

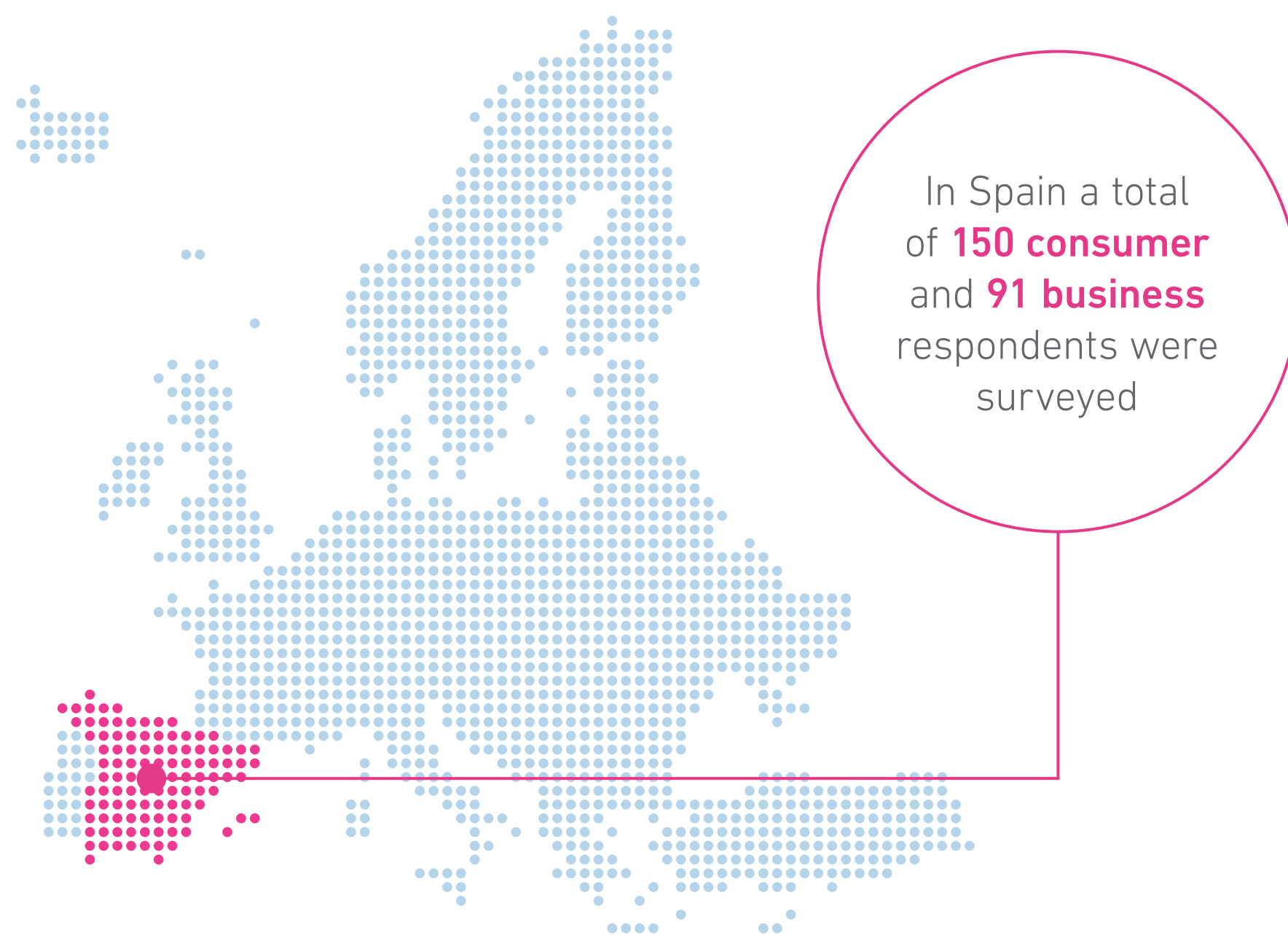
2022 Global Identity and Fraud Report

 Spain Market Summary



Spain Market Summary

Between January and March 2022, Experian conducted research across 20 countries with 6,062 consumers aged 18-69, and 1,849 business respondents from the financial services sector (including retail banks, FinTech, credit card providers and digital banking), along with non-financial services businesses in consumer technology, electronics and on-line and mobile retailer.



The responses showcase an evolving digital consumer with increasing expectations. Our consumers have had high level of exposure to fraud and therefore they prioritise security and tend to entrust businesses that provide it.

For their part, within their priorities for the overall improvement of digital customer journeys, businesses have a strong focus on identity verification, enhancing recognition of existing customers and increasing automation.

Read on to discover:



Why enhancing consumers' feelings of security within the digital experience is a pre-requisite for the development of increased trust



How the adoption of certain identity authentication solutions with the highest impact on customer feelings may be a potential opportunity for competitive differentiation

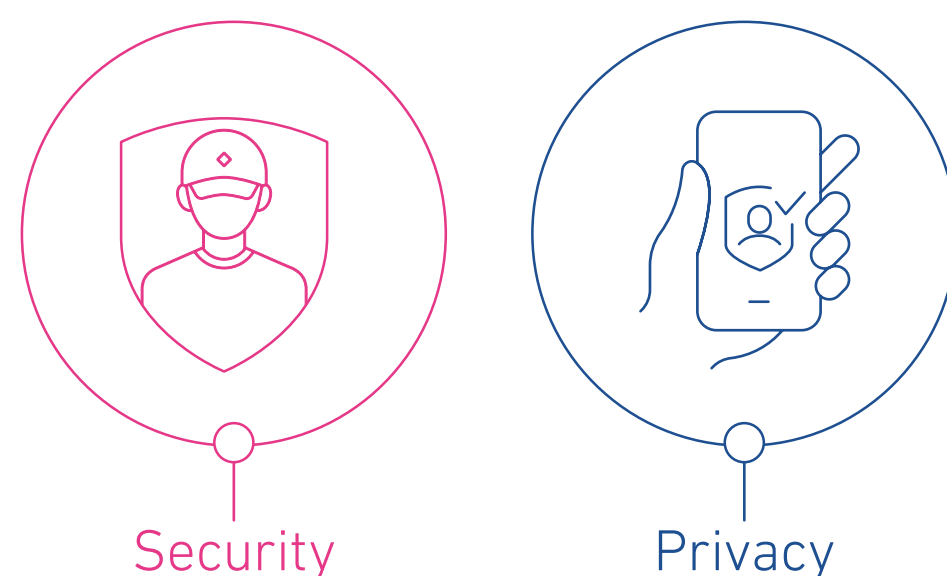


Why increased automation, orchestration and monitoring are three important aspects for balancing the quality of the digital experience with the need to keep ahead of the fraudsters



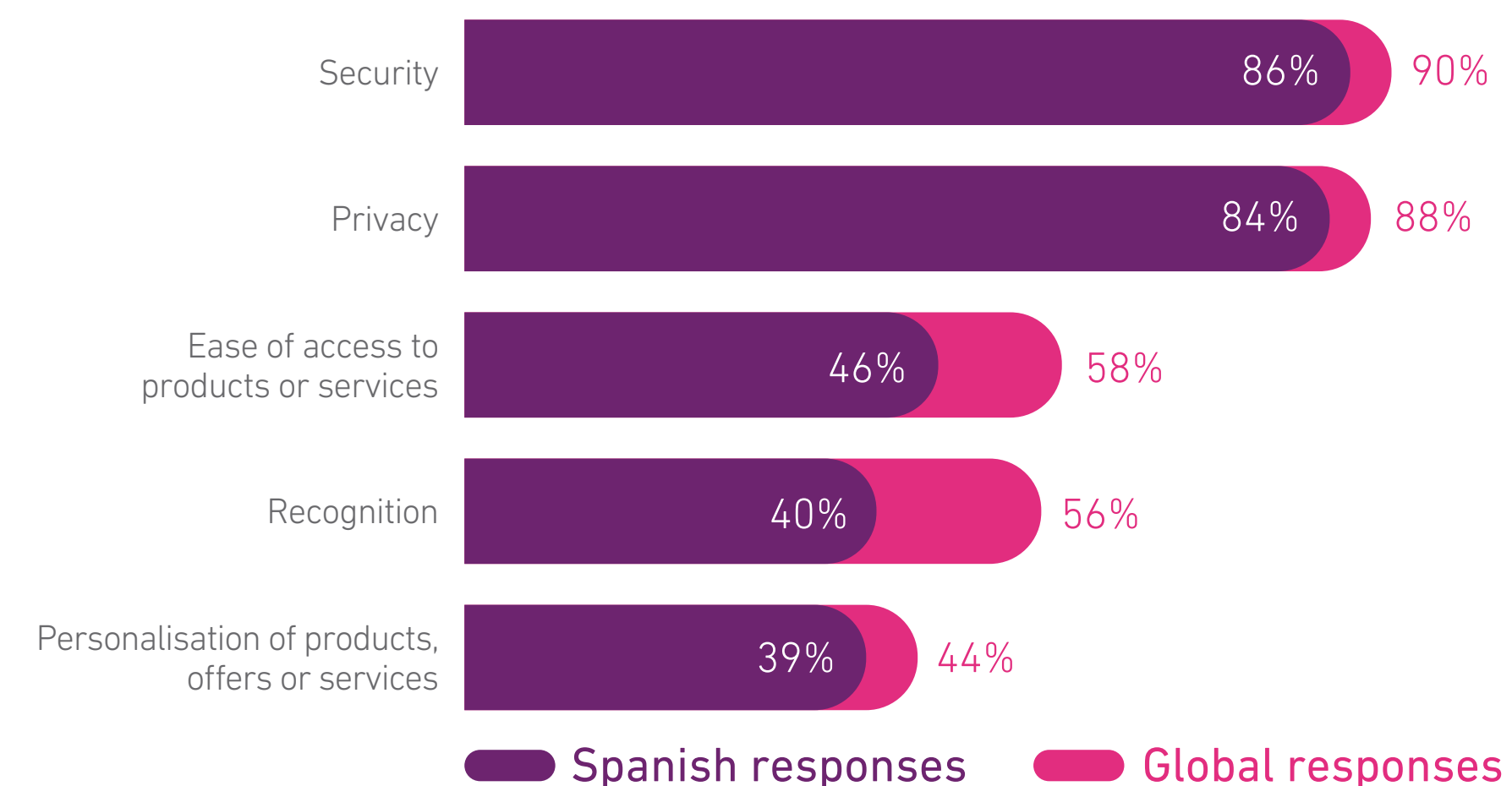
Spanish consumers attach great significance to security within their overall online experience

In keeping with the overall global picture, Spanish consumers view security and privacy as the two most important factors within their overall online experience.



Other important factors are convenience, in the form of both ease of access and recognition when returning, and personalisation.

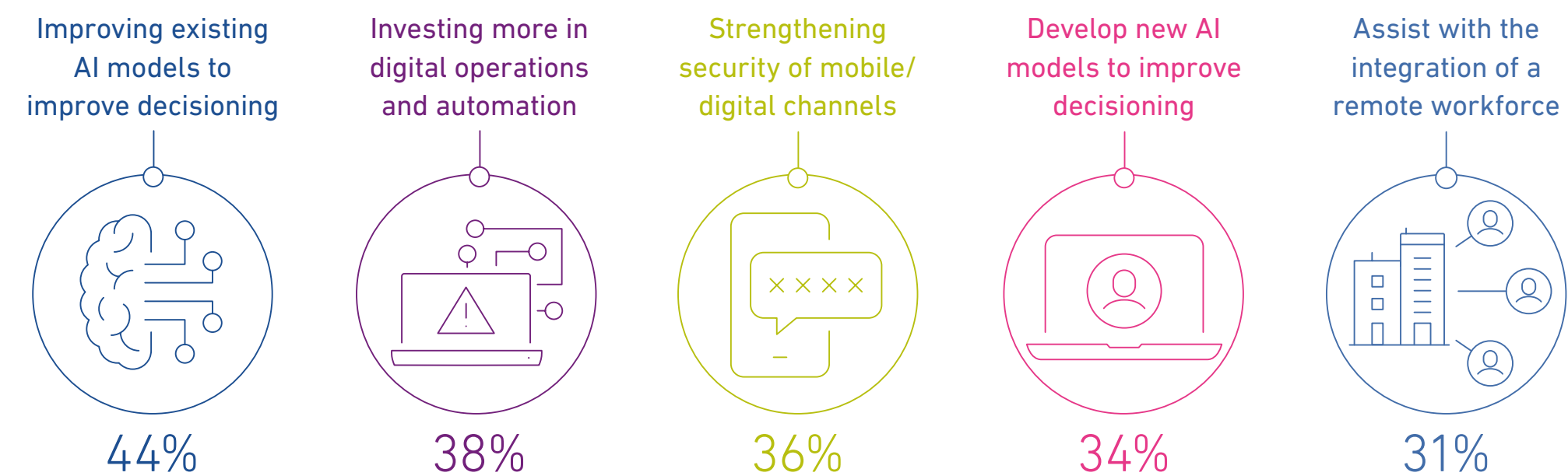
Spanish consumers views on the importance of different parts of the digital customer experience



68% of consumers feel positive in terms of their recent interaction with businesses across all types of digital channels – including websites, digital apps, chatbots and social media. However, only 17% believe that businesses have completely met their digital expectations. Not only is this the lowest amongst the European countries covered by the research, but it is also the lowest level reported across the whole global survey. This suggests that businesses still have some improvement to make in terms of how they engage with consumers and deliver compelling digital experiences.

Businesses' strategic priorities and planned investments reflect the importance of security, risk decisioning accuracy and automation within digital customer journeys

The top five priority areas of investment for Spanish businesses in order to ensure the delivery of the digital customer journey are shown below.



Businesses believe they understand customer expectations and have high levels of confidence in existing strategies and technologies, but monitoring of the customer experience is not widespread

Looking specifically at the digital experience, the majority of businesses recognise increased customer expectations over security (79%), convenience (71%) and personalisation (63%). However, this needs to be considered in the context of the consumer insight referred to earlier regarding businesses' ability to completely meet their expectations.

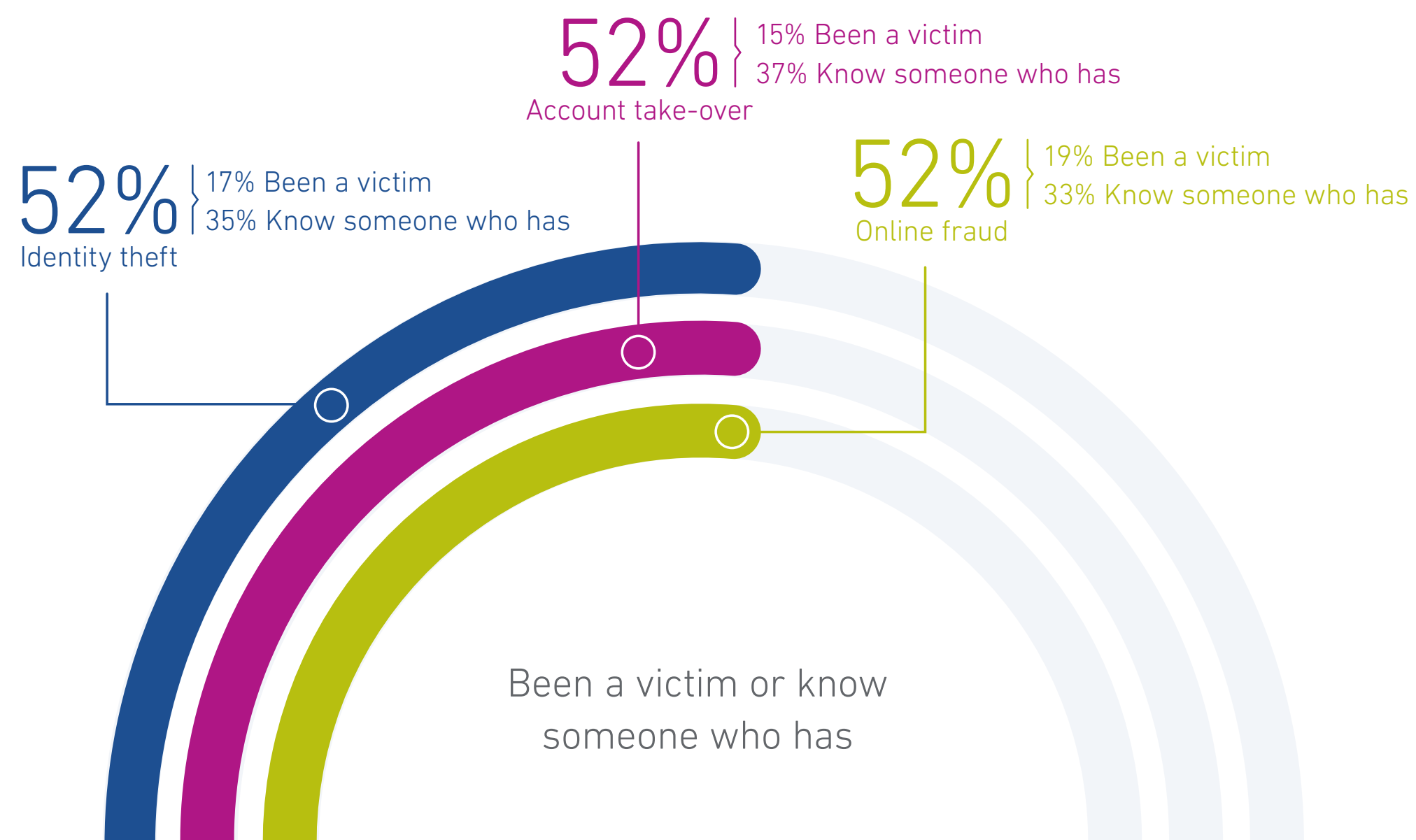
Despite three quarters of business expressing confidence in their existing technologies and strategies relating to the digital experience, there is even more widespread recognition (89%) of the need to further improve. The top priorities for improvement are:

- 33% To provide a frictionless payment process
- 32% To create an intuitive and simple digital experience
- 31% To improve the collection of real time and voice of the customer data
- 30% To ensure consistency of information across all of our digital channels
- 29% To provide customers with quick and live customer support

Given the importance of improving the digital customer experience, it is surprising to find that less than a quarter of businesses track improvements in the digital journey by monitoring customer satisfaction at each discrete stage. Additionally, still fewer monitor levels of customer abandonment at each stage of the journey.

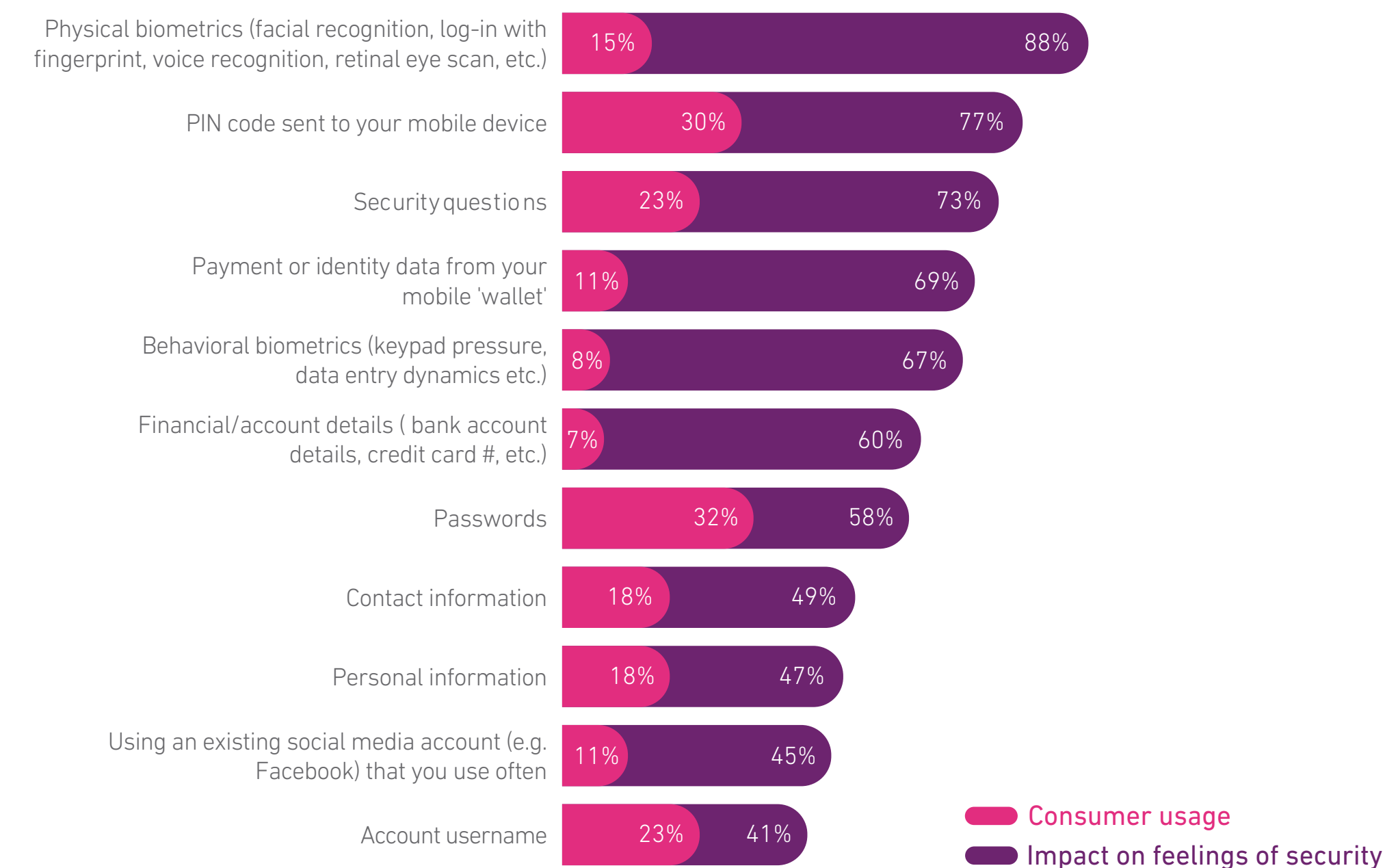
Spanish consumers have had high exposure to fraud and are particularly concerned about identity theft

The number one concern for Spaniards when transacting online is identity theft – highlighted by 60% of respondents. Other top concerns are online privacy, phishing emails/messages/phone scams, and the risk of being the subject of “deepfake” – when a person in an existing image or video is replaced with someone else’s likeness.



Just over half of Spanish consumers have been exposed to digital fraud either as a victim or through knowing someone who has been a victim. This is also the case for both identity theft and account takeover.

Analysis of consumer usage and attitudes towards different approaches to identity verification are explored by the research. The impact on feelings of security reflects its over-riding importance to Spanish consumers. The levels of usage are an indication of the level of adoption of alternative approaches and solutions by businesses.



What this shows is that some of the types of authentication that have the greatest impact on feeling of security are not encountered that widely. This appears to be particularly the case regarding the use of physical biometrics, payment or identity data from mobile wallet and digital behavioural biometrics.

The significance of customer recognition and trust

When asked to specifically focus on the subject of recognition, nearly two thirds of Spanish consumers said that this was either “extremely” or “very” important for them. Significantly, 85% said that being recognised on a repeated basis without being required to go through multiple authentication steps would have a positive impact on trust towards a business.

However, only around a quarter of consumers are confident in the ability of businesses to identify or recognise them on a repeated basis online. The connection between recognition and trust is an important one as both are key elements in building loyalty and overall customer value.

Consumer trust and confidence in organisations ability to safeguard data and privacy is becoming increasingly important

All of this contributes to an overall view of trust and confidence in organisations ability to protect consumer data. The three types of organisations viewed most favourably in this regard are credit card companies (38%), payment service providers (33%) and retail banks (36%) each of which are significantly higher than the global average.

Trust is an important factor in determining the willingness of consumers to share their data. With the introduction of open banking in Europe, access to customer consented personal banking data can be useful in developing a deeper understanding of individual behaviours and preferences, which, as highlighted earlier, is a strategic priority for over a quarter of Spanish businesses.

Consumer confidence in organisations’ ability to protect and secure their personal data

Credit card companies	38%
Payment service providers	37%
Government agencies	37%
Retail banks	36%
Insurance companies	23%
Technology providers (Apple / Samsung / Google, etc.)	23%
Streaming Services	20%
E-commerce / m-commerce marketplaces	17%
Branded online retailers	15%
Telecommunications companies	13%
Financial technology firms	11%
Business or consumer financing company (e.g. BNPL)	10%
Social media sites / apps	9%
Online gaming companies	8%

Percentages reflect responses from 150 Spanish consumers to the question “Please rank order the following businesses with your top 5, from the one you are most confident in protecting and securing your personal data, to the one you are least confident”.

However, given the importance of security and privacy to consumers, their consent to data access cannot be taken for granted.

Another important consideration regarding consumer consent is the need to be able to potentially offer something in return. This is often referred to as “value exchange”. More than twice as many Spanish consumers are willing to share their personal data with online businesses than those who are not and, amongst those who do, the majority of them are able to point to a benefit of doing so.

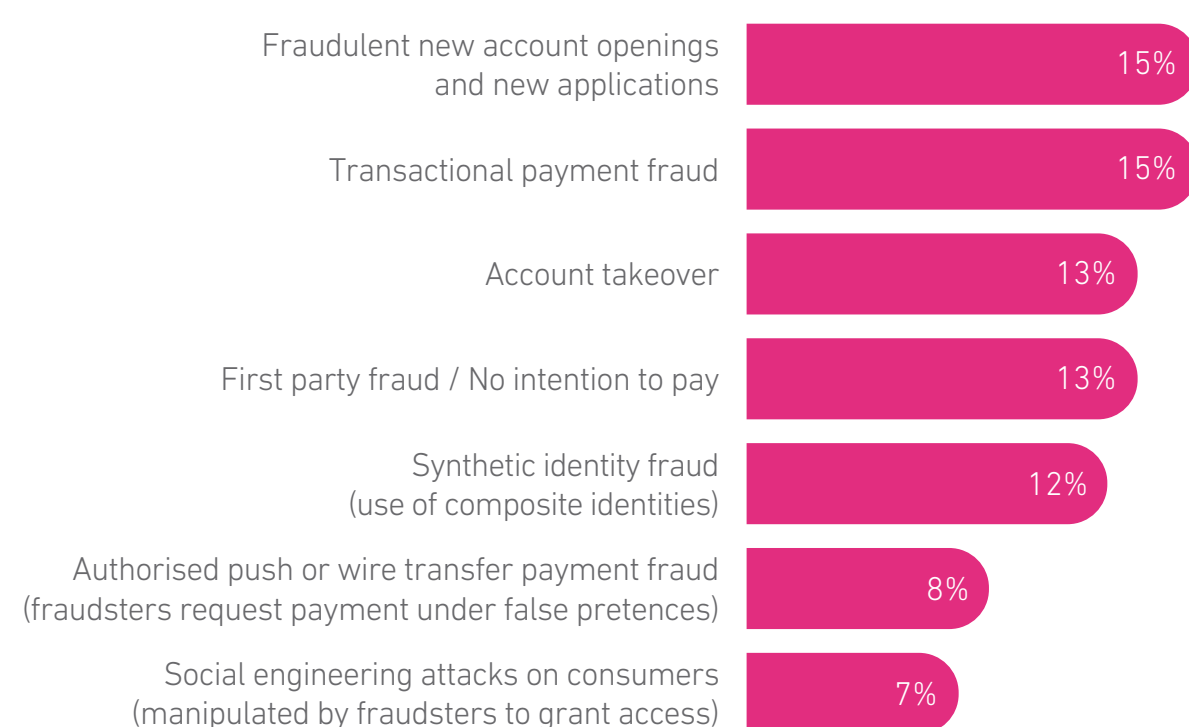
A third important dimension of consumer trust is the level of transparency shown by the business in terms of data collection. In general consumers are able to recognise a clear distinction between specific businesses in terms of the overall quality of communications regarding how and why they capture and use personal data.

Business concern over fraud is high and increasing along with levels of losses

The vast majority of Spanish businesses (86%) describe fraud as being either a “high” or a “medium” concern and 70% say that their concern levels have increased over the past year. 51% of businesses report increases in fraud losses relative to previous years.

Multiple types of fraud attacks have been experienced by Spanish businesses

The two most common fraud types encountered by Spanish organisations are account opening / application fraud, and transactional payment fraud.



Businesses are confident in their levels of understanding and monitoring of the fraud problem, but some important gaps are present

62% of Spanish businesses are either “extremely” or “very” confident in their abilities to detect and protect against fraudulent transactions.

The impact of fraud on a business can be wide-ranging. In addition to financial losses, fraud can also result in increased operational costs, the loss of good customers and the risk of reputational damage within the market.

Over three quarters of Spanish businesses claim to understand the impact of fraud either “mostly” or “completely” and a similar proportion believe that they have in place the right metrics and KPI’s to effectively manage fraud.

16% However, only 16% monitor levels of false-positive detections for fraud and, as was referred to earlier, less than 1 in 10 monitor levels of customer abandonment which can often be the result of poorly orchestrated fraud assessment and identity verification processes. Without these important KPIs and associated insights, businesses will not be able to fully observe the impact on fraud losses, operational costs and customer revenue.

Businesses recognise the need to streamline the customer experience, but further work is needed to reflect the expectations regarding recognition

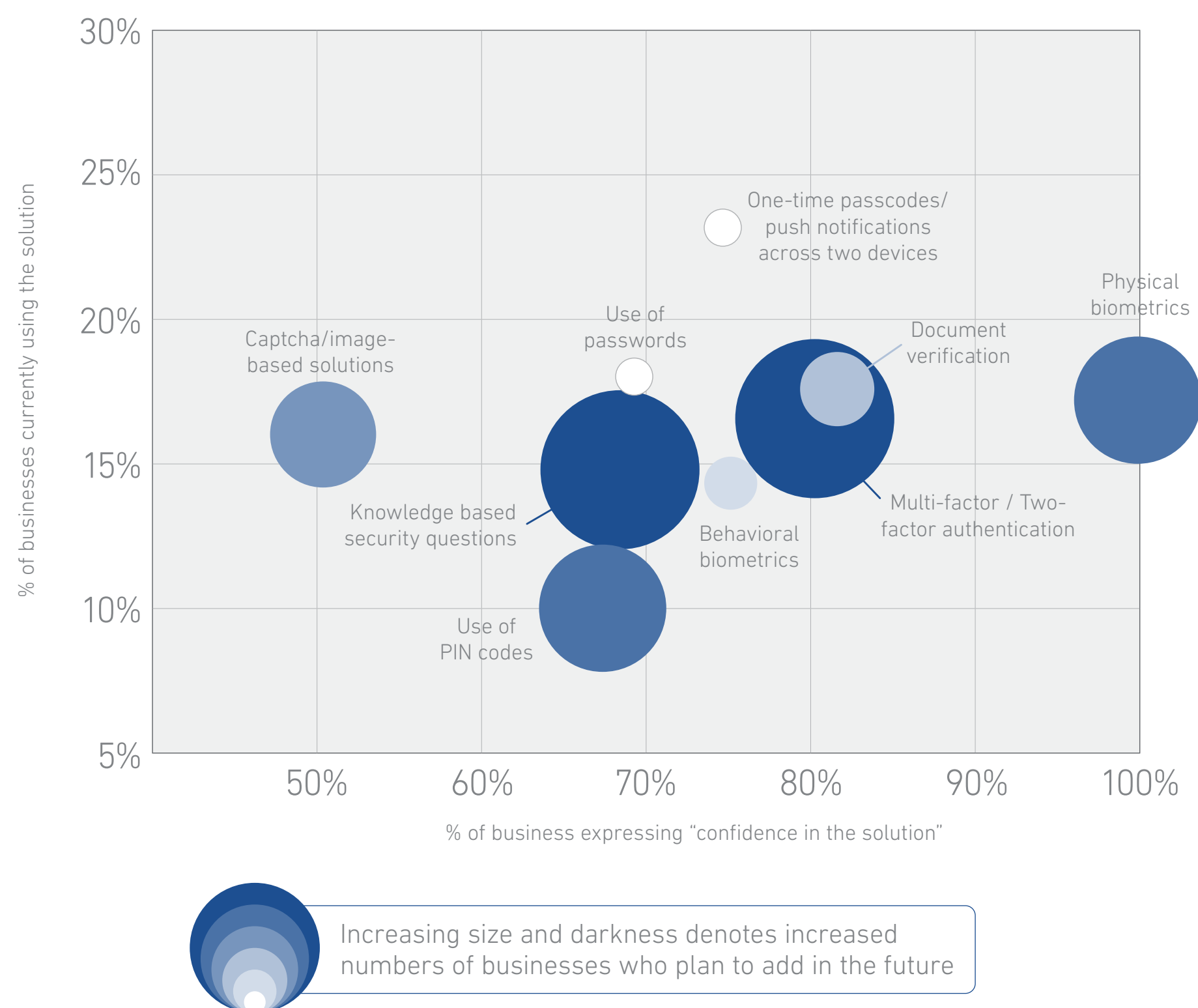
88% Looking specifically at customer identity and authentication, 88% of Spanish businesses agree that improvements in identifying customers online lead to a more streamlined customer experience.

They also believe that they understand the importance of digital recognition of customers and over two thirds are either “very” or “extremely” confident that they already have the capabilities to do this. This is somewhat at odds with the earlier consumer research which found that only around a quarter of individuals are confident that businesses can identify or recognise them on a repeated basis online.

The connection between recognition and trust is an important one as both are key elements in building loyalty and overall customer value, but this apparent disconnect re-enforces the feeling that further work is needed in this area.

Spanish businesses use a wide range of identity approaches and solutions, but confidence levels vary greatly

The graphic below illustrates the current business usage, confidence levels and future planned adoption about identity solutions:



When asked about which solutions businesses were planning to add in the future, the most popular are multi-factor authentication and the use of knowledge-based questions.



100% of Spanish businesses that currently have physical biometrics express high levels of confidence in its performance. This is the highest level across all of the European countries included in the survey.

Perhaps unsurprisingly given the complete confidence that existing users have in its performance, physical biometrics is the next most popular planned future solution and shares this position with the use of PIN codes. The value in using physical biometrics is apparent. Not only does the use of physical biometrics command high levels of business user confidence, it is also seen a favourable security measure from consumers, as we've highlighted earlier.

Summary

1

Spanish consumers prioritise security and protection within their online experience and are particularly concerned about identity theft.

2

85% of consumers view enhanced recognition - in the form of streamlined authentication processes when they return to a business - as being a major contributor to their levels of trust in a business. But only 26% are confident in businesses ability to recognise them on a repeated basis. This is at odds with the high levels of confidence that businesses have in their own recognition capabilities.

3

The top three types of business that consumers trust with their data are payment providers, credit card companies and retail banks.

4

The top three priority areas for investment are the improvement of existing AI models to enhance decisioning accuracy, increased automation of digital operations and the strengthening of security of digital channels.

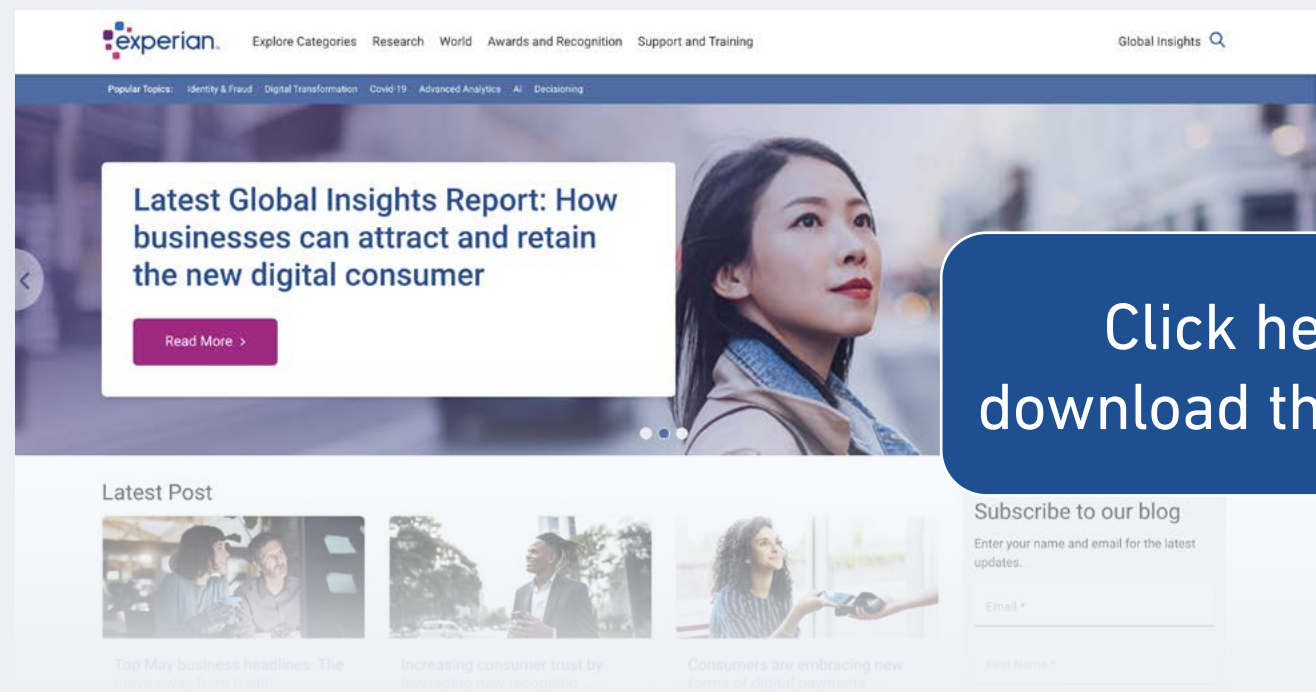
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Business concern over fraud is high and increasing but there are only a small number of businesses that monitor the false positive rates or levels of customer abandonment - limiting a full understanding of fraud impacts on customer experience and revenues.

6

The use of physical biometrics has the highest positive impact on customer feelings of security. It also has the complete confidence of existing business users, user numbers are relatively low. This suggests adoption is an opportunity to intercept more fraud, enhance customer trust and achieve positive competitive differentiation.





Click here if you would like to download the full Global Fraud Report

If you would like to discuss the local findings and the implications on your identity and fraud strategy then please contact your local Experian office

Contact us

