want
to move to advanced
identification technologies

all involve convenience.

© 2022 PYMNTS.com All Rights Reserved

Service providers that offer advanced identity verification tools to remove the burden of security from customers will garner increased satisfaction and trust.

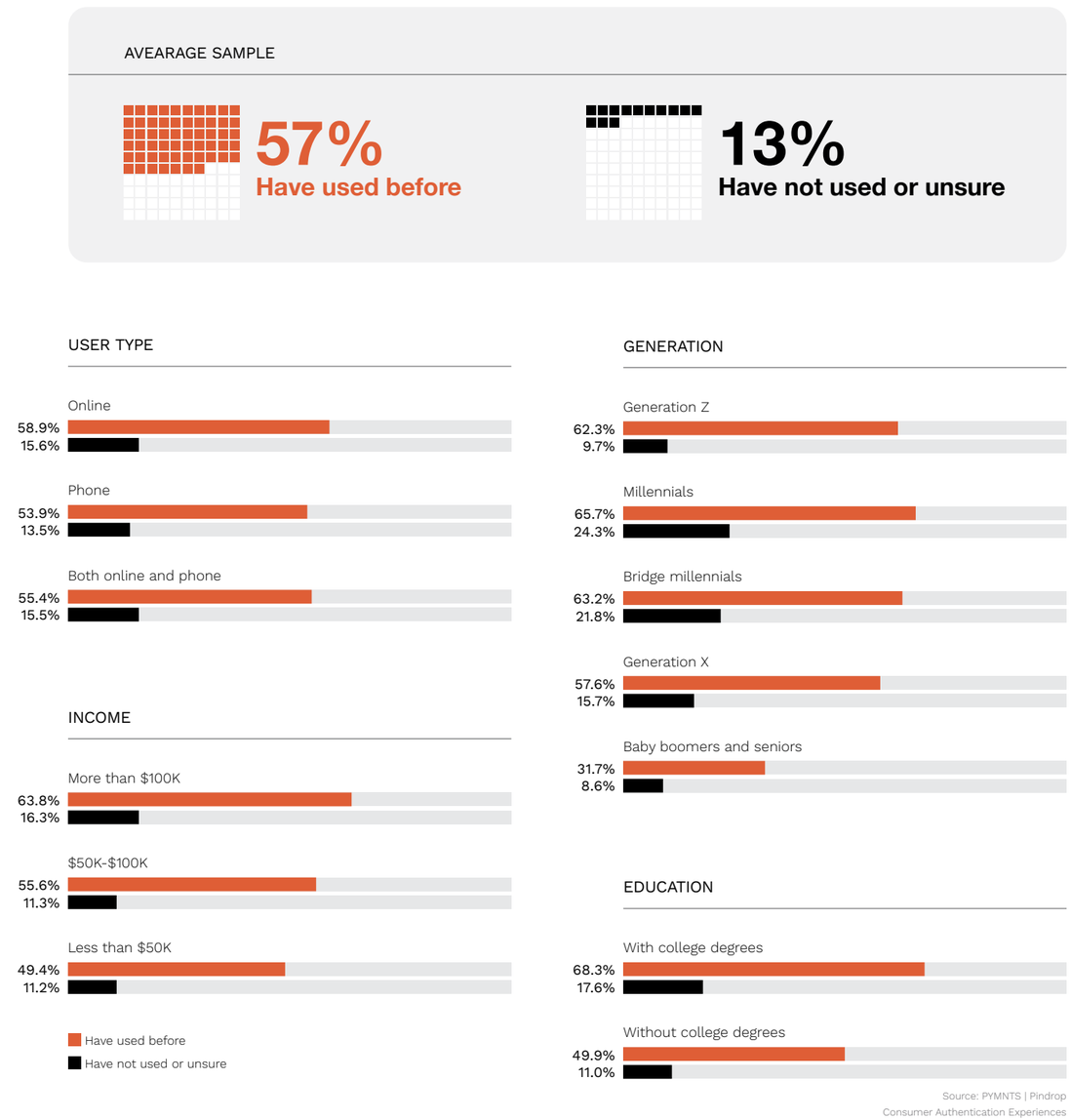
The data strongly suggests that consumers like these verification technologies once they have tried them. On average, 57% of those who have used advanced ID verification would be "very" or "extremely" interested in using it again. This share rises to 66% among millennials, 63% among bridge millennials and 64% among those who make more than $100,000 annually.

CONSUMER INTEREST

Over half of consumers who have tried advanced ID verification technologies would be very or extremely interested in using them again.

FIGURE 7:

Consumer interest in using advanced ID verification technologies
Share of consumers "very" or "extremely" interested in using advanced ID verification technologies, by whether they have used these technologies before



Source: PYMNTS | Pindrop
Consumer Authentication Experiences

© 2022 PYMNTS.com All Rights Reserved

Share of consumers who say advanced ID verification methods would positively impact their trust in the organization offering them.

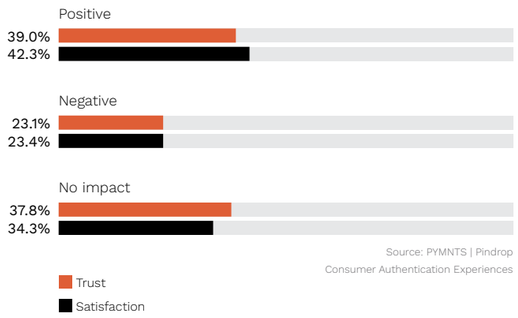
Share of consumers specifically interested in these technologies for data security and asset safety who say these methods improve satisfaction.

Our findings reveal a wide disparity of interest between those who have used advanced ID verification technologies and those who have not: Just 13% of consumers are “very” or “extremely” interested in using the technology for the first time. Businesses that take this into consideration and strategically introduce their customers to these technologies may find that they not only have improved customer satisfaction but also have fostered an appreciation for these methods that will help build customer loyalty. PYMNTS’ research finds that 42% of consumers say advanced ID verification methods would positively impact their trust in the organization offering them.

FIGURE 8:

Advanced ID verification technologies’ impact on satisfaction and trust

Share of consumers who say their satisfaction or trust in a service provider would improve if it offered advanced ID verification technologies



Source: PYMNTS | Pindrop Consumer Authentication Experiences

Our data also finds that 39% of consumers believe introducing advanced ID verification methods would positively impact their satisfaction with a service provider. Not all of those ways are experience-based, as consumers who prioritize security are especially likely to see the value of advanced ID verification methods. We find that approximately 70% of those interested in these technologies for data security and the safety of money or assets say the methods improve their satisfaction and trust in the companies with which they do business.

© 2022 PYMNTS.com All Rights Reserved

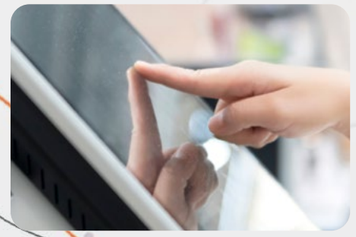
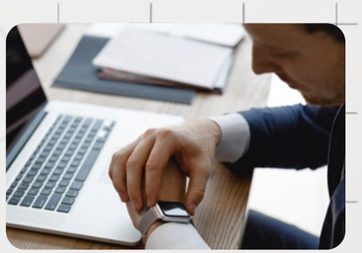
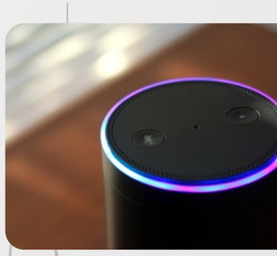
conclusion

Consumers' modern lives in many ways are powered by the connections they make with their service providers. With many services come many accounts, however, and the username-password convention is insufficient and frustrating to many customers who simply wish to connect with a representative. Advanced ID verification solutions such as those that use voice recognition can streamline the customer service experience — delighting individuals who no longer will need to suffer through remembering credentials or repeating failed verification processes, while imperceptibly providing the strong security that builds trust and satisfaction. Providers that adopt and demystify these tools will be best positioned to succeed in an evolving, digital world.

consumer
authentication
experiences

methodology

Consumer Authentication Experiences: How To Achieve Friction-Free Customer Care, a PYMNTS and Pindrop collaboration, examines consumers' views and experiences with using authentication tools and techniques when accessing customer service, both online and via phone. We surveyed 3,797 U.S. consumers between Dec. 16 and Dec. 26, 2021, about their experiences. Of our respondents, 52% were female, the average age was 48 and 36% had annual incomes of more than $100,000.

ABOUT

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

pindrop

Pindrop® solutions are leading the way to the future of voice by establishing the standard for security, identity and trust for every voice interaction. Pindrop solutions protect some of the biggest banks, insurers and retailers in the world using patented technology that extracts an unrivaled amount of intelligence from every call encountered. Pindrop solutions help detect fraudsters and authenticate callers, reducing fraud and operational costs, while improving customer experience and protecting brand reputation. Pindrop solutions have been implemented in eight of the top 10 U.S. banks and five of the top seven U.S. life insurers. Additionally, 70% of Pindrop's U.S. customers are Fortune 500.

Pindrop, a privately held company headquartered in Atlanta, GA, was founded in 2011 and is venture-backed by Andreessen Horowitz, Citi Ventures, Felicis Ventures, CapitalG, GV and IVP. For more information, please visit **pindrop.com**.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at **feedback@pymnts.com**.

DISCLAIMER

The Consumer Authentication Experiences Report may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.