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Identity resolution:

A data-driven strategy impacting the future of consumer identity

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1. Introduction

Identity resolution: A term and practice becoming more commonplace across industries from retailers, to banks, to insurance providers. In its simplest form, identity resolution is the process to organize various data elements and associate them to a single person or entity. A unique identifier, commonly known as a 'pin' or 'key,' is assigned to that person or entity and persisted over time across databases. Identity resolution efforts often aim to authenticate consumers' identities with trustworthy data to minimize risk and improve the customer experience.

With the vast amounts of data that exist today, it's imperative that there is a way to assess the overall health of the linked information. Identity resolution engines use a variety of algorithms, logic, and referential data sets to increase accurate linkage between identity elements—this could include digital, offline, and even credit data.

Now, more than ever, companies need to know exactly who their customers are, their interaction preferences, and how they are purchasing. Our latest research finds that 75 percent of business leaders have seen consumer behavior drastically change because of the pandemic. With the right consumer data, organizations can tailor programs for specific segments, and even individuals, through greater personalization. This is where identity resolution and data management really matter, as quality consumer data is key to optimization and effectiveness.

Organizations are quickly realizing how critical reliable data is and the impact it can have when executing an effective identity strategy. Consumer records must be standardized, harmonized, and cleansed to drive the highest match rates and ensure that future use and investment of identity data results in a positive return on investment. While outcomes may vary case by case, Experian has seen that data management for identity resolution can improve match rates as much as 60 percent.

In this white paper, we look at identity resolution through the lens of data quality experts and uncover how high-quality consumer data can better enable an organization to resolve a consumer's identity. If you only have two minutes then we've summarized the top benefits of having a data-driven identity strategy.

1 Trustworthy data

2 Clearer insights and actions

3 Improved customer experience

2. Data management's role in identity resolution

In our experience, many organizations don't realize they have a data quality problem until its symptoms start to drive hard costs—allowing bad data and poor management to impact daily operations.

Although third-party or reference data ultimately plays a key role in identity resolution, having a data quality-first approach enables organizations to scale their identity resolution programs efficiently and effectively. When organizations have control of their internal data and quality, they can get a clear baseline of unique customer records, even without a reference file.

When understanding identity resolution, the number one take away is this: You can't effectively resolve an identity without sound data management. Assessing, validating, and remediating errors within an identity data set not only can improve match rates as information is synchronized with third-party data sets, but it can also help to isolate the root cause of the issues.

Here are the top three downstream effects we find from a quality-control approach to identity resolution:

Trustworthy data
With high volumes of consumer data, it becomes even more critical to not only link identifiers together but to also ensure that data is accurate, actionable, and dependable. If there is a lack of trust in data, the resolved identity is unreliable, negatively impacting its future use and return on investment. This issue becomes compounded as even more data is added and associated with that individual over time.

Furthermore, data validation and standardization ensures that an organization is providing useful information to third-party identity graphs. Identity graphs that are used for consumer identity resolution typically have high match rate thresholds, so inconsistent formatting and invalid consumer attributes can negatively impact match rates.

A foundation of high-quality identity data provides a trustworthy and reliable data environment for operational efficiency, improved analytics, and optimized outreach. Not to mention the layer of protection it can provide as it relates to data privacy and security. In other words, these pitfalls can be avoided, and organizations can receive authenticated consumer data for faster and better decision-making.

Experian finds that

85%

of organizations see data as one of the most valuable assets to their business.

Clearer insights and actions

While data management helps achieve a single view of your customers, identity resolution can help isolate and authenticate unique individuals in a database. This is where a unique identifier such as a 'pin' or 'key' comes into play. A pin or key can identify what appears to be the same person across varying data sets.

In a third-party identity graph, match criteria will look at all attributes contained in one file and assign a pin if the match percentage reaches a certain threshold. It's possible that the algorithm may not recognize invalid data. For example, test data could easily pass-through thresholds which will impact analytics, marketing efforts, and return on investment. This is where data management becomes key. Data validation, standardization, and harmonization can proactively clean up consumer records, removing irrelevant or inaccurate data passing through. Proper data management can also improve data experience for employees and ultimately set organizations on a path to data-driven culture.

So, how does this benefit an organization? Instilling data quality practices in an identity strategy can minimize risk, maximize growth, and loss prevention. For instance, by identifying multiple instances of the same consumer across different lines of business can help an institution avoid overextending credit. On the flip side, an organization will be enabled to know which consumer is engaging with what brands to market effectively. And, lastly, loss prevention. Another benefit is that an agency can identify a consumer with prior outstanding utility debt that is signing up for a service under a new address. Identity resolution backed by valid data can help consolidate and link that information together to associate it to the same individual.

Improved customer experience

Customer experience has long been a top priority for organizations for years especially now with the push toward digitization. In this digital era, many view their ability to personally interact with consumers as a direct link to their data assets and data savviness.

As many streamline their digital customer experience online or in self-service portals, form-filling has reemerged. Not only does this promote a seamless experience, but it also acts as a way to capture valid data, supplied directly from the customer. This can feed into the identity resolution program, which in turn, optimizes personalization efforts.

Data validation solutions can simplify the form filling process, helping customers input their information more quickly during the e-commerce checkout process or online from. Real-time contact data validation integrated directly into the form verifies important contact information like phone, address, and email. This ensures the organization has the information they need to improve match rates to uniquely identify that individual and outreach efforts while providing the customer an efficient experience, and ultimately dropping shopping cart and application abandonment rates.

Being data driven is the new norm. When trustworthy data and data insights back a company's strategic initiatives, they can be confident that their organization is being steered toward success. Furthermore, enabling an identity strategy with high-quality data goes beyond this initiative—by integrating data quality best practices, an organization can leverage that data in other business areas to see higher return on investment, positive impact across the entire organization, and ultimately, adopt a data-driven culture.

5. The data dilemma

This past year, many businesses realized major cracks in their legacy data systems. Our latest research finds that 95 percent of businesses have seen impacts related to poor data quality— these impacts could range from wasted resources and additional costs, damage to analytics and reporting, to negative impacts around brand reputation and customer experience.

It may be possible to achieve a single customer view with bad data, but that single view would be unsustainable without a data quality solution. In turn, an incomplete and incorrect view of a customer could lead organizations to questioning their return on investment, putting them back at square one.

It's clear that unreliable data directly impacts the entire organization. In a time where businesses are still feeling the shock of economic distress from the global pandemic—coupled with a push towards increased interaction over digital channels—many are turning to their data for answers. Businesses need to easily know who their customers are, reach their customers swiftly, and have the information to support accurate decision-making. This is where data management and identity resolution nicely tie together, combined they can help businesses (re)build themselves as customer centric.

There are many reasons that could cause inaccurate data to infect your database. Fifty percent of data inaccuracies are caused by human error, according to our research. Other reasons include customers moving, changing email addresses or phone numbers, or as simple as signing up twice for a membership.

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5. A data quality solution

Having the right data quality technology is essential to increasing match rates and, in turn, supporting the creation of complete and comprehensive customer records. In this section, we are going to take a look at the technology that can enable identity resolution and ultimately lay the foundation for successful business initiatives.

A data quality solution, like contact data validation software, ensures that customer contact data—email, phone, and mailing address—is actionable. Contact information not only makes a customer reachable through multiple channels, but it is also foundational to a consumer's identity. In fact, even if there is just a phone number, it is possible to use that information to generate a contact's name and address. A complete contact profile allows an organization to efficiently identify consumers and reach them through multiple channels, while nurturing and growing a customer base. This also is the first step to ensuring a matching algorithm is linking the right information across multiple sources.

With half of businesses believing human error is a contributor to lack of data accuracy, there's a chance consumer records could be duplicated or entered with incorrect information—even as small as a typo. By identifying records across disparate sources and pulling them together, organizations can gain a holistic view of two or more records to determine if they relate to the same customer, or not. This type of data matching is also a key component to identity resolution.

Without clean data enabling matching, an organization may see regulatory compliance, marketing return on investment, and brand reputation negatively impacted, which will lead to unnecessary costs. Data validation prepares data for matching—which makes it a non-negotiable requirement for an effective identity strategy—so that only unique and accurate information is retained in the dataset.

How can Experian help

As a data quality partner, Experian has the expertise to make your data fit for purpose—in this case, identity resolution. As an identity strategy evolves, we can validate data at each step of the way through Experian's Data Validation Solutions and Data Quality Platform.

6. Conclusion

Data management is at the core of identity resolution. In fact, it is impossible to have trustworthy identity resolution without data management. High-quality data kickstarts the identity resolution engine. By integrating data quality best practices, organizations can have confidence that they are efficiently and effectively making their data fit for purpose.

A data-driven identity strategy can provide a comprehensive view of who your consumers are across business lines, which can help prevent fraud, reduce exposure to risky buyers, increase operational efficiency, improve customer experience, and more.

Key takeaways:

- Data management is at the core of identity resolution

- Data validation helps increase match rates, even across various data sources

- Data quality as part of identity resolution helps you with better authentication, clearer insights, and improved customer experience.

About Experian

Experian unlocks the power of data to create opportunities for consumers, businesses and society. At life's big moments —from buying a home or car, to sending a child to college, to growing your business exponentially by connecting it with new customers—we empower consumers and our clients to manage their data with confidence so they can maximize every opportunity. We gather, analyze, and process data in ways others can't. We help individuals take financial control and access financial services, businesses make smarter decision and thrive, lenders lend more responsibly, and organizations prevent identity fraud and crime. For more than 125 years, we've helped consumers and clients prosper, and economies and communities flourish—and we're not done. Our 17,000 people in 37 countries believe the possibilities for you, and our world, are growing. We're investing in new technologies, talented people, and innovation so we can help create a better tomorrow.

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For more information on how to leverage high-quality data for your identity strategy, contact Experian.

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