FROST & SULLIVAN

# Frost Radar™: Fraud Detection and Prevention (Know Your Customer), 2025

A Benchmarking System to Spark Companies to Action - Innovation That Fuels New Deal Flow and Growth Pipelines

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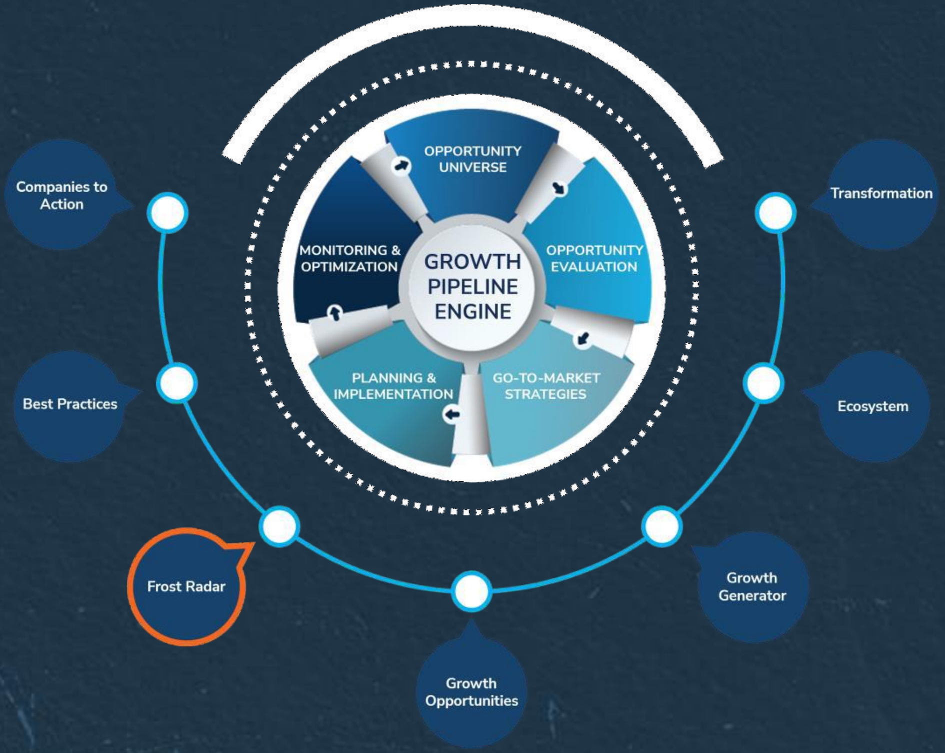

**PFSR-74**
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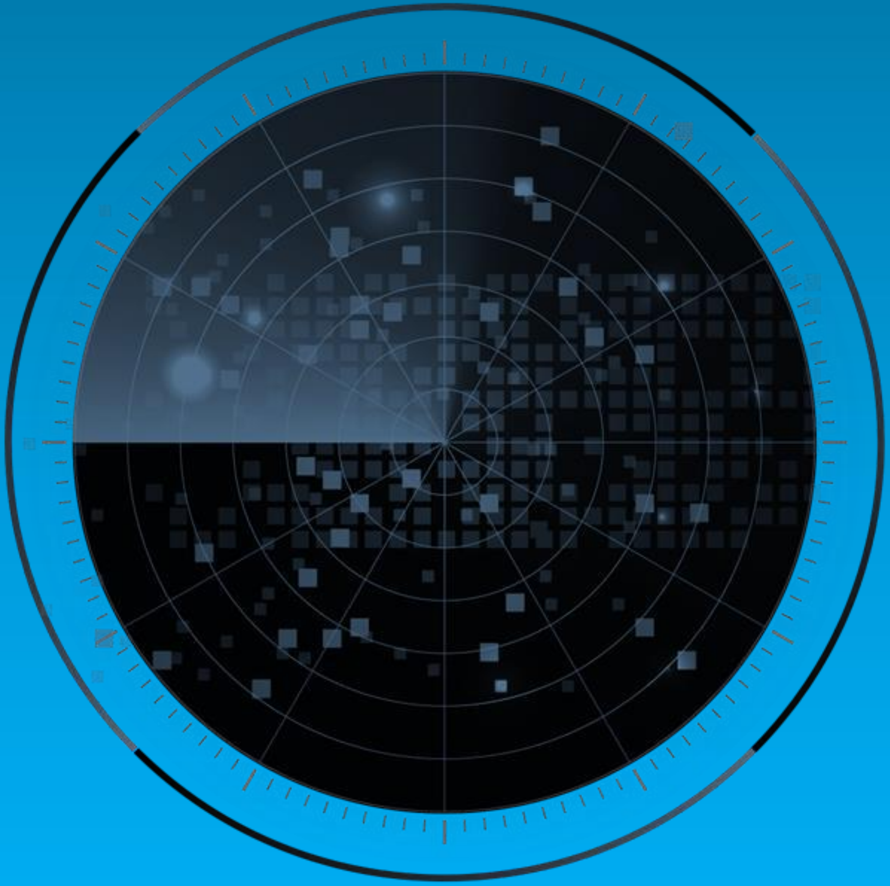
# Strategic Imperative and Growth Environment



# Strategic Imperative

- Companies have been experiencing an unprecedented increase in fraud attacks in the past several years. The fraud detection and prevention (FDP) industry faces a unique challenge as fraudsters and solution providers, both deploy advanced technologies.
- Fraudsters exploit AI to execute sophisticated fraud attacks on unsuspecting consumers, constantly evolving their tactics to outsmart existing fraud prevention measures. In response, FDP providers utilize AI-enabled solutions to analyze fraud patterns, gather network intelligence, and make more informed decisions without compromising the customer experience.
- FDP solutions deploy advanced technologies to investigate suspicious behaviors, anomalous patterns, and inconsistent data and establish beyond reasonable doubt the authenticity of a transaction and identity. Vendors provide one or both of the following capabilities as part of their FDP solutions, along with fraud analytics:
    - Know Your Customer (KYC): Identity proofing and verification
    - Know Your User (KYU): Authentication and behavioral biometrics
- This Frost Radar™ focuses on vendors that provide KYC solutions, which help to reduce fraud, minimize alerts, and maintain a degree of assurance by knowing that customers are who they claim to be. To enhance outcomes, providers use dynamic identity elements, which make systems more agile and able to combat ever-increasing fraud methodologies.
- Synthetic identities, forged documents, money laundering, and credential stuffing are some of the things that KYC solutions must detect and prevent. Solutions verify identity against a broad set of personal and digital data sourced when the account is created or is provisioned. The KYC approach to identify and verify users leverages a combination of physical and digital variables. Vendors are making verification easier and involving governments by using government-issued IDs.

Source: Frost & Sullivan

# Growth Environment

- Fraud has seen an exponential increase in the last few years, with instances of deepfakes, video injections, identity theft, romance scams, and many others constantly on the rise. Fraudsters are using advanced technology for consistent and sophisticated attacks that may not be discovered by traditional FDP methods. Managing fraud attempts manually is impossible because of the complexity and volume of attempts.
- KYC solutions automate verification and onboarding processes so that consumers can do it independently, enabling enterprises to lower the cost of customer acquisition, speed up processes, and maintain accuracy. Biometrics, reusable identities, real-time analytics, network and device intelligence, and many other parameters help to establish the authenticity of the customer.
- KYC has evolved as a regulatory mandate for certain verticals, such as gaming, banking, financial services and insurance (BFSI), and mobility. Enterprises must know the “true” identity of customers to avoid fraud and deception. To “know” their customers, KYC solutions verify users during onboarding and monitor identity throughout the session or transaction.
- Anti-money laundering (AML) and know-your-business (KYB) are essential components of KYC solutions as fraudsters increasingly target unsuspecting users to transfer funds illegally. KYB entails establishing the authenticity of a business.
- Due to the diversity in regulations, consumer awareness, and approach to fraud, there are some differences in regional characteristics. However, fraud instances are increasing globally, and solution providers must take the variances into account when they launch products.

Source: Frost & Sullivan

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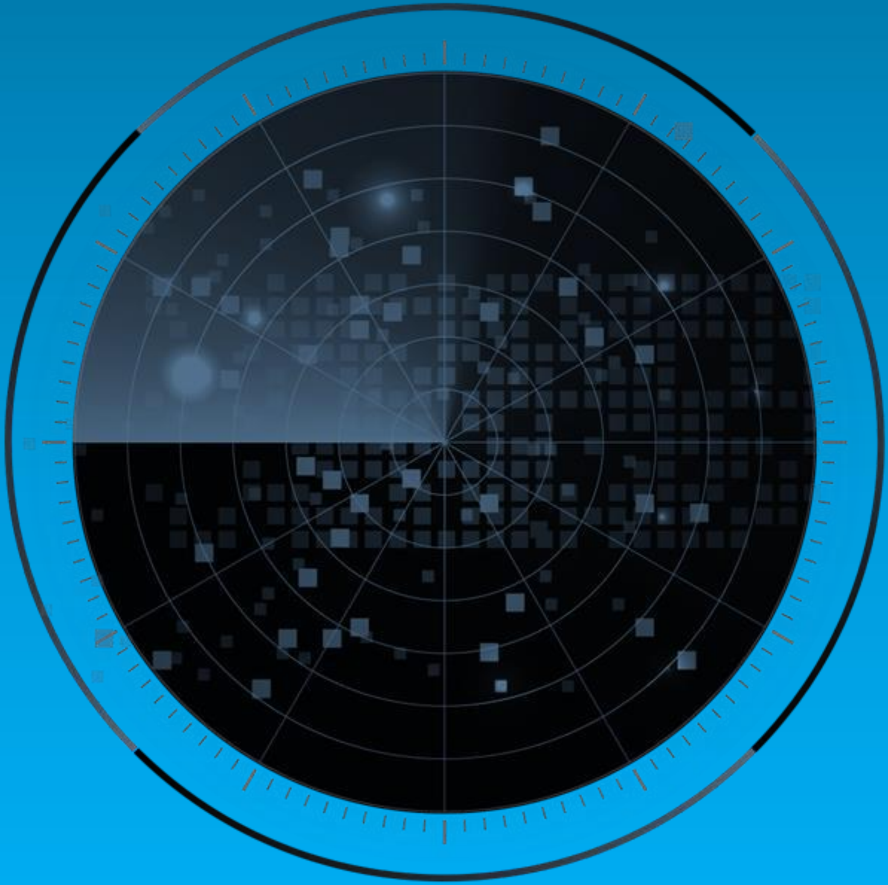
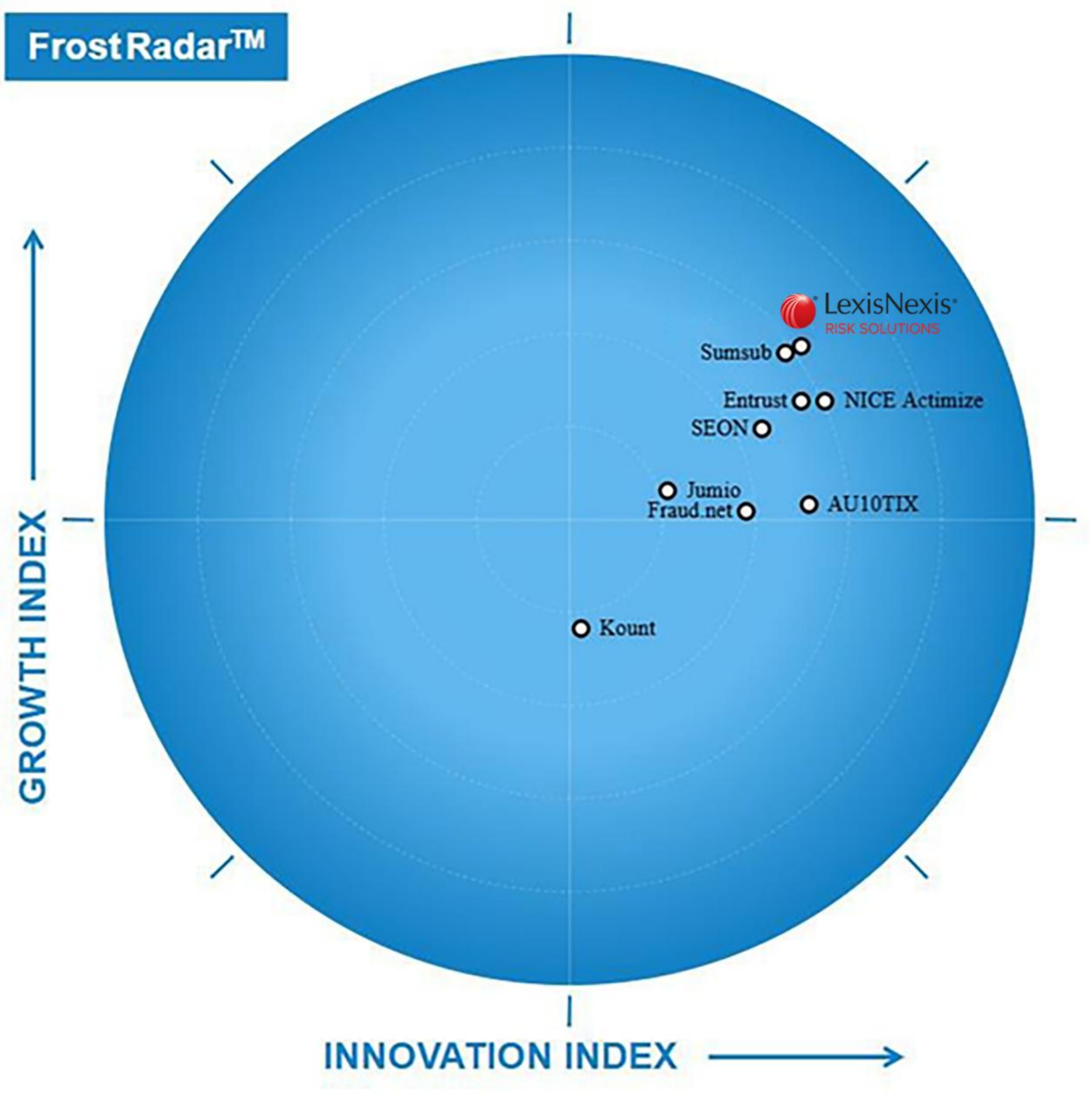
# Frost Radar™: Fraud Detection and Prevention (Know Your Customer)



# Frost Radar™: Fraud Detection and Prevention (Know Your Customer), 2025



Source: Frost & Sullivan

# Frost Radar™ Competitive Environment

- Traditional KYC involved physical checking of documents and verifying identity in person. In a digital economy, online transactions and businesses have become the norm. The emergence of iGaming, fintechs, and eCommerce increased the demand for online verification. To enhance the accuracy and speed of the verification process, KYC vendors are using analytics, AI, and machine learning (ML).
- Facial biometrics, document scanning, and digital IDs are some of the technologies that providers use for KYC solutions. KYC also takes into consideration device fingerprinting, continuous authentication, and behavioral biometrics to determine—even before actual verification—whether an individual should be trusted. Many vendors offer pre- and post-KYC services, building an end-to-end offering.
- The FDP market and KYC segment research started with about 80 vendors. KYC vendors that met the criteria for inclusion in the Frost Radar™ but were unable to share detailed insight into their solution were excluded to ensure fair scoring and comparison. Vendors that offer only some components of KYC (in-house/third-party) as part of their larger KYU offering also were not considered.
- Most vendors are focusing on improving technology, and AI- and ML-powered enhancements are a significant part of their roadmaps. However, they are at different stages of maturity of the technology and its impact on various products.
- The clustering of FDP providers indicates that there is a growing demand for FDP solutions across the board. The large providers (some of which have been in the market for many years) and new providers that identify as cloud-first or AI-first have registered revenue growth. The focus on innovation and technology has been high to enhance the effectiveness of the solutions.
- The rapid rise of the newer market entrants will threaten the position of some of the large legacy providers, who are fighting back by acquiring smaller, innovative FDP providers.

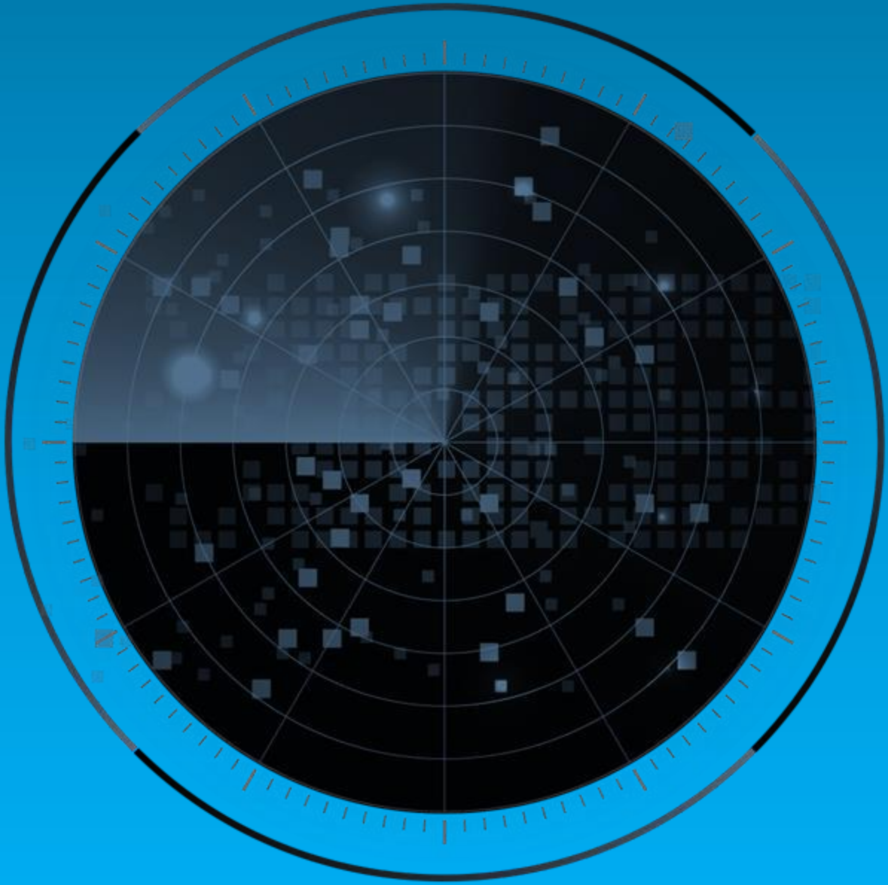
Source: Frost & Sullivan

# Frost Radar™ Competitive Environment (continued)

- LexisNexis® Risk Solutions has a large, complementary portfolio across physical and digital identity security and FDP, resulting in a robust suite of capabilities. The company's focus on enhancing its portfolio continuously via partnerships and in-house development has led to organic and inorganic growth. As a growth index leader, the company is facing stiff competition and must increase its focus on flexibility and agility to maintain its Radar position.

Source: Frost & Sullivan

# Frost Radar™: Companies to Action



# LexisNexis® Risk Solutions

## INNOVATION

- LexisNexis® Risk Solutions has one of the most comprehensive FDP solutions that includes KYU and KYC capabilities. As one of the few vendors that offer physical and digital FDP, it has numerous solutions, such as LexisNexis® Emailage®, LexisNexis® ThreatMetrix®, LexisNexis® BehavioSec®, LexisNexis® InstantID®, and LexisNexis® Fraud Intelligence. Clients benefit from a cross-industry view of fraud and risk signals and access to an extensive capability set through a single API to LexisNexis® Dynamic Decision Platform, its delivery platform to address enterprise fraud. The integration, authentication, and orchestration hubs simplify implementation and use.
- Its product vision is based on supporting the entire customer journey, enabling flexible and adaptive capabilities, and focusing on customer-centric experiences and continuous investments in innovation.
- The 2025 acquisition of IDVerse®, an AI-powered fraud detection solution and document authentication provider based in Australia, adds to the KYC identity verification capabilities, which is especially relevant because of the increase in deepfake fraud. The proprietary technology of IDVerse® uses deep neural networking to authenticate 16,000 types of identity documents globally and uses biometric algorithms for liveness detection and identity verification.
- With a team of more than 100 data scientists, key roadmap items include further improvements and enhancements in industry-specific functionalities, device identification algorithms, behavioral biometrics, policy simulation, rules configuration granularity for payments, self-calibrating AI models, and more.
- The company integrates with many vendors within the ecosystem to enable technical, legal, and business market expertise for customers. It shares knowledge and engages with critical decision-makers and market leaders in the public and private sectors.

Source: Frost & Sullivan

# LexisNexis® Risk Solutions (continued)

## GROWTH

- RELX, the parent company of LexisNexis® Risk Solutions, has maintained steady growth over the last 3 years. LexisNexis® Risk Solutions has grown with contributions from new solutions, product enhancements, and new clients.
- With a vision to “inspire insightful decisions in a world of hidden risks and opportunities,” LexisNexis® Risk Solutions continues to grow organically and inorganically. It acquired BehavioSec (a behavioral biometrics solution) in 2022 and IDVerse® (an AI-powered identity verification) in 2025, adding 150 employees and 300 clients.
- Its vast intelligence network has access to information and insights from 124 billion transactions, 5 billion email IDs, 8 billion phone numbers, 3.48 billion IP addresses, and 3.4 billion digital identities garnered from more than 200 countries and territories.
- The company has a strong partnership program and strategic alliances across SIs, MSPs, MSSPs, content providers, resellers, marketplaces, and technology providers, enabling access to niche areas of expertise and helping solve customers’ business challenges.
- Working closely with customers, it plans to invest more in AI and ML, identifying new opportunities and increasing presence in regions such as Europe, Asia-Pacific, and the Middle East.

Source: Frost & Sullivan

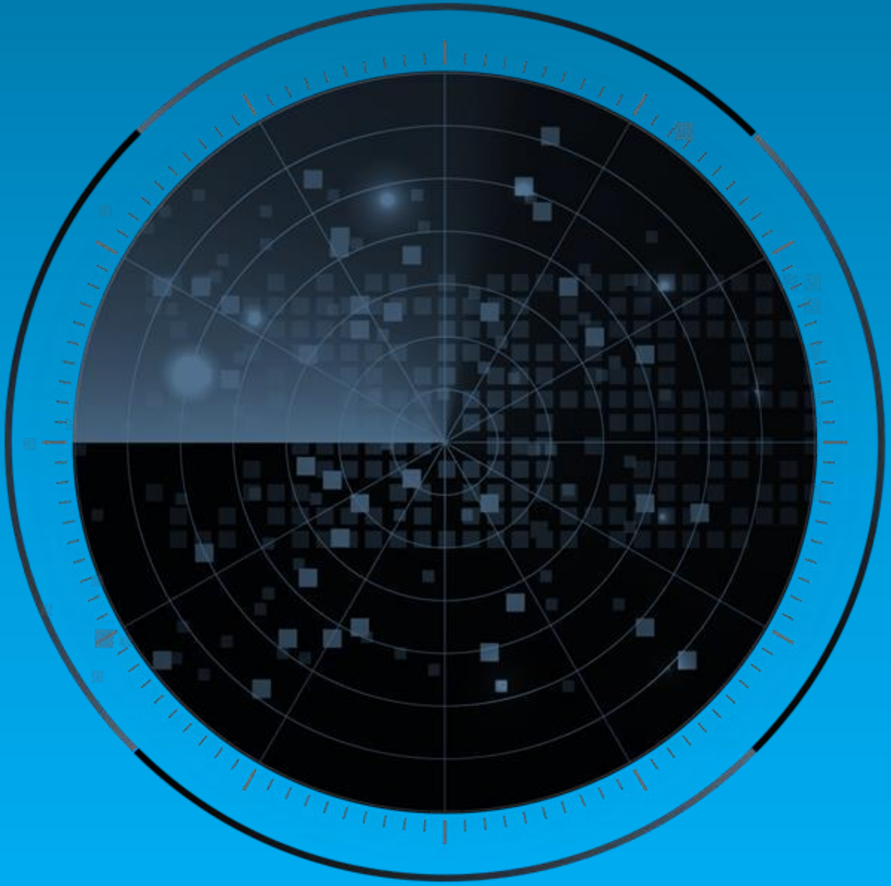
# LexisNexis® Risk Solutions (continued)

## FROST PERSPECTIVE

- LexisNexis® Risk Solutions must offer greater flexibility in product pricing to cater to diverse client demands globally. This will help it make the most of its expansion plans in other regions, such as Asia-Pacific and Latin America.
- Utilizing its ability to integrate data, research, and customer feedback, it must include out-of-the-box, industry-specific solutions to increase its footprint in the SME market. This will help it reach out to a large number of clients in the Asia-Pacific and Latin American regions.
- The company must ensure adequate attention to clients added with the acquisition for a smooth transition.
- The company can leverage its strong position in the North American market to expand its presence in Latin America, the Middle East, and Asia-Pacific. Many countries in these regions are regulating various industries and offer great potential for growth. Partnering with regional providers will be crucial to drive this growth.

Source: Frost & Sullivan

# Best Practices & Growth Opportunities



# Best Practices

1 Fraud is evolving at a pace that is tough to keep up with. The use of technology enables fraudsters to launch consistent and sophisticated attacks. Vendors must deploy AI- and ML-powered solutions that go beyond surface-level improvements to traditional approaches, and utilize data, device, and network intelligence.

2 Regulators across the globe are focusing on data security and privacy and are making companies' compliance mandatory. Vendors must ensure that their solutions enable automatic compliance across regions based on vertical-specific requirements.

3 False positives impact security analyst productivity and customer experience. FDP vendors must focus on improving analytics, data, and logic to ensure that their solutions are optimized to strike a balance between security and experience.

Source: Frost & Sullivan

# Growth Opportunities

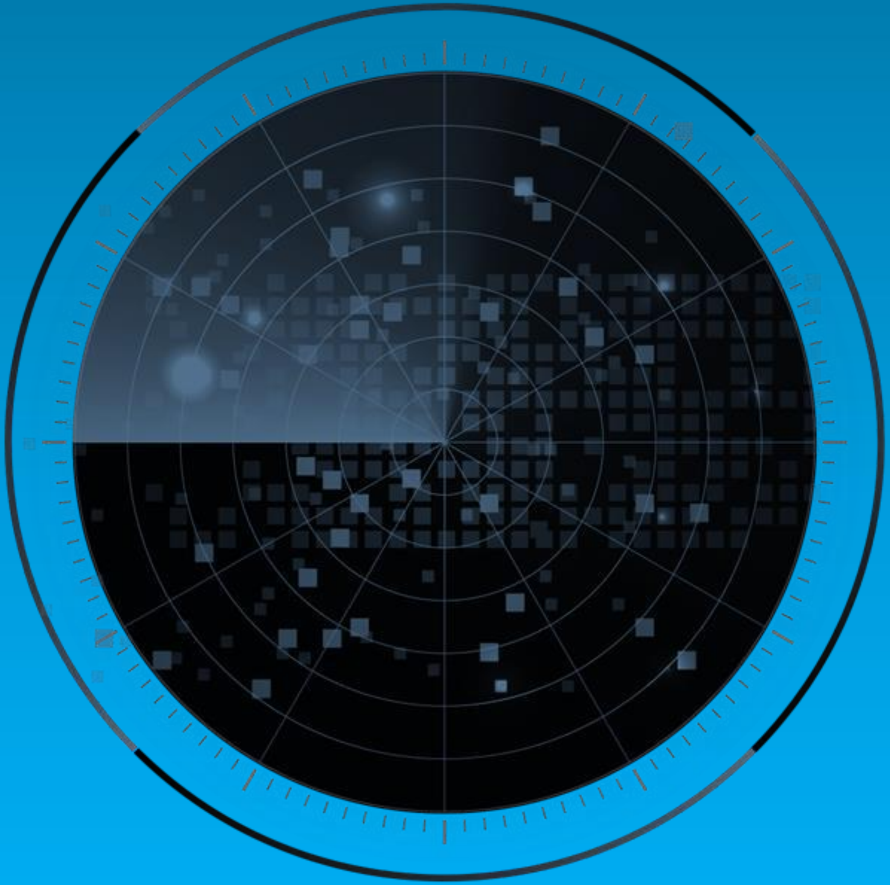
1 Network intelligence leverages data analytics, AI, and ML to provide insights to fraud analysts. User, device, and behavioral data from the entire network enable models to learn continuously and understand evolving patterns to provide better insights. This improves accuracy, enables real-time fraud detection, and optimizes costs.

2 Each vertical has unique requirements regarding effectively managing customer experience, regulations, and fraud patterns. While some may need to secure PII, others only deal in behavioral insights, making the ability to customize solutions important.

3 The rapid pace at which new fraud attacks and techniques emerge adds to the challenge of managing fraud. Deepfakes, video injections, and synthetic identities are sophisticated attacks that traditional FDP will not be able to solve, making the use of advanced technologies in solutions essential.

Source: Frost & Sullivan

# Frost Radar™ Analytics



# Frost Radar™: Benchmarking Future Growth Potential
# 2 Major Indices, 10 Analytical Ingredients, 1 Platform

## Growth Index

Growth Index (GI) is a measure of a company’s growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline system; and effective market, competitor, and end-user focused sales and marketing strategies.

**GI1**

**MARKET SHARE (PREVIOUS 3 YEARS)**
This is a comparison of a company’s market share relative to its competitors in a given market space for the previous 3 years.

**GI2**

**REVENUE GROWTH (PREVIOUS 3 YEARS)**
This is a look at a company’s revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.

**GI3**

**GROWTH PIPELINE**
This is an evaluation of the strength and leverage of a company’s growth pipeline system to continuously capture, analyze, and prioritize its universe of growth opportunities.

**GI4**

**VISION AND STRATEGY**
This is an assessment of how well a company’s growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?

**GI5**

**SALES AND MARKETING**
This is a measure of the effectiveness of a company’s sales and marketing efforts in helping it drive demand and achieve its growth objectives.

Source: Frost & Sullivan

# Frost Radar™: Benchmarking Future Growth Potential
# 2 Major Indices, 10 Analytical Ingredients, 1 Platform

## Innovation Index

Innovation Index (II) is a measure of a company's ability to develop products/ services/ solutions (with a clear understanding of disruptive megatrends) that are globally applicable, are able to evolve and expand to serve multiple markets and are aligned to customers' changing needs.

II1

**INNOVATION SCALABILITY**
This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

II2

**RESEARCH AND DEVELOPMENT**
This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

II3

**PRODUCT PORTFOLIO**
This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

II4

**MEGATRENDS LEVERAGE**
This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of megatrends can be found here.

II5

**CUSTOMER ALIGNMENT**
This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

Source: Frost & Sullivan

# Next Steps

Transformation

Ecosystem

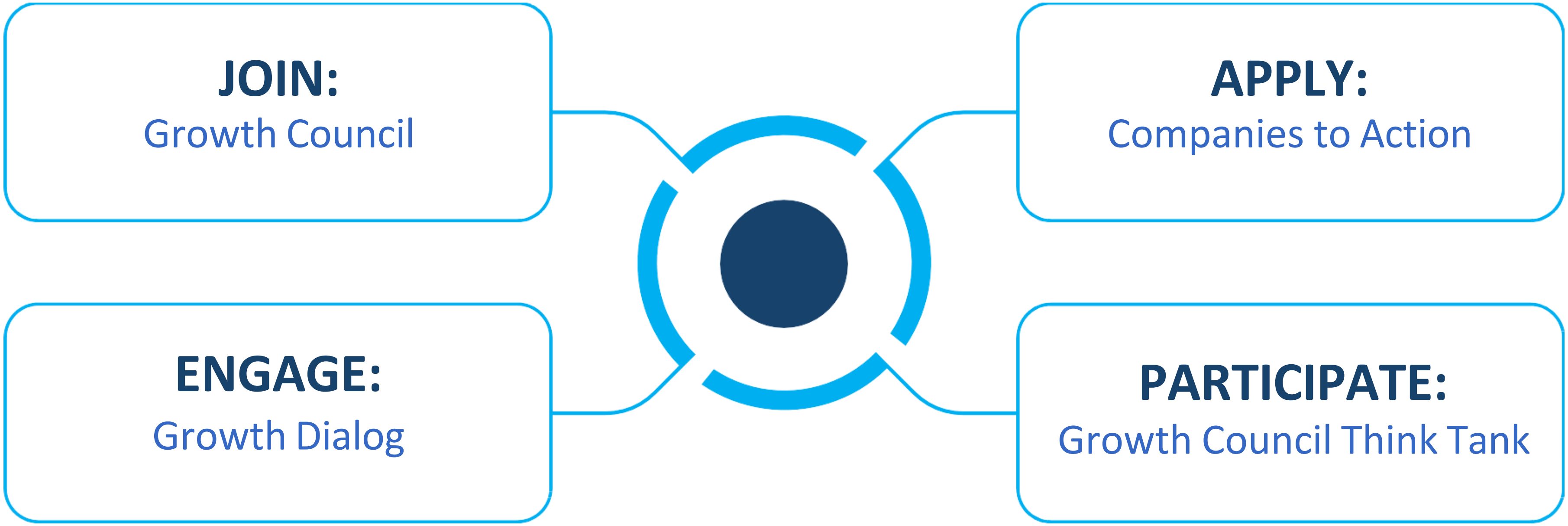
Growth Generator

Growth Opportunities

**Frost Radar™**

Best Practices

Companies to Action



**JOIN:**
Growth Council

**APPLY:**
Companies to Action

**ENGAGE:**
Growth Dialog

**PARTICIPATE:**
Growth Council Think Tank

**Does your current system support rapid adaptation to emerging opportunities?**

Source: Frost & Sullivan

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