

Big banks work together to get their own ID verification service

Article

The news: Seven major US banks are backing a new identity verification service, **Authentify**, which is designed to make it easier for consumers to give their information to businesses.

- The banks are working on the service through **Zelle parent Early Warning Services**, which **they own**.

- **JPMorgan Chase, Bank of America, Wells Fargo, Capital One, U.S. Bank, PNC, and Truist** make up the group.
- **DocuSign** is the service's first participating company.

How it works: Consumers who use the apps or websites of participating businesses will get the option of being **redirected to their own banks' mobile or online channels**.

- From there, they can share their banking data to be passed along to the businesses.
- Authentify does not **receive the underlying data**.

Authentify offers companies and consumers several benefits, per Early Warning CEO Al Ko.

- Reduced **abandonment rates**.
- Lower **fraud rates**.
- Greater security in data sharing
- **Faster verification**.
- Lower operating costs.
- **Fewer consumer-originated errors** during data sharing.

Why this could succeed:

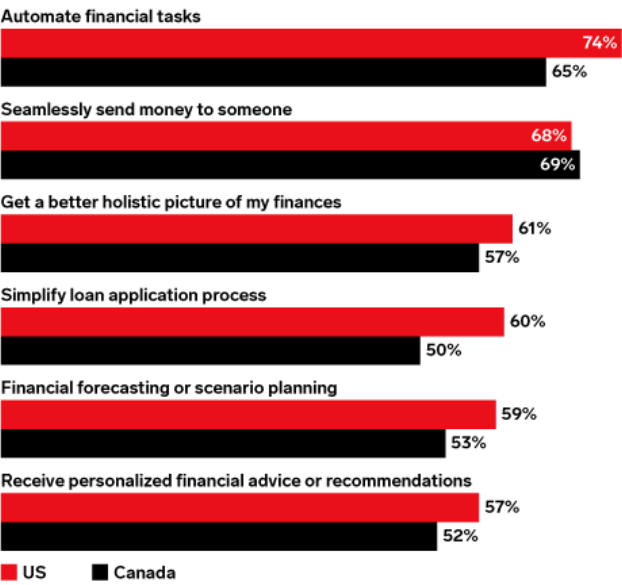
- The familiarity of working with the consumer's own bank **gives the service a built-in advantage with gaining trust**.
- Making the sharing process faster and more user-friendly will encourage people to continue their sign-up processes for businesses' products and services. **Lower abandonment, in turn, could prompt even more companies to join Authentify.**

The verification service also helps big incumbents compete with open banking players like **Plaid**.

- It helps counter **the rise of fintechs, which threatens to erode banks' customer relationships**, as we discuss in our report, [The Bank in 2025](#).
- Authentify lets incumbents give consumers control over their financial data. **Providing consent capabilities through banks makes the process transparent**, which helps build trust in the banking relationship.

Reasons for Using Open Banking According to Internet Users in North America, June 2021

% of respondents



Source: Mastercard, "The Rise of Open Banking," Dec 14, 2021

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