Merchant Onboarding: Make Faster and Smarter Decisions

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EKATA

About Alan Moss

Alan Moss is currently Managing Director for Western Europe at Newland Payment Technology, a top international supplier of secure payment devices and associated infrastructure.

Alan has over 20 years' experience in the electronic payments business, working with industry leaders such as Hypercom, Miura, Thales and Verifone, in a variety of roles from business development and product marketing to global relationship management. Alan also worked in international sales for De La Rue's security holographics and security print divisions.

Prior to working for Newland, Alan was VP of Marketing at Miura Systems, a pioneer in mobile acceptance solutions. During his time at Verifone, Alan was also a board member and Chairman of the General Assembly of Nexo, a leading pan-European standardization initiative promoting the interoperability of card payments.

About Matt

Matt Gonzalez is the product manager responsible for Ekata's Merchant Onboarding suite.

As Director of Product for Ekata's API products, Matt and his team work closely with Ekata's partners and the broader market to deliver high impact identity verification and risk assessment solutions.

Matt holds a Computer Science Bachelor of Science from Case Western University and has previously worked at Intel, Microsoft and as co-founder of a payments startup in Seattle.

Contact: matt.gonzalez@ekata.com

About Fiona

Fiona Wijngaards is EMEA Director of Sales at Ekata.

She is a digital ecosystem expert with proven experience in payment and risk management consultancy, ranging from advise to execution for international businesses.

Fiona supports payments ecommerce enterprise organizations with their risk management priorities in the ongoing fight against fraud and better customer experiences.

Contact: fiona.wijngaards@ekata.com

Market Overview

- **Disruptors continue to push down onboarding friction**

- **Influx of sole proprietorships, small businesses**

- **B2B fraud is on the rise**

Onboarding: Before & After Stripe Market Disruption

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2-3 Days
Traditional payments processors

5 Minutes
Merchant onboarding standard set by Stripe and others

Poll: How long does it take you currently to onboard?

More Businesses & Different Kinds of Businesses

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European Union & Emerging Markets
SMEs, micro-merchants, sole proprietors

European Union: 33M (sole proprietors), 25M (SMEs and micro-merchants)

Emerging Markets: 80M

Legend: ■ SMEs and micro-merchants ■ sole proprietors
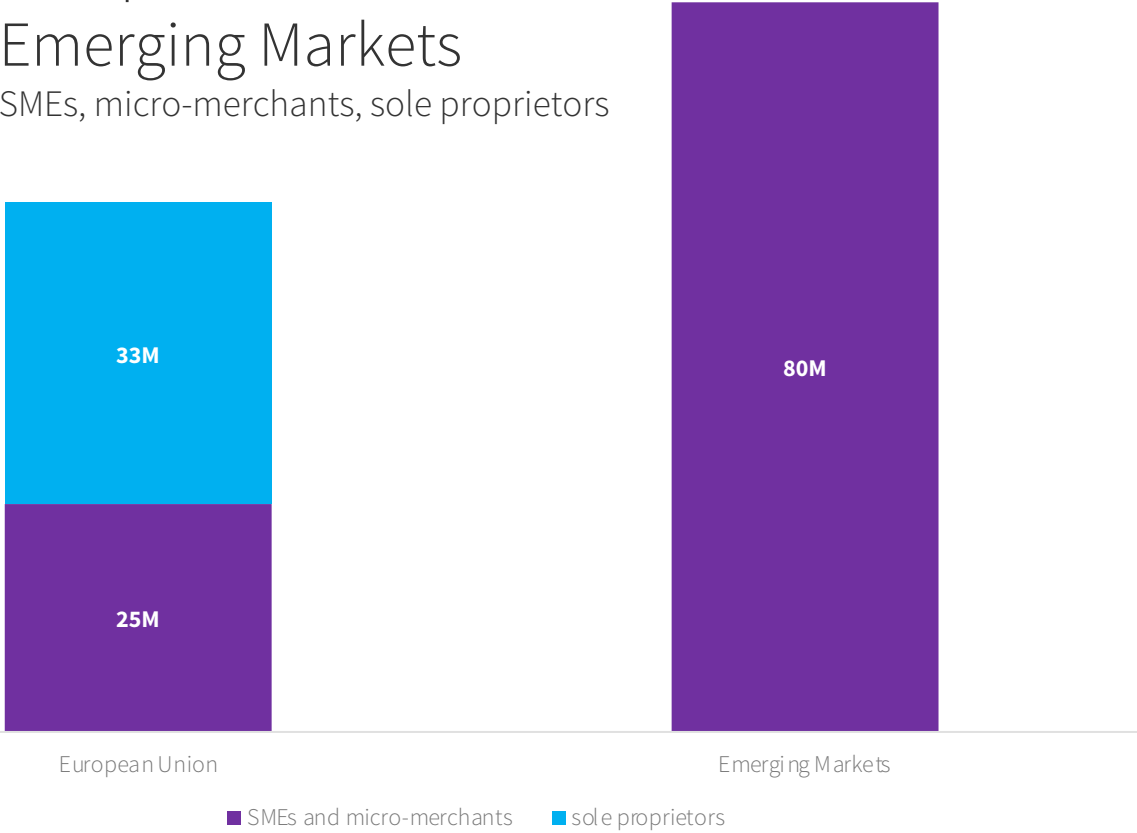
Global rise of Small and Medium Enterprises (SMEs)
including micro-merchants & sole proprietors

The World Bank Report, Statista report on EU sole proprietors, Intuit 2020 Report,

Market Changes since Covid-19

- Massive influx of new businesses in US
- Smaller, but significant increases in EU

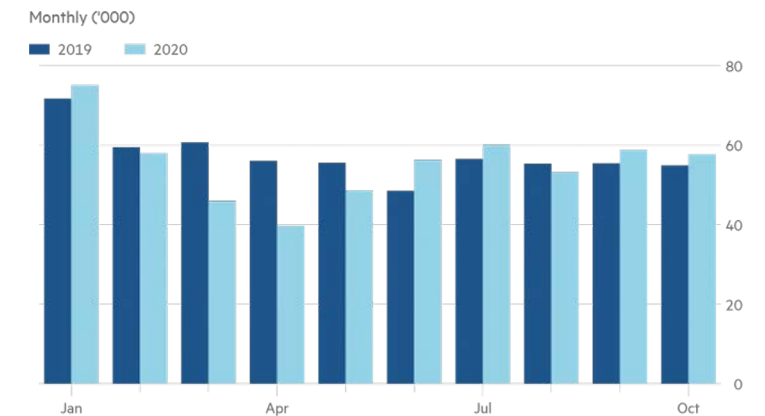French business creations hit record high
Monthly ('000)

Source: INSEE
© FT

More businesses created in the UK
Business incorporations, weekly ('000)
— 2019 — 2020

Source: ONS
© FT

Germany's resilient levels of business creation
Monthly ('000)
■ 2019 ■ 2020

Source: Destatis
© FT

Ft.com. 2021. *Pandemic triggers surge in business start-ups across major economies*. [online] Available at: <https://www.ft.com/content/3cbb0bcd-d7dc-47bb-97d8-e31fe80398fb>

# Assessing Business Legitimacy Then vs. Now

✓ Registered to do business
✓ Business credit record >12 months
✓ Extensive banking/trade records
✓ Official/physical business address
✓ Registered with trade association

✓ Registered to do business
! Business credit record **< 12 months**
! **Minimal** banking/trade records
! Official/physical business address **might be residential**
? 4.2-star social media review average

Traditional SME business
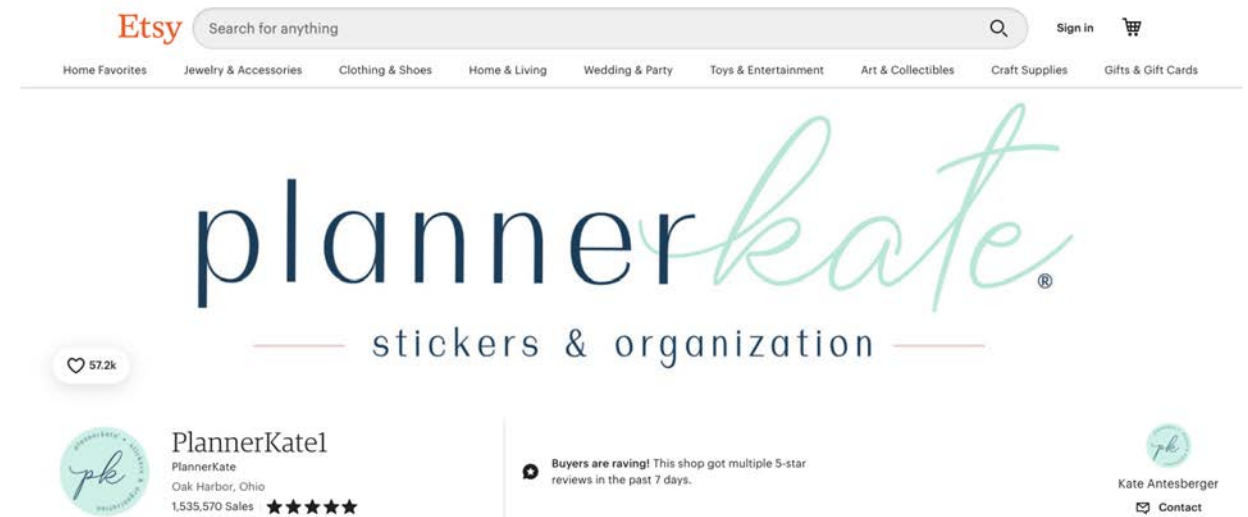
SME & micro-merchants today

European Bank: Customer Snapshot

Situation:

- Competition from new players (Stripe and BrainTree) with easier onboarding process
- Current process takes 3-5 days to onboard a merchant
- Developing a digital onboarding solution for merchants
- Cannot transact with merchant until KYC/AML is completed

Success criteria:

- Bottom line is Customer Acquisition Cost (CAC), fraud is secondary
- During onboarding reducing friction is the primary goal

Poll: Have you seen an uptick in sole proprietors?

B2B Loan Trends

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⬆ **7.3%** increase in fraud

small and mid-sized business lenders

⬆ **8.6%** increase in fraud

larger banks & digital lenders

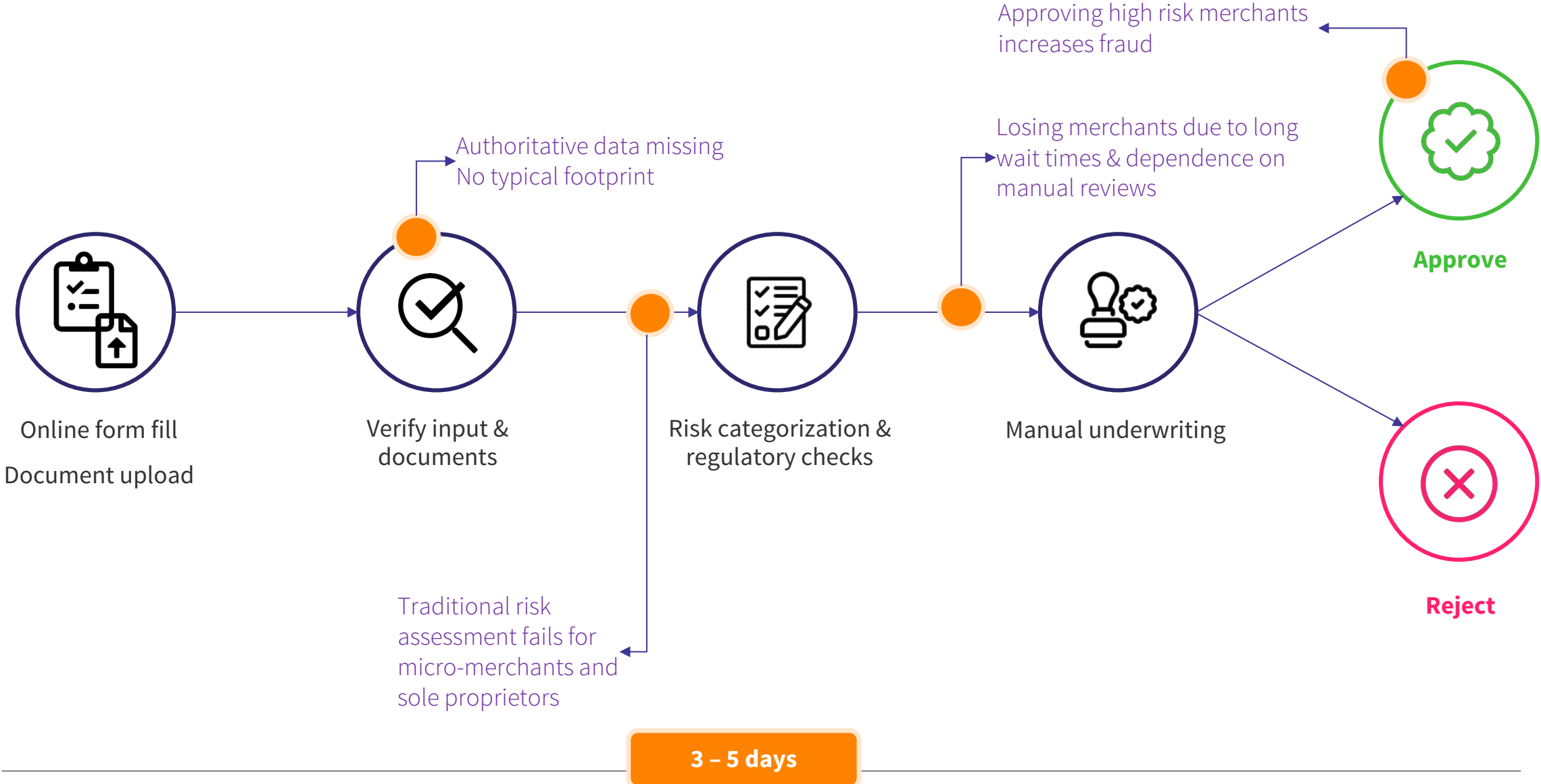⬆ **14x** the average monthly suspicious activity reports

Sustained increases in business-loan fraud in 2020 vs 2014

Onboarding Status Quo

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Online form fill
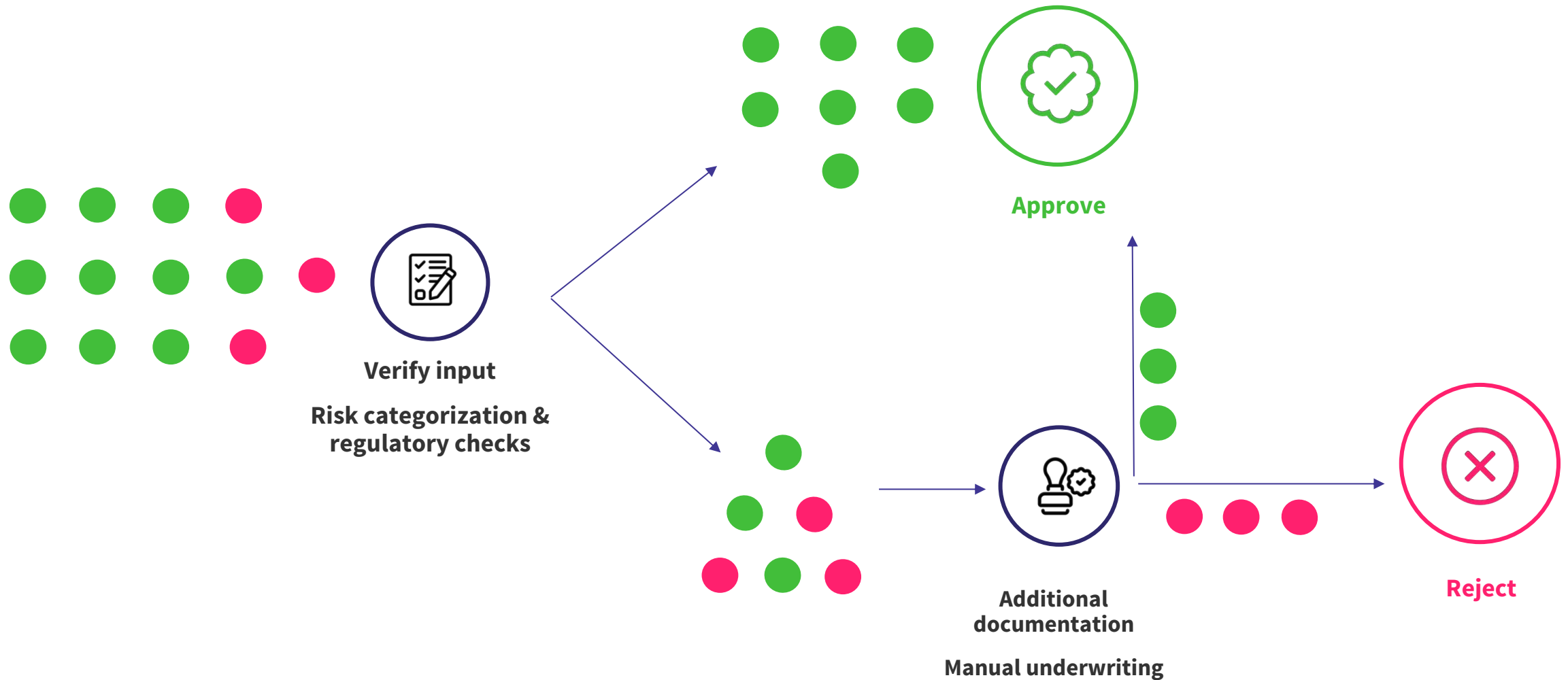
Document upload

Verify input &
documents

Risk categorization &
regulatory checks

Manual underwriting

Approve

Reject

Onboarding Pain Points

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Online form fill

Document upload

Verify input & documents

**Authoritative data missing
No typical footprint**

Risk categorization & regulatory checks

Traditional risk assessment fails for micro-merchants and sole proprietors

Manual underwriting

Losing merchants due to long wait times & dependence on manual reviews

Approving high risk merchants increases fraud

Approve

Reject

3 – 5 days

EU Insights from Global Payments Aggregator

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- **22% fail passive KYC checks for name-to-address** and are sent document requests

- **Only 20% of customers challenged for additional information will complete the document request** and move forward in the onboarding process
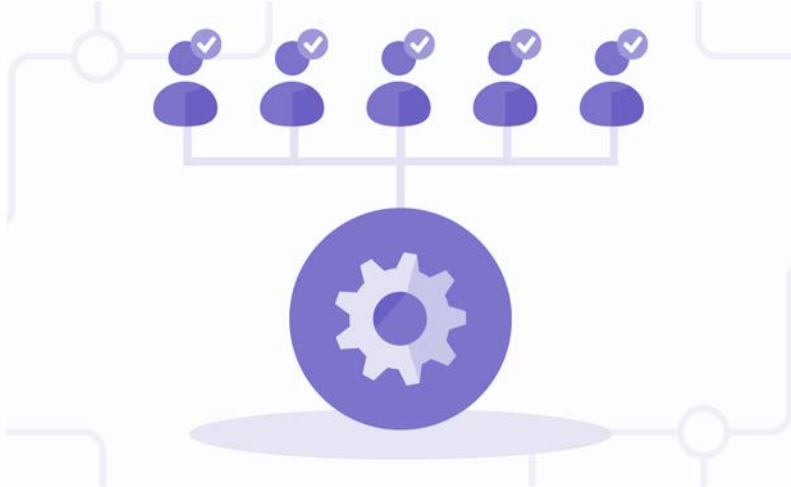
Poll: What are your current abandonment rates?

Onboarding Merchants with Ekata

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Verify input

Risk categorization & regulatory checks

Approve

Additional documentation

Manual underwriting

Reject

Merchant Onboarding API & Merchant Review SaaS

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Automate workflows with unique risk indicators on business & individuals
- don't lose good customers to competitors: identify low-risk applicants and approve automatically
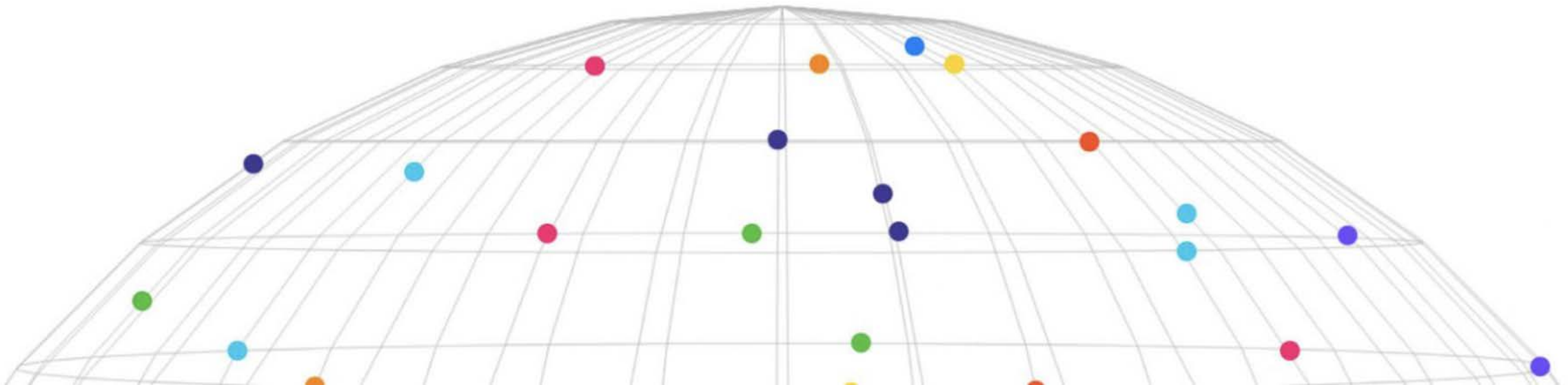- quickly route high-risk applicants to manual review

Reduce time spent in manual review
- agents visually identify key identity risk signals
- key risk indicators available on one screen cut down on research time through multiple sources

Global Data Provider

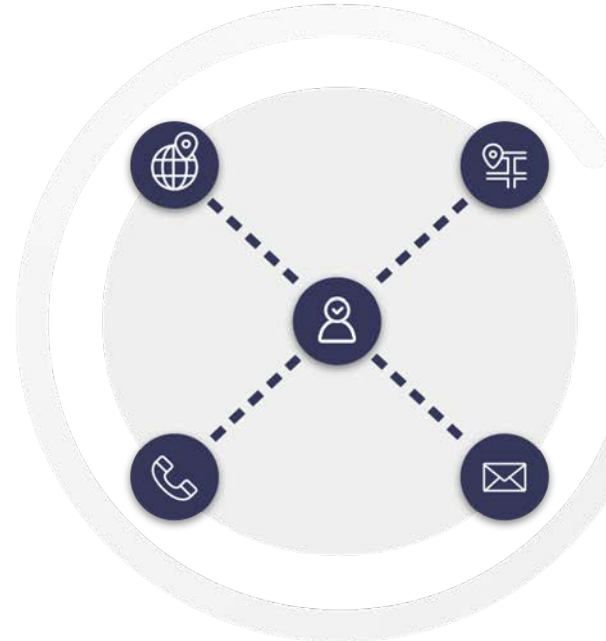Identity verification & insights

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The Ekata Identity Engine

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Identity Graph
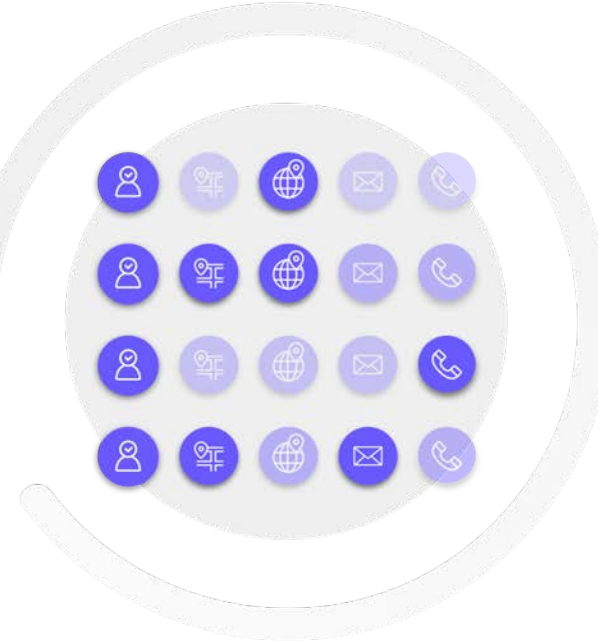Database that validates digital identity elements and how they are linked

Identity Network
Anonymized database that surfaces patterns of how hashed identity elements are being used online

7B+
entities

1B+
identities

16B+
identity elements

40M
elements added per day

Name **Email** **Phone** **IP** **Address**

Trusted By Global Enterprise Organizations

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Traditional Banking	Online Lending	Global Payments	Marketplaces	Travel	eCommerce
Standard Chartered	Marcus BY GOLDMAN SACHS	stripe	Booking.com	Expedia	AT&T
WELLS FARGO	Klarna.	AMERICAN EXPRESS	airbnb	Emirates	Apple
Bank of America	Affirm	Square	match	Ctrip 携程	amazon
Bank of Internet USA	afterpay	ANT FINANCIAL	POSTMATES	getaroom	Microsoft
GM Financial	DISCOVER	checkout.com	DHgate.com	FINNAIR	Walmart

Partner Integrations

Kount   CyberSource   adyen   sift   EQUIFAX   SOCURE   SIGNIFYD

Accertify   experian   DemystData   simility   vesta   riskified   ACI ReD

Merchant Onboarding API & Merchant Review

Make faster, smarter decisions during merchant onboarding
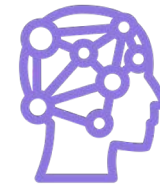
Onboard micro-merchants with higher confidence

- unique cross-checks between business & individuals

Route good customers to fast, low-friction experiences

- automatically accept low risk applications
- hand off high risk customers to manual review processes

Reduce time spent in manual review

- visually identify key identity risk signals
- cross-linked data cuts down on research time through disparate sources

Merchant Onboarding | Fraud Indicators

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Business phone to individual name
Matches are 3x less like to be fraudulent
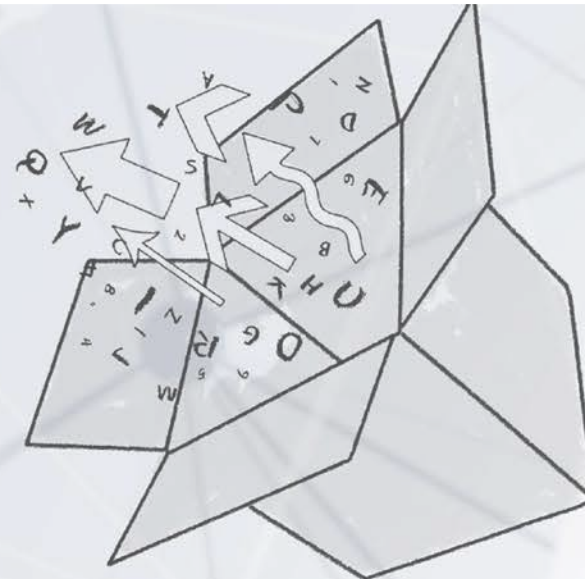
IP distance to business address
2x as likely to be fraud

Business address to individual volatility
Higher volatility is highly correlated with fraud

Individual Identity Risk Score
Low score is 3x more likely to be a good applicant

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Poll: What is an average LTV for a merchant in your org?

Poll: Would you like to hear more about Ekata's services or be notified about more webinars related to this topic?

Thank You

Learn more & schedule a demo: http://bit.ly/onboarding-demo
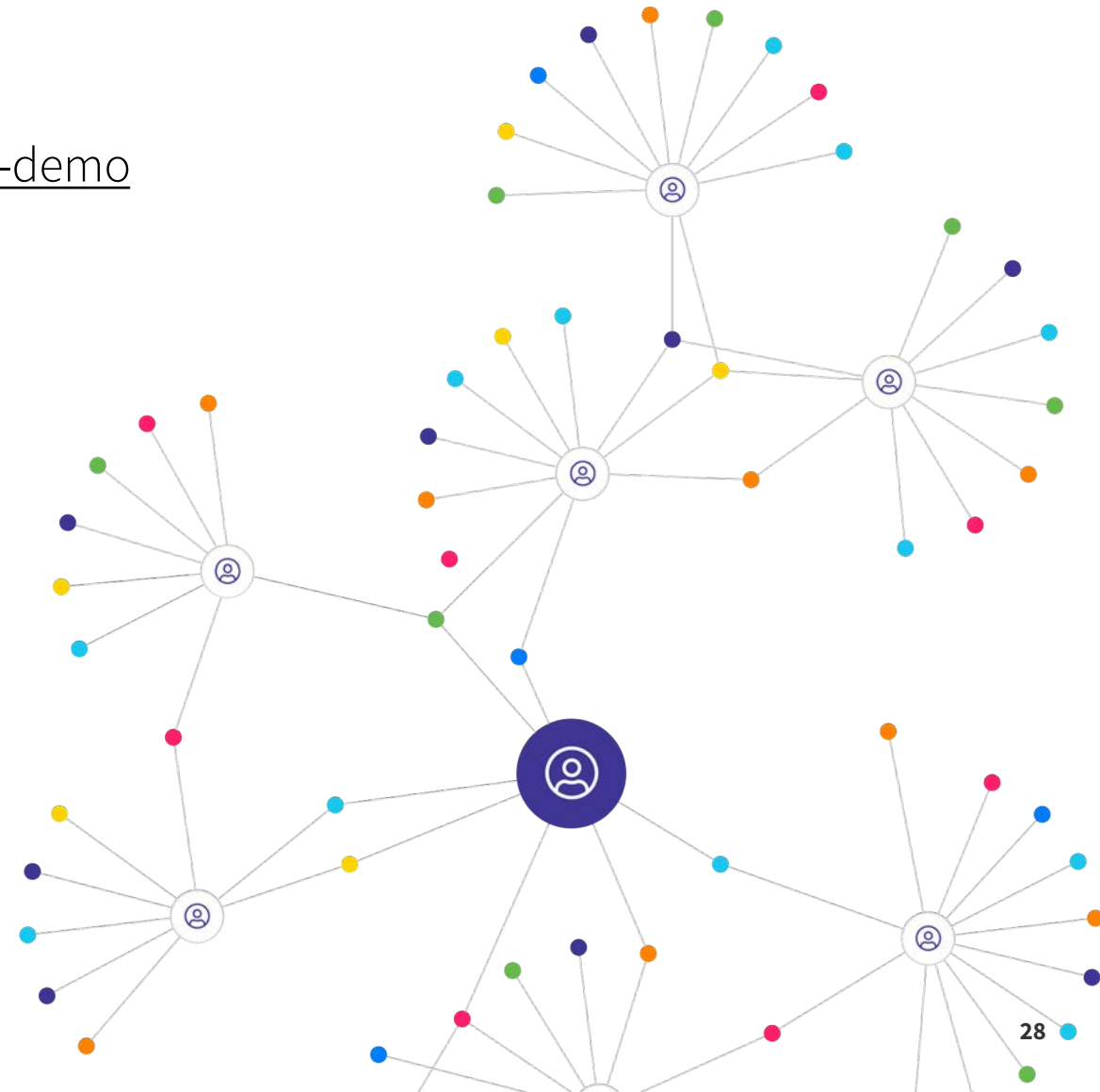
About Ekata

Ekata provides global identity verification solutions via enterprise-grade APIs for automated decisioning, and Pro Insight, a SaaS solution for manual review for cross-border businesses to grow revenue by maximizing their predictability of good transactions.

Our product suite is powered by the Ekata Identity Engine (EIE), the first and only cross-border identity verification engine of its kind. It uses complex machine learning algorithms across the five core consumer attributes of email, phone, name (person or business), physical address, and IP, to derive unique data links and features from billions of real-time transactions within our proprietary network and the data we license from a broad spectrum of global providers.

Businesses around the world including checkout.com, Microsoft, Klarna, and Airbnb leverage our product suite to increase approvals of more good transactions, reduce customer friction at account opening, and find fraud.

Appendix

All the insights you Need – in one place

Identity Risk Score
Get a quick first view of the identity risk-level

Risk Signals
Gain insight into data signals showing potential risk of the individual

Business Details
Bring together both individual and business data into one place for faster decision-making

Network Signals
Understand how individual and business data are being used online

Interactive maps tell a richer risk story

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High & low-risk signals show how the individual and business are related

Cross Checks

⚠ Business phone doesn't match individual name   ⚠ Business address doesn't match individual name

BUSINESS ADDRESS
Seen 128 times with individual attributes in last 3 months

Build the story of risk w/ business data & distances from other identity elements

Dive deeper into individual data points

Locations & Distances

MILES   KILOMETERS

INDIVIDUAL   BUSINESS

📞 Phone   ☎ Phone
3 mi away   12 mi away

🏠 Measuring from   🏬 Address
10301 NE 10th St Apt 951   12 mi away
Bellevue, WA 98004-5626
United States
📍 Country Center

IP IP address
2 mi away

Faster decisions with an interactive map

INDIVIDUAL | BUSINESS
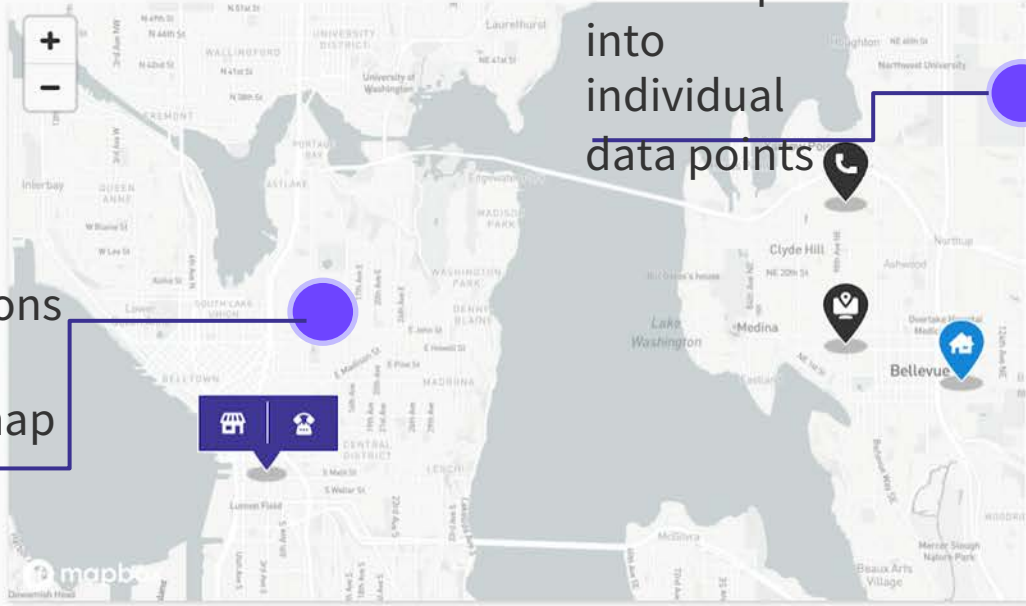
INDIVIDUAL
Victoria Blanchard 461 | HIGH RISK

Phone

+1 617 555 0116
View phone details

SUBSCRIBER NAME
No subscriber name available

LOCATION
MA
United States
Doesn't match individual address

LINE TYPE
Phone

ONLINE PRESENCE
Never seen online

Address

1301 5th Ave
Seattle, WA 98101-2603
United States
View address details

LOCATION VALIDITY
Missing unit/apt/suite number

RESIDENT NAME
John Smith
Doesn't match the name you searched

MAIL DELIVERY
Can receive mail

LOCATION TYPE
Multi-unit

COMMERCIAL ADDRESS
Address is a business location

Email

victoriablanchard@email.com
View email details

REGISTERED NAME
Registered name not available

ONLINE PRESENCE
Never seen online

VALIDITY
Email syntax is valid

DOMAIN AGE
Domain created 1997-Sep-17

IP address

217.65.9.107

LOCATION
Moscow, Moskva, Russian Federation

RISK
IP address is not risky

CONNECTION TYPE
Cable/DSL

REGISTERED ORGANIZATION
Dh-Dbl003

BUSINESS
Seaside Cafe

Phone

+1 206 444 8921
View phone details

SUBSCRIBER NAME
No subscriber name available

LOCATION
Seattle, WA 98115
United States
Doesn't match business address

LINE TYPE
Landline

CARRIER
CenturyLink

ONLINE PRESENCE
Never seen online

Address

1874 Main St Ste 1 London Js
London, N7 8XG
United Kingdom

LOCATION VALIDITY
Valid to city

Cross Checks

⚠ Business phone doesn't match individual name   ⚠ Business address doesn't match individual name

BUSINESS ADDRESS
Seen 128 times with individual attributes in last 3 months

LOCATIONS & DISTANCES

MILES KILOMETERS

INDIVIDUAL

📞 Phone
4523 mi away
📍 STATE CENTER

🏠 Address
5212 mi away

IP Measuring from
Moscow, 109462
Russian Federation
📍 POSTAL CODE CENTER

BUSINESS

Phone
5206 mi away
📍 POSTAL CODE CENTER

Address
1560 mi away

📍 CITY CENTER

© Mapbox © OpenStreetMap Improve this map

INDIVIDUAL | BUSINESS

INDIVIDUAL
Hai Lin 74 LOW RISK

Phone

+1 206-916-5088
View phone details

SUBSCRIBER NAME
Hai Lin ✓

LOCATION
Same as primary address ✓

LINE TYPE
Mobile

CARRIER
AT&T

ONLINE PRESENCE
Last seen 3 days ago

Address

10301 NE 10th St Apt 951
Bellevue, WA 98004-5526
United States
View address details

RESIDENT NAME
Hai Lin ✓

MAIL DELIVERY
Can receive mail

LOCATION TYPE
Multi-unit

Street View ↗

Email

hailin@gmail.com
View email details

REGISTERED NAME
Hai Lin ✓

VALIDITY
Email syntax is valid

DOMAIN
Domain created 11-Jan-2017

ONLINE PRESENCE
First seen 4 years ago

IP

161.149.185.242

RISK
IP address is not risky

CONNECTION TYPE
Cellular

REGISTERED ORGANIZATION
AT&T Wireless

BUSINESS
Starbucks

Phone

+1 206 264 8921
View phone details

ASSOCIATED BUSINESS
Starbucks ✓

LOCATION
Same city and state as business address

LINE TYPE
Landline

CARRIER
CenturyLink

ONLINE PRESENCE
Last seen 4 days ago

Address

721 Pine St
Seattle, WA 98101-1815
United States
View address details

ASSOCIATED BUSINESS
Starbucks ✓

MAIL DELIVERY
Can receive mail

LOCATION TYPE
Single-unit

COMMERCIAL ADDRESS
Address is a business location

ONLINE PRESENCE
Last seen 3 days ago

Street View ↗

Cross Checks

✓ Business phone matches individual name   ✓ Business address matches individual name

INDIVIDUAL PHONE + BUSINESS
First seen together 11 months

INDIVIDUAL EMAIL + BUSINESS
First seen together 11 months

BUSINESS ADDRESS
Seen 3 times with individual attributes in last 3 months

Locations & Distances

MILES KILOMETERS
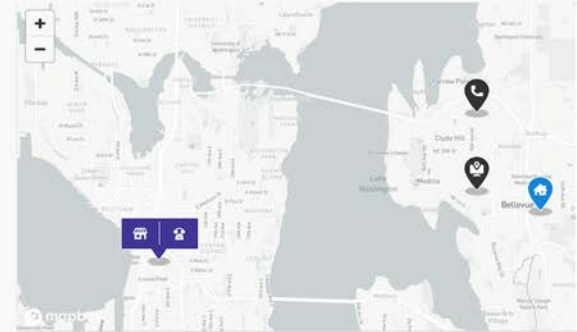
INDIVIDUAL

📞 Phone
3 mi away

🏠 Measuring from
10301 NE 10th St Apt 951
Bellevue, WA 98004-5526
United States
📍 Country Center

IP IP address
2 mi away

BUSINESS

Phone
12 mi away

Address
12 mi away

Merchant Onboarding API

Using five identity elements from the business-individual pair to evaluate risk

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Phone	Address	Email	IP

Scores

	Individual Identity Risk Score	Individual Identity Network Score	Individual IP Risk Score
	Output between 0 to 500	Output between 0 to 1	Output between 0 to 1

Metadata

Phone	Address	Email	IP
Business Line type	Business Validity Level	Individual First Seen Days	Individual Country Code
Business Carrier	Business Last Seen Days		Individual Volatility
Business Last Seen Days	Business Volatility		
Individual Carrier	Individual Validity Level		
Individual Line Type			
Individual Last Seen Days			

Linkages

Phone	Address	Email	IP
Business Match to Business Name	Business Match to Business Name	Individual Match to Individual Name	Individual Match to Individual Name
Business Match to Individual Name	Individual Match to Individual Name	Individual to Business First Seen Days	Individual to Business First Seen Days
Individual Match to Individual Name	Business Match to Individual Name		Individual to Business Distance
Individual to Business First Seen Days	Individual to Business Distance		Individual to Individual Phone Distance
Individual to Business Distance			

Model-ready data for the digital economy
Reduce friction, improve conversions & combat fraud