2022 Global Identity and Fraud Report

Italy Market Summary

Italy 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 across the financial services sector (including retail banks, FinTech, credit card network provider, digital banking) and non-financial services businesses in consumer technology, telecommunications and retail.

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

In Italy a total of **311 consumer** and **90 business** respondents were surveyed
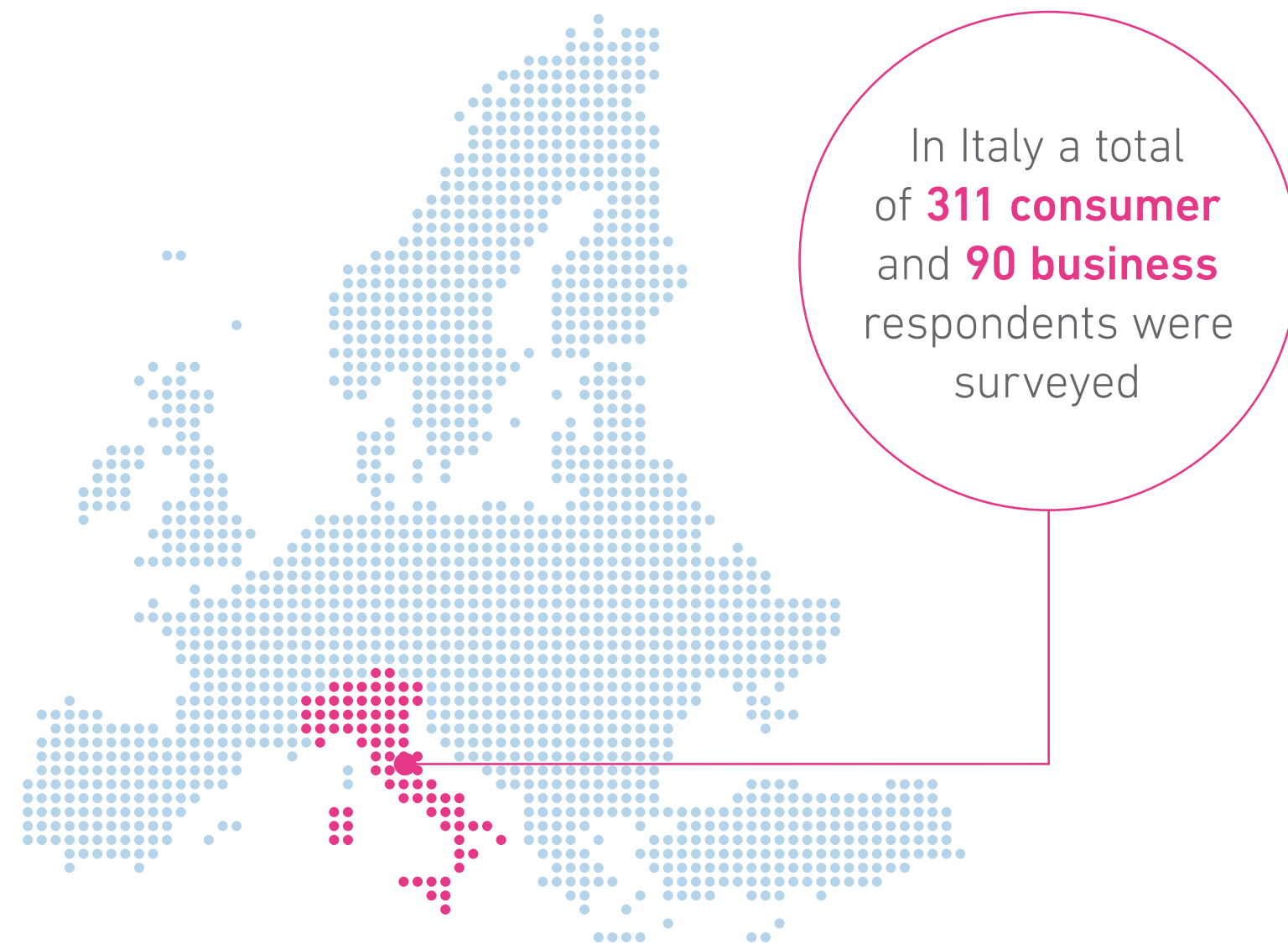
Between two thirds and three quarters of consumers have either been a victim of online fraud or know someone who has. They want to be recognised when they return to a business they have interacted with before but believe this is only being achieved in practice by a minority of businesses.

For their part, businesses are concerned about fraud and for many losses are increasing. They are confident in their identity and fraud technology, but their positive assessment of customer recognition capabilities is out of line with the views of consumers.

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 better focus on customer experience metrics can unlock internal support for investment in identity and fraud capability

How the adoption of certain identity authentication solutions with the highest impact on customer feelings may be a potential opportunity for competitive differentiation
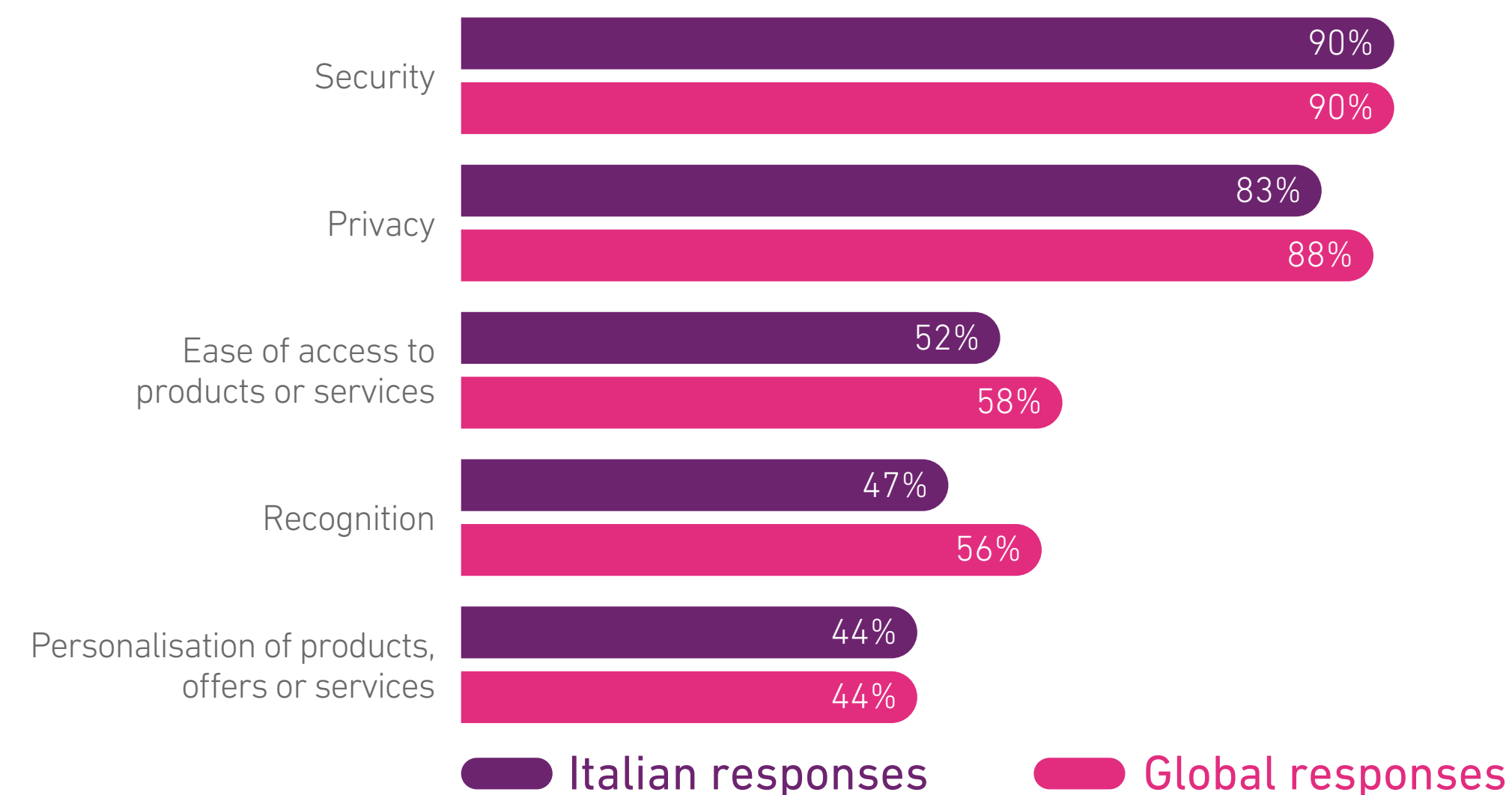
2

Italy Market Summary   Consumer and business perspectives on the digital experience   Consumer exposure to fraud   Businesses response to fraud   Summary

Italian consumers attach great significance to security within their overall on-line experience
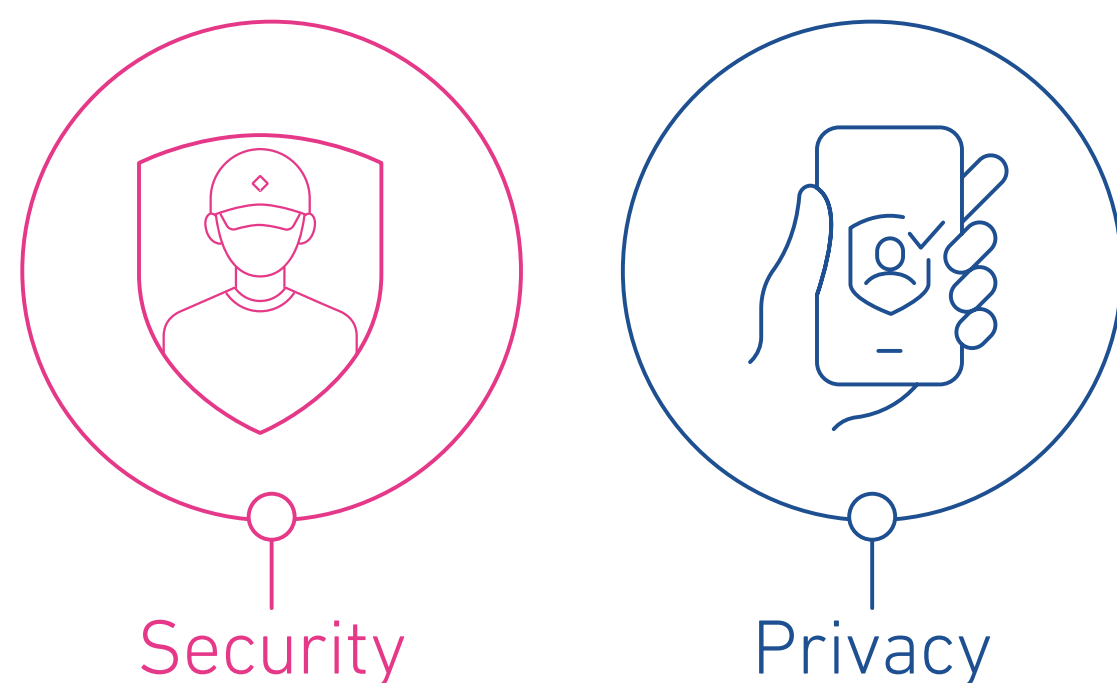
Security

Privacy

In keeping with the overall global picture, Italians 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 recognition and ease of access when returning) and personalisation. Whilst the findings regarding security, privacy and recognition are broadly consistent amongst all European countries included in the survey, the importance of personalisation for Italians appears to be particularly more pronounced than respondents from the other European countries included in the survey (Spain, Germany, Denmark, Netherlands and Norway).

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

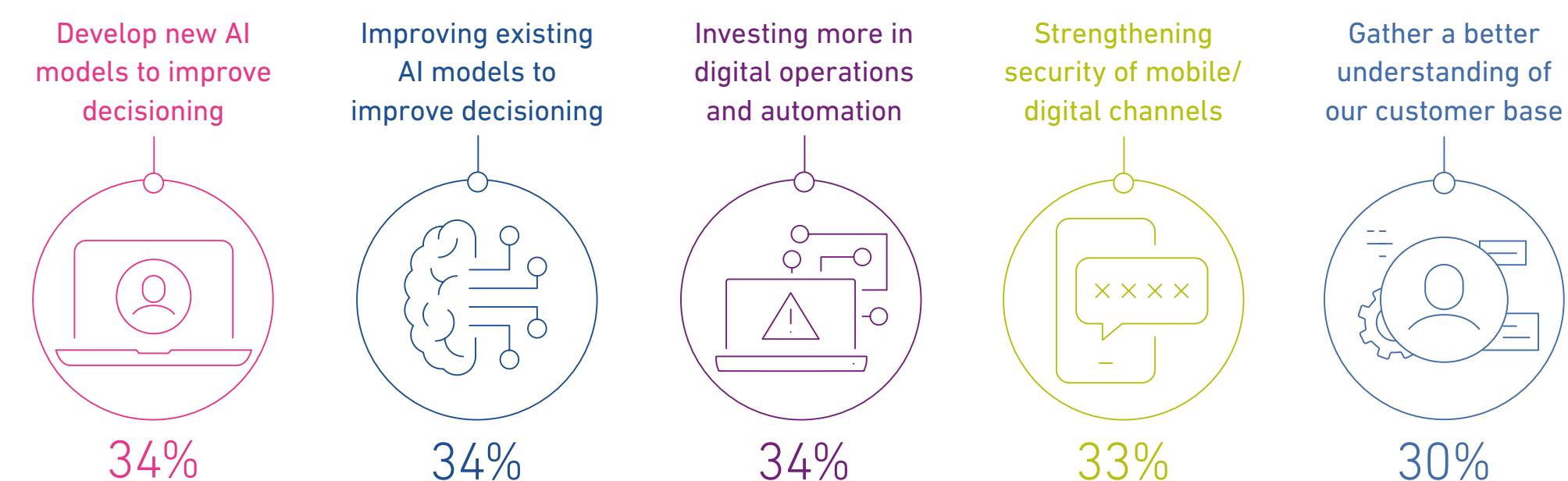|	Italian responses	Global responses
Security	90%	90%
Privacy	83%	88%
Ease of access to products or services	52%	58%
Recognition	47%	56%
Personalisation of products, offers or services	44%	44%

87% 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. Within this figure, just over a quarter (27%) believe that businesses have "completely met their digital expectations."

This suggests that whilst businesses have made significant improvements in terms of how they engage with consumers there is still plenty that can be done to completely meet the expectations of the majority.

Businesses' top overall strategic priorities focus on decisioning accuracy and increased automation

Just over a third of Italian businesses identify developing and improving new and existing AI models for decisioning as key overall strategic priorities for enhancing digital customer journeys.

The same proportion also highlight as a priority investing in increased automation and digitisation of operational processes to support the customer journey. With this in mind, all of the 90 Italian business respondents reported increased levels of investment in 2022 in the areas of fraud risk decisioning and customer identification / verification. The level of this Italian business response to the identity and fraud challenge is not matched to the same degree by the respondents in any other countries included in the global research.

Develop new AI models to improve decisioning	Improving existing AI models to improve decisioning	Investing more in digital operations and automation	Strengthening security of mobile/ digital channels	Gather a better understanding of our customer base
34%	34%	34%	33%	30%

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, a clear majority of businesses have observed increased customer expectations over security (81%), convenience (78%) and personalisation (69%).

Whilst two thirds of businesses have high levels of confidence in their existing supporting technologies and strategies, over three quarters of Italian businesses (76%) say improving the digital customer journey is either "very" or "extremely" important.

Despite the importance of improving digital customer experience, less than 1 in 3 currently track improvements by monitoring customer satisfaction at each discrete stage of the digital journey (although this is still higher than in other European countries).

Italian consumers are concerned about identity theft and have experienced higher levels of exposure to fraud than consumers in other European countries

The number one concern for Italians when transacting online is identity theft – highlighted by two thirds of respondents.
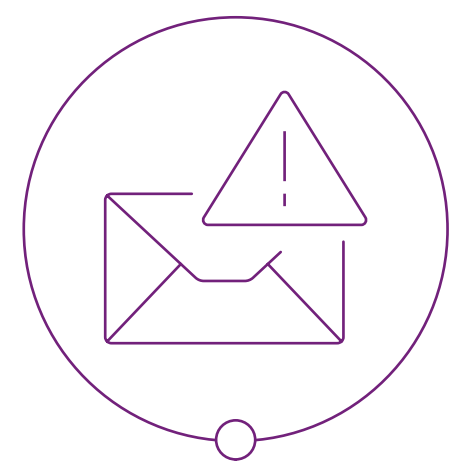
The top four concerns are:

66%
Identity theft

56%
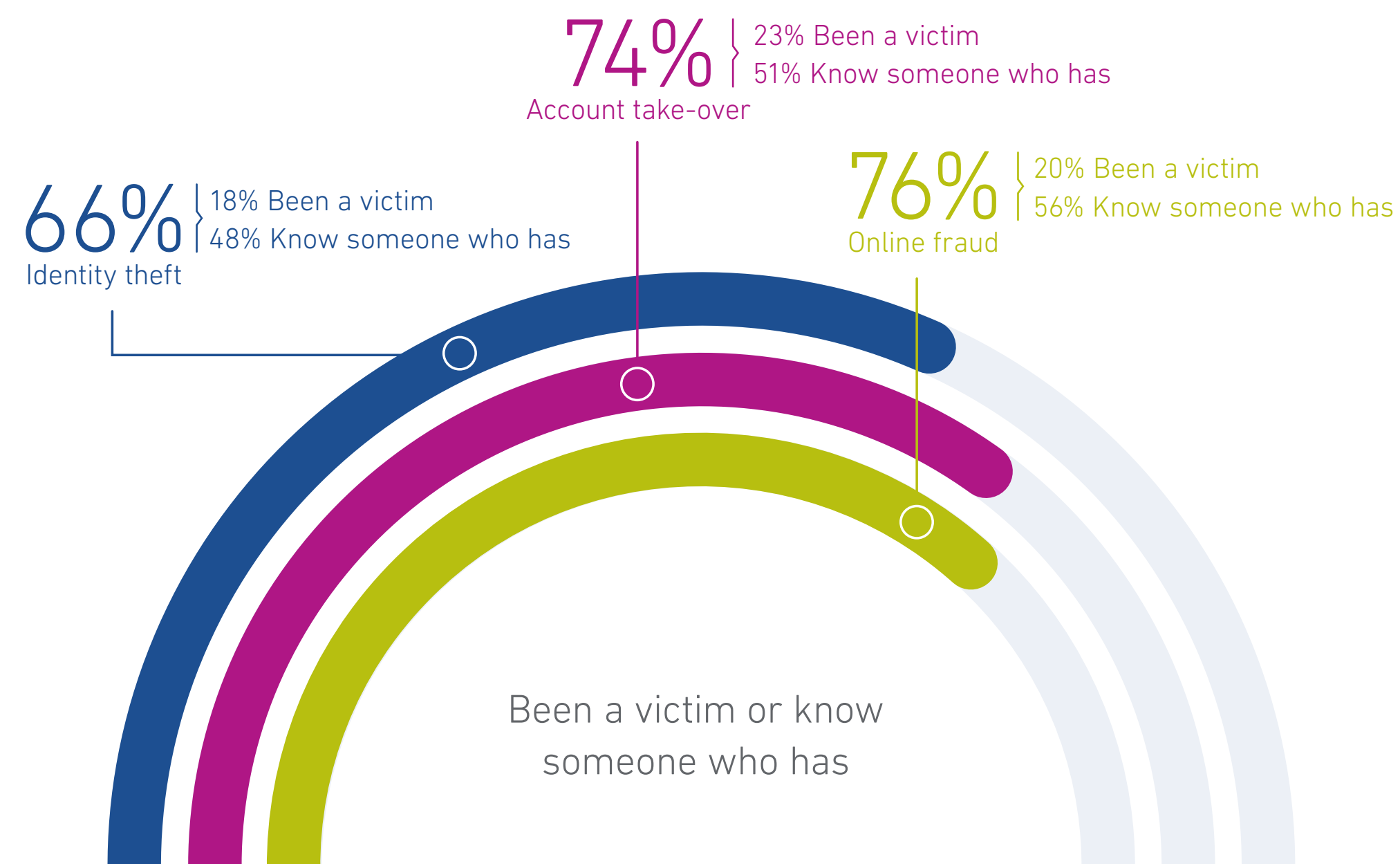Credit card information being stolen

49%
Exposure to fake or phishing emails

44%
Online privacy

Italians have had a higher exposure to fraud at levels above both the global average and the levels reported by the respondents from other European countries included in the research. Between two thirds and three quarters of Italians have either been a victim or know someone who has been a victim of different types of fraud.

74% 23% Been a victim
51% Know someone who has
Account take-over

66% 18% Been a victim
48% Know someone who has
Identity theft

76% 20% Been a victim
56% Know someone who has
Online fraud

Been a victim or know someone who has

Consumer usage and attitudes towards different identity verification and authentication methods over the preceding six months are explored by the research. This involved respondents indicating whether different approaches created increased feelings of reassurance regarding security. These insights are particularly significant given the importance to Italians of security when transacting online.

Current levels of usage and perception of different types of identity authentication amongst Italian consumers

Authentication method	Consumer usage	Impact on feelings of security
PIN code sent to your mobile device	25%	85%
Physical biometrics (facial recognition, log-in with fingerprint, voice recognition, retinal eye scan, etc.)	11%	83%
Account username	10%	69%
Financial/account details (bank account details, credit card #, etc.)	7%	65%
Security questions	18%	63%
Passwords	23%	58%
Behavioral biometrics (keypad pressure, data entry dynamics etc.)	4%	56%
Payment or identity data from your mobile "wallet"	10%	55%
Personal information	14%	45%
Using an existing social media account (e.g. Facebook) that you use often	7%	43%
Contact information	9%	40%

Consumer usage
Impact on feelings of security

The top two approaches that create the most widespread feelings of security are the use of one time PIN codes (highlighted by 85% of consumers) and the use of physical biometrics, as highlighted by 84% of consumers.

The levels of consumer usage are an indication of the level of business adoption of each of the approaches. These results become all the more significant when considered in conjunction with the findings from business users regarding these different approaches – a point which will be returned to later within this paper.

Customer recognition has a positive effect on trust, but businesses are seen as under-delivering in this area

Feelings of security provide a vital foundation upon which a deep and lasting relationship between businesses and consumers can be built. However, returning customers also expect to be recognised and therefore not being required to go through multiple authentication steps. This has important implications for identity authentication.

84% Whilst nearly two thirds of Italians said that being recognised in this way was either extremely or very important for them, 84% said that being recognised on a repeated basis would have a positive impact on their trust towards a business. However, when asked about businesses that they currently deal with repeatedly online, less than a quarter (23%) indicated that they have confidence in those businesses ability to recognise them online.

60% In contrast, 60% of Italian businesses describe themselves as either "very" or "extremely" confident in their ability to digitally recognise returning customers, suggesting something of a disconnect between consumer expectations and the perception of businesses.

6

Italy Market Summary   Consumer and business perspectives on the digital experience   Consumer exposure to fraud   Businesses response to fraud   Summary

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 consumer trust and confidence in organisations' ability to protect their data. The three types of private sector organisations viewed most favourably in this regard are retail banks (36%), credit card companies (34%) and payment service providers (33%).

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

Retail banks	36%
Credit card companies	34%
Government agencies	34%
Payment service providers	33%
Streaming Services	27%
Insurance companies	26%
E-commerce / m-commerce marketplaces	21%
Business or consumer financing company (e.g. BNPL)	18%
Branded online retailers	16%
Telecommunications companies	14%
Financial technology / Fintech firms	13%
Technology providers (Apple / Samsung / Google, etc.)	9%
Social media sites / apps	8%
Online gaming companies	6%

Percentages reflect responses from 156 Italian 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".

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. However, given the importance of security and privacy to consumers, their consent to data access cannot be taken for granted and so increasing levels of trust amongst customers is becoming increasingly important.

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." 58% of Italians are willing to share their personal data with online businesses and the majority of these 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. Overall, 47% believe that Italian businesses and organisations have become better at communicating how they capture and use personal data and nearly half (44%) are able to recognise a clear distinction between specific businesses regarding the overall quality of communications in this area.

Business concerns regarding fraud are high and losses are increasing for many – as are levels of losses

The vast majority of Italian businesses (85%) describe fraud as being either a "high" or a "medium" concern and 56% say that their concern levels have increased over the past year. 41% of businesses report increases in fraud losses relative to previous years.

Multiple types of fraud attacks have been experienced by businesses

The top three most common fraud types encountered by Italian businesses are account takeover, synthetic identity fraud and transactional payment fraud.

Fraud events encountered by Italian businesses in the last 12 months

Fraud type	%
Account takeover	18%
Synthetic identity fraud (use of composite identities)	16%
Transactional payment fraud	16%
Fraudulent new account openings and new applications	11%
Authorised push or wire transfer payment fraud (fraudsters request payment under false pretences)	11%
First party fraud / No intention to pay	10%
Social engineering attacks on consumers (manipulated by fraudsters to grant access)	8%

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

60% of Italian businesses are either "extremely" or "very" confident in their abilities to detect and protect against fraudulent transactions

The impacts 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.

62% Nearly two thirds of Italian businesses (62%) claim to understand the impact of fraud either "mostly" or "completely" on the business and 4 out of 5 Italian businesses believe that they have in place the right metrics and KPI's to effectively manage fraud.

However, only 12% monitor levels of false-positive detections for fraud and 13% 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 and reflect these within future internal business cases which may slow down investment in enhanced capabilities.

Businesses recognise the need for improvement to streamline the customer experience, but further work is needed to reflect the expectations regarding recognition
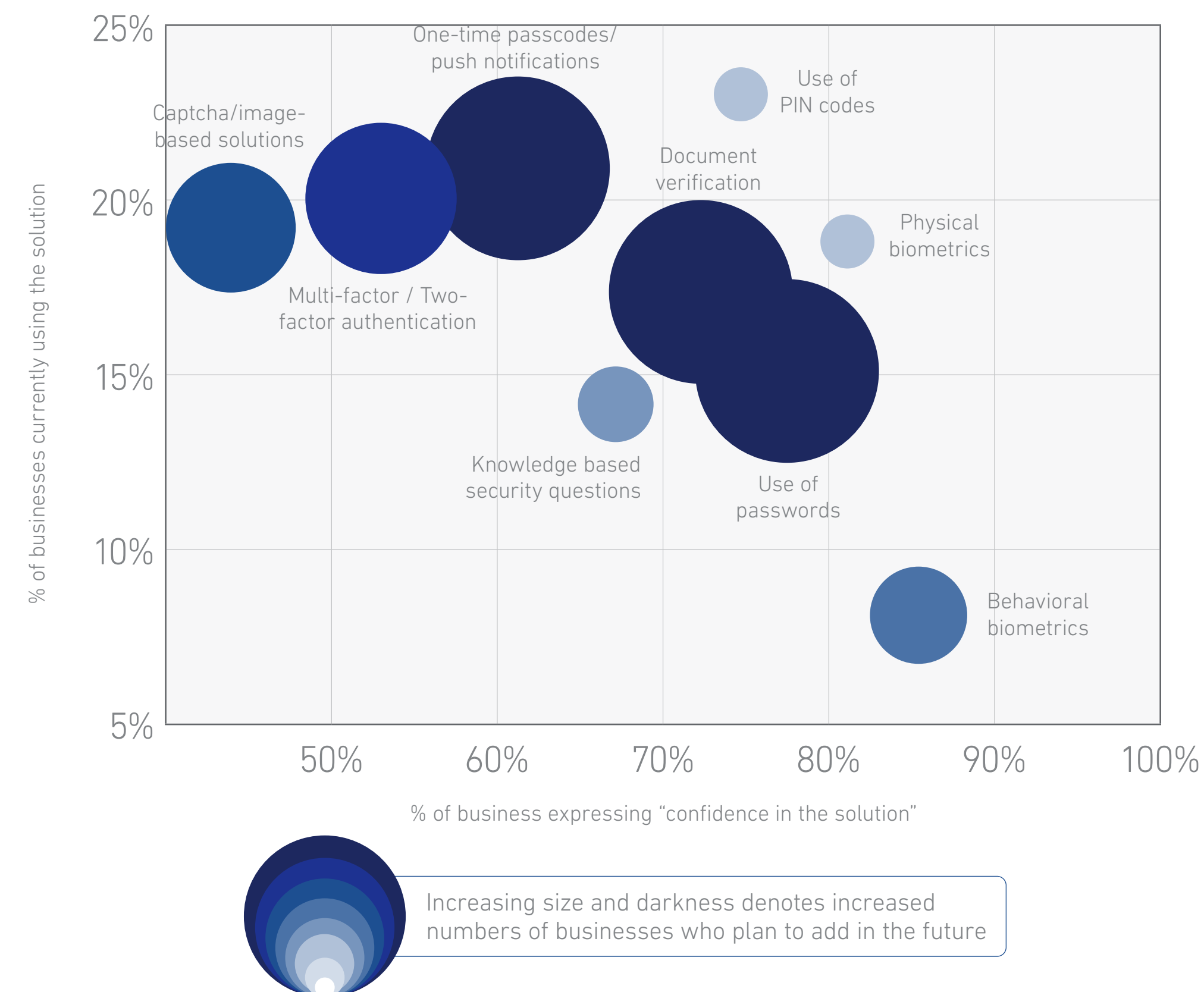
81% Looking specifically at customer identity and authentication, 81% of Italian businesses agree that improvements in identifying customers online lead to a more streamlined customer experience.

They also believe that they understand the importance of digital recognition to customers and 60% are either "very" or "extremely" confident that they already have the capabilities to do this. As was commented on earlier, this is at odds with the consumer research which found that only 23% of individuals are confident in businesses' ability to recognise them on a repeated basis.

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.

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

The graphic on the right illustrates the current business usage, confidence levels and future planned adoption regarding a range of identity solutions. When asked about which solutions businesses are planning to add in the future, the most popular are document verification, use of one-time passcodes / push notifications and the use of passwords. The two solutions which provided the highest levels of business user confidence are digital behavioural biometrics (analysis of typing speed, mobile touch pressure etc.) and physical biometrics (facial recognition, eye scan, fingerprint scan, liveness detection etc.).

% of businesses currently using the solution

% of business expressing "confidence in the solution"

Increasing size and darkness denotes increased numbers of businesses who plan to add in the future

Interestingly, as we saw earlier, both solutions are also regarded very positively by consumers and deliver enhanced feelings of security. However, both are ranked low in terms of planned future business adoption (as denoted by the size of the circles). Taken together, these insights suggest that the adoption of these solutions could represent an opportunity to intercept more fraud, enhance customer trust and simultaneously achieve positive competitive differentiation.

Summary

1

Italian consumers prioritise security and protection as key dimensions within their online experience.

2

Italian consumers are particularly concerned about identity theft and have had a higher exposure to fraud than consumers within the other European countries included in the research.
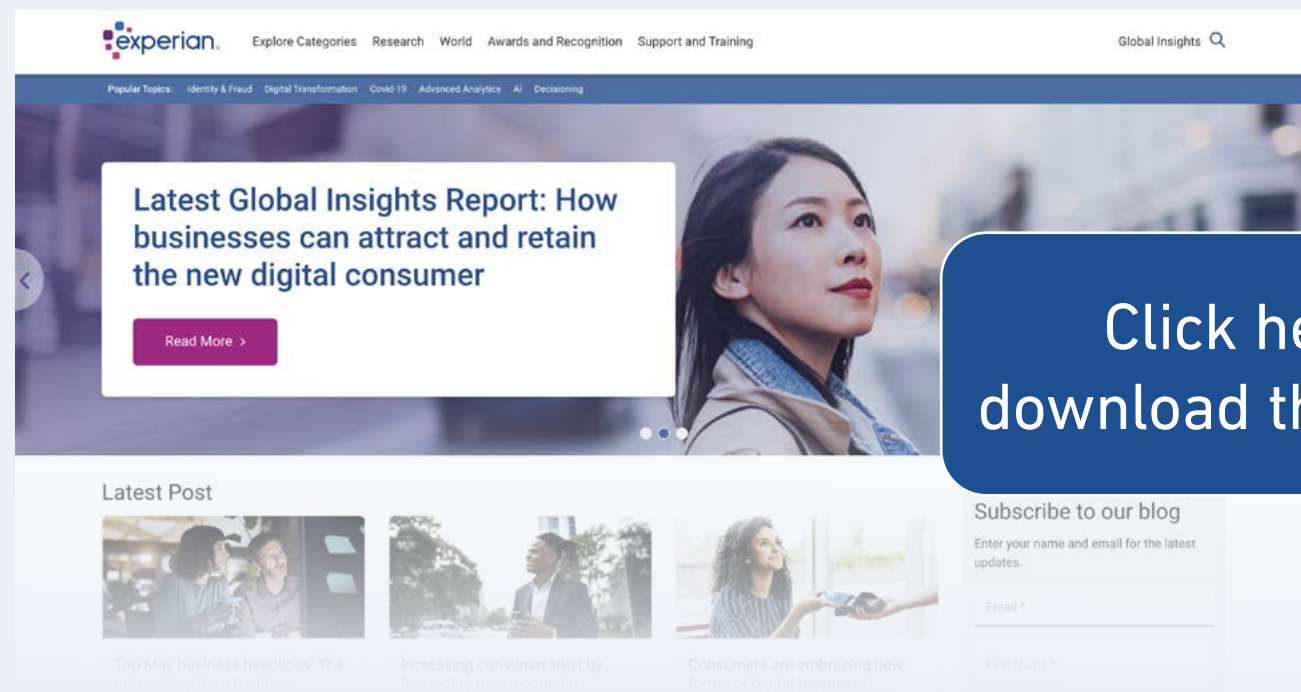
3

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 23% are confident in the ability of businesses to do this. This is at odds with the views of businesses who have high levels of confidence that businesses in their existing recognition capabilities.

4

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

5

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

6

The use of physical biometrics has the second highest positive impact on customer feelings of security. Also, existing business users express high levels of confidence in it. Despite this, it is a lower priority for adoption when compared with other identity solutions. This suggests that business adoption of physical biometrics might not only represent an opportunity to intercept more fraud and enhance customer feelings of security, but it could also be an opportunity to achieve positive competitive differentiation.

10

Italy Market Summary   Consumer and business perspectives on the digital experience   Consumer exposure to fraud   Busineses response to fraud   Summary

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

North America

UK & Ireland

Asia-Pacific

Brazil

Europe, the Middle East and Africa

![Experian logo]