Powering data-driven innovation in fintech

The value of address, phone and email data verification and enrichment

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What address, email and phone verification means to fintech

The global fintech market is projected to reach around $305 billion by 2025. Financial organizations are moving away from traditional processes in favor of digital workflows that raise efficacy, improve customer experiences, and offer new and volume revenue streams. This bodes well for the 88% of US consumers that have decisively become fintech users in 2021, but it also creates new challenges for fintech organizations—data verification being one of them.

Data is the new gold in an age where every application we use collects information about our habits, behaviors, and preferences. Essential parts of the customer identity like address, phone, and email records are key data attributes that bridge accurate, valuable insights and critical business decisions. Fintechs can leverage this data, alongside Artificial Intelligence (AI) and machine learning (ML), to empower insights and become a more agile business in a fiercely competitive market.

However, as the vastness of data pools available for fintechs to mine and analyze continue to increase, inaccurate or unverified customer can corrupt otherwise invaluable insights. Achieving a trusted golden customer or business record that contains verified and enriched data is a critical foundational step to powering any digital transformation and innovation strategies in fintech.

To fully leverage AI and data analytics using all unstructured and structured data at their disposal, fintechs must ensure that both legacy and fresh data sources are captured, verified, standardized, and enriched before being stored in their databases.

By partnering with a specialist and integrating data verification solutions such as global address, phone and email verification, fintechs can focus on offering customers sound financial solutions while easily avoiding costly mistakes. At Loqate, we are the data verification and enrichment expert, so our partners do not have to be. By allowing our partners to integrate our global verification technologies and data into their applications, we provide access to the most complete and accurate library of global address, phone and email data in the market.

Let's dig deeper into how fintech organizations across personal finance, digital banking, payments and more can enable applications and systems with accurate data and power their data-driven insights with Loqate.

Key sectors and trends in fintech

There is surging interest and investment in the global fintech market, with many different subsectors well-positioned to evolve and flourish, including:

Digital Banking

Fintech has irreparably disrupted the banking industry, and **77% of financial institution executives** believe that more than three-quarters of banking accounts will be opened through digital channels by 2025.

Traditional banking often lacks the flexibility, efficiency, and accessibility offered by fintech. New digital challengers provide attractive alternatives to established high street banks with user-focused services, such as app-based budgeting tools, sustainable debit cards, and AI-powered customer support. In a recent **Loqate study**, we found that 91% of respondents have used some form of digital/mobile banking service since the pandemic.

The digital banking landscape is changing rapidly, making the need to delight customers with seamless online and mobile experiences vital for maintaining an edge on potential competitors.

Payments Processing and Networks

It is forecasted that between 2020 to 2025, cashless payments will grow by more than 80%, nearly tripling by 2030. Ranging from cryptocurrencies to global account management and FX management, we see a significant shift in how payments are initiated and processed.

Today's payments sector has made moving money faster and easier without compromising security. Recent technologies have unlocked innovation across three areas: Person-to-person payments (P2P), in-store payments, and credit and debit card transaction processing and settlement.

All of these transactions share one focal point: data. PWC's Payments 2025 & Beyond report tells us that payments are responsible for generating around 90% of a bank's "useful customer data." A valuable observation for those who have yet to invest in their data quality management.

Authentication & Security Technology

Another emerging subsector of fintech is security technology. These companies offer digital/cyber identity, biometric authentication, and fraud detection solutions that accelerate and optimize the customer onboarding process.

Generally, the more you can verify about a customer, the better. But 47% of consumers say they "strongly dislike" additional steps in verifying their identity. Through these services, customers can verify their identities online, face-to-face, or through phone calls, simplifying authentication procedures and offering streamlined access to required records and services.

For this service to function properly with the lowest risk of error or fraud, fintechs must be able to quickly and accurately match customers with their stored data profiles.

As technology develops, the reliance that fintech companies have on verified customer data will continue to expand, evolve and shape the future of the digital customer experience.

Key barriers to innovation in fintech

While the maturity and growth of these fintech subsectors may differ, they all are subject to the same reputational, financial and regulatory risks, many of which are caused at the root by the mismanagement of customer data.

Let's take a look at some of the most common barriers to innovation and success that all fintech sectors face:

Data quality

Data quality can easily be listed as the most significant barrier to the adoption, deployment and application of any fintech service. The lifespan of customer and address information is short-lived, with data decaying at 20% per year. According to the US Census Bureau, the percentage of people that move every year equates to roughly 40 million.

Without accurate, reliable customer data, even the most refined AI and ML tools will struggle to deliver the insights necessary to inform present and future business strategies. Tools like address, phone and email verification are an integral part of the data story and give global fintech providers access to verified and enriched data in a secure, efficient, and cost-effective manner.

Application form abandonment

When inspiring confidence and convenience are key factors in successful customer acquisition, building a trustworthy, frictionless online experience is paramount. But this cannot come at the expense of speed and reliability, or you risk losing your customer for good.

If the applicant fails the initial verification, or if the process takes even one second too long, customers will abandon their pending accounts and move on to greener and much easier to access pastures. For fintech companies struggling to keep the balance between friction-free and secure, predictive type-ahead technology can be an easy way to ensure that you seamlessly authenticate and sign up every valid applicant that comes through.

Personalization

Anticipating customers' needs are paramount to delivering winning digital experiences in fintech. **76% of modern customers** expect companies to understand their specific needs, behaviors, and expectations.

Technology has enabled institutions like banks and credit unions to connect customer data across every possible touchpoint. To deliver these personalized experiences, fintechs must execute omnichannel and holistic strategies that target user needs from every perspective and get familiar with their customer profiles on an almost personal level. This can only be achieved by leveraging all available libraries of structured and unstructured customer data and gaining valuable insight through robust analysis.

Fraud and security

For every customer that signs up to a fintech platform, there are just as many fraudsters waiting to intervene. In the fintech sector, deception has many faces: **98 of the top 100 global fintech startups** are vulnerable to cyberattacks, including phishing and web and mobile app security threats.

Cybercriminals revel in the chance to open new accounts, steal payment information and make fraudulent purchases. It only takes a few steps to ultimately cause severe financial loss, long-term damage to a company's brand, and damage to the consumer's accounts and identity. And for those targeting organizations who do not use address and identity verification technology to detect fake behavior outside the user's standard patterns, the process is as easy as it is illegal.

Collecting accurate information on individuals' common transactions and when and where they make them can help prevent malicious attacks.

Regulatory compliance

Fintech's technology-reliant environments leave them more susceptible to online dangers such as fraud, merchant, regulatory, credit, cybersecurity and data privacy risks.

As the number of fintech organizations continue to grow, institutions responsible for regulatory compliance are intensifying their efforts to prevent any practices that fall outside their ever-changing standards. Given the increased volume and volatility of compliance mandates, including KYC (Know Your Customer) and AML (Anti-Money Laundering), there can be severe financial penalties for failing to store data or identify customers.

Regulators constantly evaluate and shape new guidelines to guard fintech and digital-only businesses and consumers. Data maintenance is essential to ensure that the company is protected from any potential fines or lawsuits.

As the scope of the financial technology industry continues to broaden, fintechs aim to reinvent themselves into data organizations, and increasing investment is made into expanding the reach of fintech in underdeveloped regions, the significance of maintaining a golden customer record only rises.

Loqate's Address, Email and Phone Verification solutions can help protect and grow organizations at the onset of their data quality journey.

How is Loqate helping fintechs?

Data is an integral part of the fintech industry, with successive generations of customer data being utilized to continually improve customer onboarding, streamline internal operations and power critical business decisions.

Loqate is helping our fintech partners and customers deliver seamless digital customer experiences and keep their systems clean and compliant with our Global Address, Email and Phone Verification solutions.

When integrated or embedded within data flows that fuel AI or ML applications, our global address data can be applied to break down the barriers present in fintech. Our easy-integrate technology enables our partners to:

Improve data integrity

Improve the effectiveness of your communications, build lasting customer relationships, and protect brand reputation with standardized, formatted, and enriched address data for all countries and territories.

Onboard customers quickly

Decrease data entry errors and accelerate the onboarding experience using our type-ahead customer data verification solutions, allowing you to deliver a frictionless customer experience.

Single Customer View (SCV)

Achieve a 360 view of your customers with our range of financial customer data solutions and use these insights to build your expansion and optimization plans and support further customization of your offerings.

Power Fraud Detection

Protect your customer's money and maintain user trust by powering your AI and ML algorithms with our premium global address data to help analyze, identify and flag changing user patterns and behaviors, preventing fraud and security threats.

Maintain risk and regulatory compliance

Protect your business from fraudulent activity and costly non-compliance fines by capturing and maintaining high-quality customer data, ensuring you confidently stay compliant with KYC (Know Your Customer), AML (Anti-Money Laundering) and CIP (Customer Identification Program) regulations.

The right partner for fintechs

Advancements in digital technology mean people can now enjoy online financial services from anywhere. But without accurate and verified customer data, you cannot deliver the winning digital experience that your customers deserve.

Borrowing the expertise of software and technology partners that have supplementary or complementary solutions helps fintechs add to their core stack and nurtures functionality and inter-connectivity for all major components of their platform.

At Loqate, we are our partners' global address, geocode, email and phone data specialists so they don't have to be. We offer a full suite of solutions that enable you to gather data-driven insights on customers, engage customers through multiple channels, and deliver a seamless online or mobile experience.

Address Capture

Capture the most accurate address data in as little as three keystrokes the moment a customer starts inputting their address on your website or app.

Address Verify

Parse, standardize, cleanse, enhance and format address data within a single, easy-to-integrate API across hundreds of global locations.

Phone Verification

Check cell and landline phone numbers are valid before you get in touch.

Email Verification

Reduce email bounce rates and improve data quality with email address checking.

Geocoding and Reverse Geocoding

Geocoding returns the WGS84 latitude and longitude for the given global location. Reverse Geocoding returns the nearest address or location to the given coordinates.

Data Maintenance

Personalize and enhance your customer experiences by correcting, suppressing, or appending US customer data.

Discover our global partner program

Loqate enables its partners to deliver on their customers' global address, geocode, phone and email data quality requirements and generate incremental revenue through rich margins.

Our Partner Program is designed to allow our partners to offer, build or enhance their data enrichment solutions across a variety of applications. They can achieve expanded market reach, improved data quality, and richer customer experiences by leveraging our market-leading address verification, address capture predictive type-ahead technology, geocoding, email and phone verification products.

The world's leading global software companies integrate Loqate's solutions into their applications or resell our solutions worldwide, including some of the world's largest enterprises like IBM, SAS, Oracle, Stibo Systems, and Reltio.

To learn more about our offerings or discuss becoming a partner, contact our Partner Team.

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