TMT ANALYSIS

Building Better Credit:
How Alternative Data and Partnerships Can Reshape Banking

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In collaboration with: ONE WORLD IDENTITY

TABLE OF CONTENTS

INTRODUCTION

Over the past decade, the banking industry has experienced a slow, methodical shift towards mobile. This gradual progress surprises no one, but as the growth of smartphones and mobile devices increased, so has access to and user adoption of fintech tools. Younger users are the main target for many of these tools, with older customers more hesitant to alter their banking ways. That all changed during COVID-19. In April 2020, at the height of the initial shutdown orders in the US, Fidelity National Information Services reported a 200% increase in new mobile banking registrations. Mobile banking traffic in total increased by 85% while 81% of Boomers and 86% of the silent generation now say they have adapted to online banking.[1] Suddenly, in the COVID world, nearly every customer under banks' umbrellas flocked to mobile, regardless of age group. Because of this rapid shift toward digital banking, financial organisations should utilise the data that the mobile tools capture, modifying worldwide banking in even more profound ways.

This multi-generational shift towards smartphones and mobile devices has also altered the information and data that banks and financial institutions can use to understand customers' credit risk evaluation. Banks, fintechs, and other financial entities can now leverage alternative data sets for customer onboarding that will upend identity systems.

Alternative data points can create a strong sense of how a person banks, spends, and whether they can pay back a loan. The traditional financial identity system created a more simplistic view of an individual and relied on standard data points.

[1] "Online Banking Spikes in Pandemic, With 91% of Americans Banking Virtually in July," DepositAccounts, https://www.depositaccounts.com/blog/online-banking-spikes-amid-pandemic.html

The Two Styles of Building Credit Score, Prior to Alternative Data

01

Banks and credit agencies call places where the person shopped to get a sense of whether or not they typically paid back loans

02

The traditional credit score you know, which is a credit reporting company using standard financial data to form a score

Organisations would pull in easily verified and common consumer information passed on by the customer. This information might range from someone's name, past addresses, income, mortgage debt amounts, student debt amounts, and other pieces of readily available information for a financial firm. Using this data, the organisation would provide a risk analysis of a customer. Companies would utilise this analysis for any number of reasons, from setting mortgage rates, determining a small business loan, or conducting standard risk analysis. This data would then sit in servers or centralised databases.

Utilising alternative data from mobile, transactional, and social media sources allows institutions to better analyse and adapt to customers. But this system will require a change in how institutions connect and evaluate potential customers, which includes combining previously disparate identity data sets into a holistic view of the user. Additionally, there needs to be an increased focus on the mobile device as the primary vector by which consumers access digital goods and services because of the rise of mobile banking.

By doing so, the amount of data that organisations can use to understand a risk profile expands exponentially. With the right tools and systems, including digital identity (DI) and artificial intelligence (AI), the insights can also improve.

There are two major problems with this design

> It provided an incomplete history of the individual

> It failed to capture potentially strong clients that lacked the traditional credentials to qualify

Highlights From the History of the FICO Credit Score

1958

FICO sends letter to the 50 biggest American credit grantors, asking for the opportunity to explain a new concept: credit scoring. Only one replies.

1970

Congress passes the Fair Credit Reporting Act, encouraging privacy and accuracy in credit reporting

1975

FICO develops first behavior scoring system to predict credit risk of existing customer, for Wells Fargo.

1989

First general-purpose FICO score debuts.

2003

Congress enacts the "Fair and Accurate Credit Transaction Act of 2003", which includes the right to free credit reports every year.

2014

FICO claims its scores are used in more than 90% of lending decisions.

Source: Marketplace[3]

THE PROBLEM: CREDIT SCORES' LIMITED INSIGHT

While the credit score we know and use today was first invented in the United States in 1989, the founders of FICO – Bill Fair and Earl Isaac – had started formalising a scoring system back in the 1950s. Lenders needed a way to gauge and evaluate whether borrowers could pay back a loan. Prior to the growth in popularity of such central scoring systems, lenders would have to call individual stores and get a sense of whether or not someone usually paid back any bills they might have accrued. The credit scoring system did not reach its current form until after the 1970 Fair Credit Reporting Act formalised what information credit agencies could pull and how long they could store that data. Due to this regulation and legal precedent, FICO would eventually birth the credit score we think of today. Experian and Equifax would follow FICO with their own version of the score.[2]

These traditional credit scores evaluate a borrower's creditworthiness based on how much money the person owes, how often they have failed to pay their mortgage or credit card, and their income, among other more readily available insights. While these traditional identity data points certainly provided a good way to evaluate certain customers, particularly those that had time to build a credit history, the scores lacked many variables to actually capture someone that did not have a credit history in the country. While the traditional credit score can provide some insight into one type of customer, namely one that has had an opportunity to build their wealth, it did not give financial institutions significant detail into a large set of customers, including immigrants and those within younger generations.

[2] "The Origin of the Credit Score," Nerdwallet, https://www.nerdwallet.com/blog/finance/origin-credit-score-history//www.nerdwallet.com/blog/finance/origin-credit-score-history/

[3] "A brief history of the credit score," Marketplace, https://www.marketplace.org/2014/04/22/brief-history-credit-score/

Determining Your Credit Score

So, how do credit bureaus determine your credit score? Fair Issac has developed a unique scoring system for each of the three credit bureaus, taking the following five components into account:

Source: Finra[4]

This system left plenty of qualified borrowers on the sideline. Immigrants to the US, for example, often have to rebuild their credit history. Even with strong credentials, such as high income and low debt levels, that would mark them as safe and valuable customers, a new person to the US would often struggle to gain credit. The standard credit score does not use the 'thin data' available to understand the person's ability to repay a loan. Using an international credit history can provide information to credit bureaus about a person's financial history, but current models require the individual to bring this information to a credit card company or bank.[5] Incorporating this data within the credit system can provide more accurate detail about a person's ability to afford whatever financial product they seek, whether a credit card, mortgage, or small business loan.

The current tools also fail new generations since they need a credit history to be assigned a credit score, but users also need to spend, save, and build credit to create a credit history. Gen Z, or those born after 1996, already represents the largest generation globally, accounting for 32% of the population.[6] As this group moves from high school to college and into jobs, companies that understand their spending habits – not just based on their traditional credit history – will benefit from this shift of wealth as they become the largest segment of the workforce. More importantly, due to their use of social media and reliance on mobile technologies, how organisations gauge a potential borrower's credit must change. Gen Z has had less time to build a credit history and the types of tools they use for purchasing differ than other generations, particularly Gen X and Boomers. These payment tools, like mobile payments, do not build credit like the traditional credit card, hindering efforts to properly gauge the credit worthiness of Gen Z. Meanwhile, Gen Z will have higher rates of student loans as the cost of education continues to rise, further deflating their traditional scores. This inability to capture a younger generation's capacity to pay back a loan can last far into middle-age. The millennial age group has credit scores more than 35 points below the national average in the US, hindering the ability to grow wealth.[7] Home ownership amongst millennials sits 8 percentage points lower than Gen X or Boomers, at the same age.[8] Unlike when the millennial generation was young, businesses now have access to swaths of alternative data to create strong financial digital identities for Gen Z individuals, allowing organisations to help the generation grow financially as their wealth and power grow.

[4] "How Your Credit Score Impacts Your Financial Future," FINRA, https://www.finra.org/investors/personal-finance/how-your-credit-score-impacts-your-financial-future

[5] "How to use your international credit report to get credit in the U.S.," Nova Credit, https://www.novacredit.com/resources/international-credit/

[6] "Generation Z is Bigger Than Millennials – And They Are Out To Change The World," New York Post, https://nypost.com/2020/01/25/generation-z-is-bigger-than-millennials-and-theyre-out-to-change-the-world/

[7] "Millennial Credit Scores Lag Behind Other Generations, Despite Highest Growth," Experian, https://www.experian.com/blogs/ask-experian/research/millennial-credit-scores-lag-behind-other-generations/

[8] "Here's why millions of millennials are not homeowners," CNBC, https://www.cnbc.com/2019/08/30/homeownership-eludes-millions-of-millennials-heres-why.html

The Price of Poor Credit:

Suppose you want to borrow ***$200,000*** *in the form of a* ***fixed-rate thirty-year mortgage.***

HIGHER CREDIT	
760-850	
Mortgage Amount	$200,000
Mortgage Period	30 Year
Interest Rate	3.307%
Monthly Payment	$877

LOWER CREDIT	
620-639	
Mortgage Amount	$200,000
Mortgage Period	30 Year
Interest Rate	4.869%
Monthly Payment	$1,061

Although quite respectable, the lower credit score would cost you $184 a month more for your mortgage. ***Over the life of the loan, you would be paying $66,343 more than if you had the best credit score.*** *Think about what you could do with that extra $184 per month.*

Source: Finra[9]

Due to their lack of credit history, the traditional credit score cannot accurately measure someone in the Gen Z age group's ability to pay back a loan. In building out a financial digital identity, the person becomes much easier to recognise due to the volume of data that the individual has willingly provided via social media, through alternative credit score sources (like paying rent or electric bills), and from third-party applications on their phone. Some of this data might have long been available, but it also was not manageable since credit bureaus could not condense, analyse, or create accurate insights from so much data without modern technologies and tools in place.

Through the advent of AI and machine learning, suddenly Gen Z and immigrants no longer need to reserve themselves to the backburner of the credit world. It becomes possible to recognise, evaluate, and score someone that lacks the traditional means. To do so not only provides institutions a better measure to track risk, but incorporates more customers into proper financial products, further growing wealth.

[9] "How Your Credit Score Impacts Your Financial Future," FINRA, https://www.finra.org/investors/personal-finance/how-your-credit-score-impacts-your-financial-future

THE SOLUTION: BUILDING A TRUE CREDIT HISTORY

The gaps in credit history and scores extend far beyond the US credit system, impacting international and global financial institutions as well.

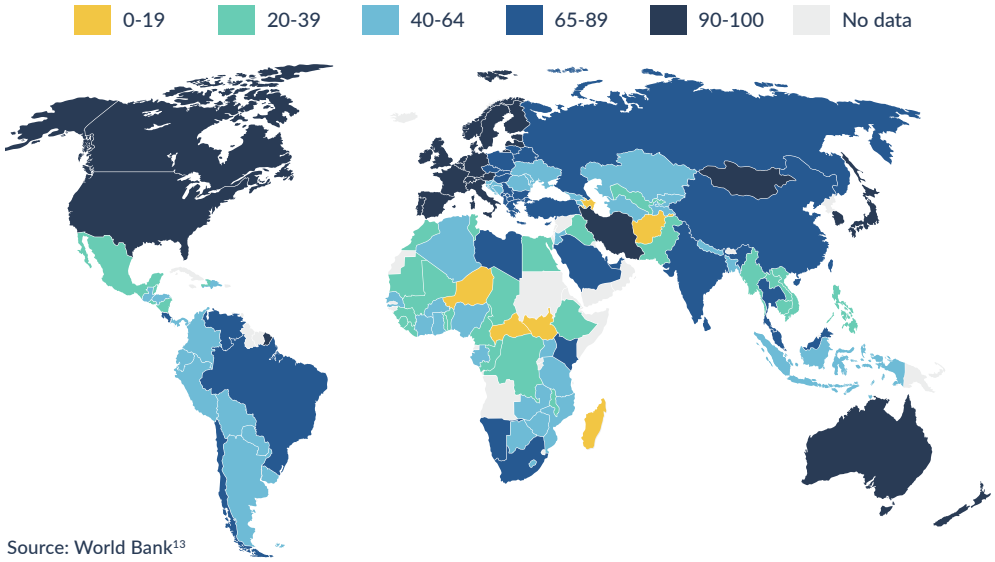
About 1.7 billion people worldwide cannot access a basic spending account most would find via a bank.[10] This primarily impacts low income or financially ignored areas of the world. At the same time, the number of mobile phones owned in the world has reached over 5 billion, with emerging economies having a rate of ownership that nears 50%.[11] This lack of banking capability leads to a lack of access to credit, whether it is for personal or business use, creating a finance gap that the World Bank estimates at $5.2 trillion.[12]

This gap also captures a lack of financial identity worldwide. Suppose someone doesn't have a history interacting with a financial institution. In that case, the credit agencies in the regions have little ability to track whether such a person has the potential to pay back funds. This data gap is where the growth and development of mobile identities play an important part. With mobile data, financial organisations can now gain insight into an individual's activities like never before. Mobile data can answer questions like what does the person buy on Tuesdays? Or when do they typically make a purchase? What's the standard size of the purchase? How often do they check certain applications? The data can be further narrowed, depending on the countries' laws and the user's willingness to share information.

In 2010, 1.2 zettabytes of global data was expected to be captured and analysed.[14] That number grew to 59 zettabytes this year.[15] This growth, led by mobile data explosion, requires tools and systems to analyse and translate the information. When properly analysed, the agencies can incorporate that data to better understand someone's spending. It creates the ability to develop alternative credit scores that provide a more realistic view of someone's credit limits. And it better empowers those that currently have little access to traditional financial tools. While we have the tools available to crunch these numbers, we still lack the systems to make sure they work across the financial world. The reason? A lack of partnership.

Today, 69% of Adults Around the World Have an Account

Adults with an account (%), 2017



Source: World Bank[13]

[10] "Financial Inclusion on the Rise, But Gaps Remain, Global Findex Database Shows," World Bank, https://www.worldbank.org/en/news/press-release/2018/04/19/financial-inclusion-on-the-rise-but-gaps-remain-global-findex-database-shows

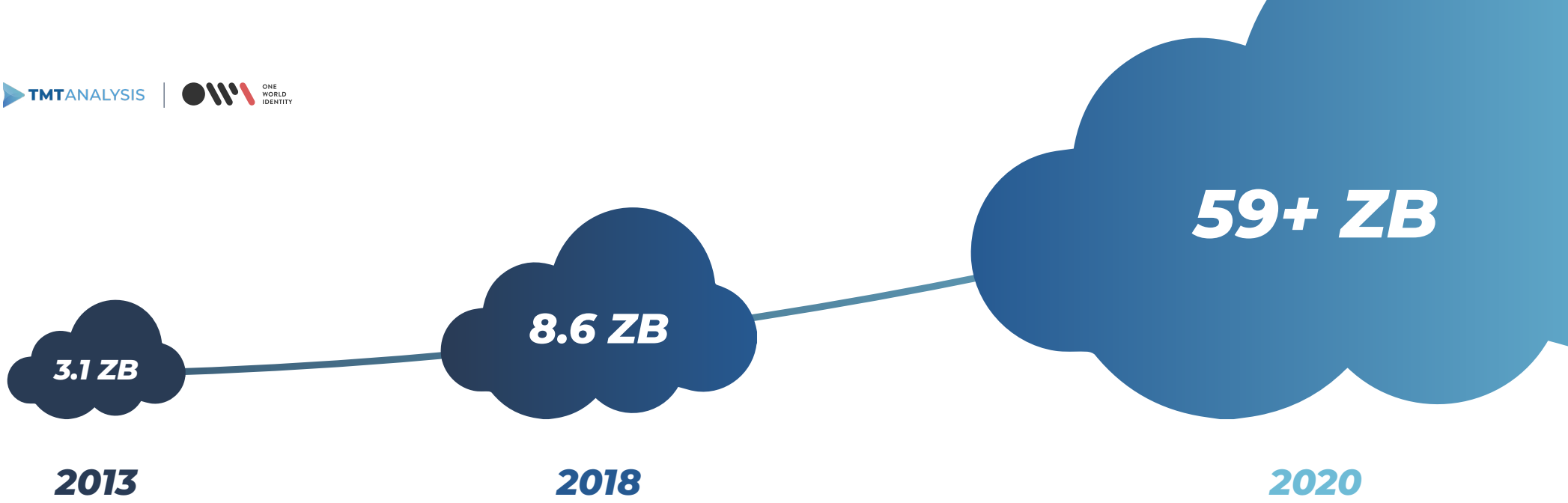
[11] "Smartphone Ownership Is Growing Rapidly Around the World, but Not Always Equally," Pew Research, https://www.pewresearch.org/global/2019/02/05/smartphone-ownership-is-growing-rapidly-around-the-world-but-not-always-equally/

[12] "Disruptive Technologies in the Credit Information Sharing Industry: Developments and Implications," World Bank, http://documents1.worldbank.org/curated/en/587611557814694439/pdf/Disruptive-Technologies-in-the-Credit-Information-Sharing-Industry-Developments-and-Implications.pdf

[13] "The Global Findex Database 2017," World Bank, https://globalfindex.worldbank.org

[14] "Accelerating Financial Inclusion with New Data," IIF, https://www.iif.com/portals/0/Files/private/finewdata_cfi.pdf

[15] "IDC's Global DataSphere Forecast Shows Continued Steady Growth in the Creation and Consumption of Data," IDC, https://www.idc.com/getdoc.jsp?containerId=prUS46286020



Source: Cisco[20] & IDC[21]

Companies in the countries with the highest rates of the unbanked have begun addressing some of these issues. In Mexico, more than nine out of ten businesses are considered small, or make less than $700,000 per year in revenues. Banks in Mexico, meanwhile, hesitate to loan to most small businesses, which tend to be family run, due to the lack of credit history of the company owners. Konfio has built a lending program to these businesses, by creating a credit profile of the thin file owners, using social media and online transactional data. A credit decision, using these data points, takes mere moments.[16] Back in 2014, India began a program to build digital IDs for every person, which nearly everyone in the country has voluntarily opted into.[17] These IDs have been incorporated into financial institutions, where the number of people accessing a basic bank account rose from 56% to 82% three years later.[18] CreditVidya uses this information, along with social media usage, to assess consumers' lending risk.[19] Similar efforts in China, Bangladesh and Kenya offer such solutions, all by using the data available to build identities for those that did not have them in the past. While fintechs have the tools available to build these identities, we still lack the systems to make sure they work across the financial world. That is true even with traditional credit companies acquiring startups to build such programs. The reason? A lack of partnership.

[16] "Fintech for Good – A feasible dream or just pretty posturing?" Daily Fintech, https://dailyfintech.com/2018/08/24/fintech-for-good-a-feasible-dream-or-a/

[17] "Governments key to solving financial inclusion, Finextra, https://www.finextra.com/blogposting/16391/governments-key-to-solving-financial-inclusion

[18] "Digital ID as a development tool," Center for Global Development, https://www.cgdev.org/publication/building-digital-id-inclusive-services-lessons-india

[19] "Innovation In Financial Inclusion," EY, https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/trust/EY-innovation-in-financial-inclusion.pdf?download

[20] "Growth in the Cloud," Cisco, https://www.cisco.com/c/dam/assets/global/ME/about/news/documents/cisco_global_cloud_index_2013-2018.pdf

[21] "IDC's Global DataSphere Forecast Shows Continued Steady Growth in the Creation and Consumption of Data," IDC, https://www.idc.com/getdoc.jsp?containerId=prUS46286020

This problem set is not solely a mobile issue. Social media, transactional data, and bank data can also offer insights that, in the past, organisations had very few ways to distill. Using social media, aggregation, and tools, like ML and AI to condense and understand the data, can help form a financial digital identity for someone. This can prevent fraud. With the financial digital identity in place, as an attempt to purchase something comes through, if the purchase does not match what an individual has purchased in the past, it might require more confirmation layers. Say a merchant learns that a consumer, Tom, wants to buy a pair of sneakers. The system relying on a financial digital identity can flag an issue if it contradicts with the identity that Tom has built, whether it due to the type of purchase, the time of day, the area of the world, or another layer of insight. Such a system develops the financial identity from Tom's mobile, transactional data, and social media usage. The merchant can determine within seconds if they should accept or deny the purchase. The merchant does not even need to know that Tom seeks such a purchase. Instead, the system would identify this Tom based solely on the financial details within the identity that the buyer supplies. Essentially, all the merchant sees is a green or red light, confirming that the purchase can proceed.

Such an effort requires AI and machine learning (ML) to properly determine such analysis due to the size of data now available, which will only continue its exponential growth. Partnerships in building such tools allow for sharing of the data necessary to build strong digital footprints. They also allow for better assurances of privacy since, with a proper DLT, merchants would only need to know that the buyer's credentials hold and that they can purchase or pay back a loan without needing to know about the person's social media activity or what they ate for dinner this week.

The partnerships will also allow for more data aggregation, which will provide the ability to better understand what financial insights matter most across ecosystems to determine basic norms of analyzing credit scores that are not necessarily competitive advantages, but an assurance of regular business continuity. These partnerships will drive these new identity systems.

[22] "Consumer FAQ," Nova Credit, https://novacredit.com/consumer-faq/

How does this work in practice? Nova Credit builds what they have dubbed "credit passports," which provide users, like ex-pats, the ability to take their credit in a country such as the US and go to a bank in Europe, showing that they can afford a loan or some other transaction. To accomplish this, they have developed DLT that utilises data from all the major US credit agencies. They can develop this passport, even without traditional US banking needs, like a Social Security number.[22] It allows the user to obtain credit and open accounts in another country without rebuilding their financial identity in the new location. In essence, it provides the user and the institutions an easier and more trusted way to conduct financial transactions.

THE IMPORTANCE OF PARTNERSHIPS

When wrangling and holding such a wide swath of disparate data, many risks arise. These risks can be particularly damaging in the credit space since errors in someone's financial identity could result in a lack of ability to gain financial tools to help grow wealth or even pay bills. These risks to financial institutions include:

Incomplete Picture

Since organisations do not share information with one another, it creates a lack of insight into an individuals' total financial picture

Over-indebtedness

A lack of sharing could result in the replication of data, which, for example, could increase levels of assumed debt for individuals, worsening credit scores

Discrimination

Without proper transparency, users could be subject to discriminations that are hidden and unseen, increasing rates of the unbanked or access to wealth

Privacy

With tightening privacy measures across the US and world, accessing data only as needed will continue to remain an issue when analysing consumer financial information

Data Security

Ensuring the system protects the data, so no one can copy or forge someone's financial identity remains vital

User Experience

Lack of partnerships require consumers to enter new information manually as they move from system to system, which reduces customer acquisition rates and onboarding

This is where silos become an issue. By hoarding data internally, organisations will lack a full picture of customers. They also open themselves up to larger attacks since they become responsible for the data they hold. It lacks the protection that a consortium that tracks, secure, and measures data, would have. Such siloed thinking also faces regulatory burdens across borders since customer data limitations, rules, and laws will change region to region and country to country.

Instead, a consortium or partnerships have ways to address the major concerns of developing a financial digital identity for consumers while also circumventing the significant issues organisations face by building their own, independent system.

Credit bureaus have taken steps towards this future reality. The development of myCUID was a US credit bureau effort to prevent fraudulent attempts at call centers. If a fraudster calls in, the ledger will track the number in the DLT, which will notify the next credit bureau of the fraudulent caller's number. In essence, the myCUID structure creates a financial identity based on the credit bureaus' traditional data. But it can go further, producing stronger scores by utilising a similar structure and incorporating mobile and other alternative data sets if shared across the ecosystem.[23]

CONCERN	SILO SOLUTION	CONSORTIUM SOLUTION
Costs	The individual firm will have to supply all resources to build the system, increasing the financial commitment to the project	A group would share the cost of the build, creating a stronger system at a lower price
Regulatory Framework	The individual firm would have to utilise and rely on its compliance efforts to ensure the data used within its DLT passes privacy and regulatory measures across borders	A group system would work across borders, which will require data to comply with local laws, outsourcing a significant concern for an individual firm. Organisations can then rely on the consortium to provide data that has passed proper compliances from each country under its umbrella
Security	The individual firm would face sole responsibility for securing the data. If such data is breached, the firm would also face the repercussions of not preventing the breach	A group would prevent companies from accessing information that is not required to develop a non-traditional score. Instead, it can provide the identity characteristics as needed while avoiding sharing of every detail, decentralising the data storage
Increasing Transparency	The individual firm would decide the level of transparency that it would share but would also face pressure to comply with industry norms	In a group strategy, participating credit agencies and financial firms would need to provide what information they use and why to ensure the right identity characteristics are measured and stored. This allows for greater transparency in how scores are developed
Avoiding Data Gaps	The individual firm would only have data and information that it has compiled, which would lead to significant gaps in information from both new and existing users	A group system would include hundreds of organisations, creating a more robust financial identity, one that lacks overlapping or data gaps

[23] "Credit union consortium unveils DLT-based digital ID system," Finextra, https://www.finextra.com/newsarticle/31742/credit-union-consortium-unveils-dlt-based-digital-id-system

CASE STUDY: Klarna. SHOWS THE POTENTIAL

Klarna is a Swedish payment services provider, which opened in 2005. For the past few years, though, it has used a unique system to provide buyers of online goods a way to purchase items without a credit card, bank account, or any other normal means of payment. Instead, Klarna essentially analyses a person's creditworthiness in real time. When a buyer sees something that he or she wants on a Klarna backed storefront, the person has the opportunity to purchase via Klarna. The company's systems analyse the person and the purchase in mere seconds to determine if the company can support it. If so, then Klarna will approve it and back the payment. The vendor receives money from Klarna while the buyer has a set number of days to pay back the loan. It has become a particularly powerful tool in clothing retail since it allows buyers to purchase an item online, try it out at home, and if it doesn't fit, return it to the vendor without any money exchanging hands.[24]

Klarna, however, does not make money off of interest, as a credit card provider would. Nor does it charge the buyer a fee. Instead, it makes its profits off of merchandising fees since its service increases the amount people purchase. If a buyer does not pay within 14 or 30 days, depending on the terms, it can impact a buyer's traditional credit score and can be reverted to collection agencies.[25]

This system has propelled Klarna as one of Europe's highest valued fintech startups.[26] Klarna is also extending its data to provide insights to its retail customers. Klarna's system uses ML to crunch all the user financial data, developed through years of working with consumers and compiling mobile and shopping data. This analysis can determine whether the person's credit is trustworthy and conclude which payment method makes the most sense for the buyer.[27]

In this scenario, Klarna can use the data to pull, analyse, and track for multiple purposes, including credit analysis, advertising, consumer targeting, and a plethora of eCommerce uses. Retailers then partner with Klarna solely to access the data they organize and provide via a financial digital identity.[28]

A similar system would work in the insurance technology space. Financial digital identities can better provide risk assessments since it can track how users interact across many retailers, banks, and everyday transactions. Peer-to-peer (P2P) lending and payments can also benefit from such an important level of analysis. P2P lending sites could provide lenders with a better analysis of the borrower's credit rating, based on a financial identity that accounts for the person's entire financial life, instead of what a bank can capture. This could be particularly beneficial in areas of the world where microloans can do so much good.

But partnerships provide the way to most cost-effectively build these systems and ensure they work across a sector while also protecting users' security and privacy.

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[24] "Klarna, A Unicorn, Is Coming To The U.S. And Going After U.S. Credit Card Companies," TechCrunch, https://techcrunch.com/2015/10/28/klarna-a-unicorn-is-coming-to-the-u-s-and-going-after-u-s-credit-card-companies/

[25] "Klarna: 'buy now, pay later' system that is seducing millennials," The Guardian, https://www.theguardian.com/money/2018/nov/17/klarna-buy-now-pay-later-system-that-is-seducing-millennials

[26] "Klarna becomes Europe's biggest fintech unicorn at over $10 billion valuation after mega-round," CNBC, https://www.cnbc.com/2020/09/14/klarna-now-europes-biggest-fintech-unicorn-at-over-10-billion-value.html

[27] "How Klarna personalised the checkout experience with data and ML," Hyperright, https://read.hyperright.com/how-klarna-personalises-the-checkout-experience-with-data-and-ml/

[28] "Buy now, pay later' firms such as Klarna to face FCA regulation," The Guardian, https://www.theguardian.com/money/2021/feb/02/buy-now-pay-later-klarna-fca-covid-19-pandemic

CONCLUSION

Over the next two years, S&P Global estimates that banks' credit losses will total $2.1 trillion.[29]

While many of these losses have to do with large corporate loans and the impact of COVID, it also involves loaning the wrong credit to the wrong people. At the same time, consumers report nearly $2 billion in fraud losses each year.[30] Meanwhile, by 2025, the amount of data compiled by organisations and used by consumers is expected to more than triple. This offers a unique opportunity for financial institutions, credit bureaus, and consumer organisations to unite under a goal to provide better security, safety, privacy, and a unique financial fingerprint for people across the globe. This can only be accomplished as one unit, together.

Why? It's simple. The financial digital identity improves as more data from various resources feed such a design. You no longer have bank A receiving a fraud alert from an individual, only to see that same individual get past systems at bank B or C. Instead, the experience of the fraud is marked by bank A, which then bank B and C recognise when such an individual tries to slip past the defenses. When the same situation occurs at bank C first, then bank A benefits from the information as well. However, this does not require sharing of customer information that might be viewed as a competitive advantage. Instead, DLT design can ensure partners only see the information they need to prevent fraud or properly identify customers. This example would give the individual fraudster a financial identity, even if they wished not to have one. This marks them, preventing them from fooling others.

But for consumers, it also provides them with a financial identity that they can take anywhere. This tracks with how people move through the world, even with COVID related restrictions. People need better ways to prove they can afford a flat in London even if they spent their entire financial lives in Alabama. Industries can provide people with this financial identity by working as one. This will only make institutions smarter about the money they lend, the people they work with, and the speed at which they conduct such transactions.

Banks have grown used to such practices with the advent of open banking, which connects various apps to traditional banks via APIs to ease moving information and data, which in banking also means funds. When utilised to a DLT, this same concept and analysed via AI and machine learning capabilities will not only revolutionize the ability for organisations to better understand what someone can afford, it will also open up banking to an entire population that had never had access before.

[29] "The $2 Trillion Question: What's On The Horizon For Bank Credit Losses," S&P Global, https://www.spglobal.com/ratings/en/research/articles/200709-the-2-trillion-question-what-s-on-the-horizon-for-bank-credit-losses-11565006#:~:text=Losses%2C%20By%20Region-,Key%20Takeaways,than%20double%20the%202019%20level

[30] "New FTC Data Shows that the FTC Received Nearly 1.7 Million Fraud Reports, and FTC Lawsuits Returned $232 Million to Consumers in 2019," FTC, https://www.ftc.gov/news-events/press-releases/2020/01/new-ftc-data-shows-ftc-received-nearly-17-million-fraud-reports

ABOUT ONE WORLD IDENTITY

OWI is a research and advisory firm focused on identity, trust, and the data economy. We help businesses build solutions, execute upon strategies, invest intelligently, and connect with key decision makers. Every day, billions of interactions track the identity of people, entities, and things. We think of digital identity not as a what, but a how; it's the hidden fabric enabling the seamless exchange of trusted information at the scale and speed required by global enterprises. We believe digital identity is the linchpin to digital transformation. Done well, it can provide inclusion, privacy, and safety. That's why we've dedicated ourselves to solving its challenges.

Website: oneworldidentity.com | Email: info@oneworldidentity.com

ABOUT TMTANALYSIS

TMT Analysis is the leading provider of global mobile numbering intelligence. Mobile number data intelligence can help strengthen and validate the user verification process, reduce fake accounts, improve conversions with customers and even determine the optimal channel for message delivery.

Our data powers many of the world's leading identity providers, A2P SMS Messaging companies and financial services organisations, delivering actionable insights that enhance and protect every stage of the customer experience.

Website: tmtanalysis.com | Email: info@tmtanalysis.com