

'ID Anxiety' on the increase

Glasshouse Partnership identifies key issues for organisations facing the escalation of Identity Fraud.

Less than half of UK consumers (46 per cent) now believe that their identity is safe from criminals. And this confidence figure can be expected to fall further as more people are exposed to the crime.

Growth of ID theft creates serious concern

Glasshouse's research confirms recent findings by the Consumers Association that ID theft is becoming pervasive. A startling 17 percent of British consumers have direct or indirect experience of ID theft – ranging from just 13 percent in Scotland to a massive 28 per cent in London.

While 47 per cent of us believe our identity is at risk, this figure rises 16 percentage points to 61 percent among those who have been ID theft victims or who know victims.

IMPLICATION: As more and more people gain direct experience of ID theft, overall levels of concern can be expected to rise. This will generate greater interest from stakeholders in company security policies, procedures and performance. Companies should plan to respond to increased scrutiny in this area.

Consumer's behaviour may change

The growing impact of 'Identity-Anxiety' is having a knock-on effect on economic decision-making. Almost half (45 percent) of consumers are now concerned about buying goods on-line, a figure which rises from 32 percent

among 18-29 year olds, to 58 percent of the over 50s. Women are particularly concerned (52 percent, compared to 36 percent of men).

Such is their concern that 57 percent of consumers say they'd be willing to *pay more* for a safer financial system. And 69 per cent would accept a *slower safer, service*.

IMPLICATION: This theoretical willingness to pay for a safer system could change the competitive landscape by making security a more important factor in consumer choice and brand differentiation. Capital One's ID Theft package is an example of how security is becoming a source of brand differentiation.

'Every Organisation' is in the firing line

While 71 percent of consumers do agree that they should do more as individuals, they continue to point to the banks as the organizations with most responsibility to act, with 86 per cent believing the banks should do more to prevent crime.

Seventy-four per cent also believe the government should do more. Fifty-five percent recognise the role of telecommunications companies in preventing it. Retailers are named by 64 per cent as a group needing to show greater commitment.

Similarly, 56 percent of consumers believe that the police should do more, and 58 percent agree that the police need more resources in order to do so. Fifty-five percent also believe that investigating every reported incident would be likely to reduce the crime.

Among ID fraud victims, the number suggesting that individuals should do more drops from to 68 percent (compared to 72 per cent for non victims). Those believing that retailers should do more increases sharply – to 71 per cent, compared to 62 per cent for non victims.

These differences may well indicate a greater understanding of the practicalities of the crime and of retailers' role within the overall fraud system.

IMPLICATION: Consumers want to see action from a range of organizations not just banks. Whilst banks will remain the major focus for consumers, other companies will get sucked into this debate if the rate of crime increases and stakeholder awareness grows.

Protect Yourself

Glasshouse's research confirms that ID theft 'self-protection' messages from the likes of Capital One and the Consumers Association are getting through.

Almost three quarters (71 percent) of consumers believe that individuals should do more to prevent ID theft, and nearly 6 in 10 (59 percent) think that they personally should do more to safeguard their own identity.

However, banks cannot afford to be complacent. Those who have suffered ID theft are twice as likely as non-victim to strongly disagree that they personally should do more (16 per cent vs. 8 percent for non-victims). This rejection of guilt may well reflect their greater knowledge of the reality of the crime and the loopholes it exploits.

Victims seek substance over style

When asked which measures would be effective, more consumer education is considered effective by 69 per cent of consumers.

However, improved internal fraud procedures and tougher sentencing for criminals are considered just as important (67 per cent and 69 percent agreement, respectively). Overall, 'improved IT security' is considered the most likely measure to prevent this crime (71 per cent agreement).

Once again, those who have actually experienced the crime are more sceptical about existing approaches.

Victims are *less* likely than non-victims to believe in the soft measures - e.g. the power of education (65 percent vs. 71) -

And they are *more* likely to believe in substantive measures, e.g. Internal fraud-prevention procedures (72 percent vs. 66) and more secure technology (74 percent vs. 71).

IMPLICATION: Efforts at educating the consumer are being successful. Consumers accept they have a responsibility to fight ID theft. But the fact victims are more concerned by practical measures than awareness efforts shows where the next area of corporate accountability will be - proving that corporate policy, procedure and practice is robust.

Customer/Victim service is not good enough

When asked whether they believe banks do all they can to support victims, just 20 percent of consumers agree. Among victims themselves, a full 31 per cent *strongly disagree* that banks are doing all they can, revealing a highly emotive source of customer dissatisfaction among customer-victims.

The role of better customer service is not merely to retain loyalty, however. Better support may also have knock on benefits in terms of preventing recurrence and encouraging mutual education among customers.

Almost one in three victims (27 per cent) believes that better victim support would have an effect in reducing the incidence of ID theft.

IMPLICATION: These findings suggest that banks are currently operating well below customer expectations in their victim support. This creates a significant risk of antagonizing loyal customers and creating energetic anti-brand activists. Corporations should look hard at how their IT, fraud investigation, customer service, billing and communications approaches to ensure that all victims receive a seamless service.

A crisis of trust over ID card effectiveness

Just 8 percent of people believe the national ID register will be completely safe from criminal activity. Less than 1 in 4 (23 percent) citizens say they trust the government not to misuse their personal details. However, faced with a choice, it seems they would still prefer public sector stewardship of such a scheme compared to private sector alternatives - just 1 in 20 (5 per cent) of UK citizens would trust a private organisation to manage the National Identity Register. With such a widespread awareness of financial ID theft, it is not surprising that more people see a National ID Register as critical to defeating ID fraud, than see it as important to defeating terrorism (35 per cent vs. 33 percent).

IMPLICATION: While there is a clear appetite for preventative measures, there is a lack of confidence in the ability of the public and private sector to manage the issue of data security. Proving the case for the ID card scheme will require substantial communication efforts to move public opinion.

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