The Financial Data Identity Gap:

Building Trust and Personalization in a Fragmented Landscape

Experience is the new currency.
Identity backs it.

Executive Summary

As consumer expectations rise, shaped by seamless digital experiences from tech giants like Amazon and Apple, many banks, credit unions, and financial institutions are struggling to keep pace. Agile disruptors such as Venmo, Chime, and Apple Pay are rapidly gaining ground by delivering simple, secure, and personalized interactions that foster loyalty.

Gone are the days in which customers stayed with the same financial institution for decades. In fact, people are more willing to change banks than ever before: 76% of consumers are likely to switch banks if they find one that better fits their needs, up from 52% in 2020, according to a 2024 Motley Fool Money survey.

Regulatory pressure also continues to mount. For example, Know Your Customer (KYC) regulations require institutions to verify the identity of clients and assess risk before doing business, a process critical to preventing fraud and complying with anti-money laundering laws. But without accurate and complete identity data, KYC becomes costly, slow, and prone to error.

Despite years of digital transformation, identity data remains disconnected, incomplete, or riddled with duplication—limiting personalization, slowing onboarding, and increasing risk. New third-party research commissioned by Verato, the identity intelligence experts, reveals the consequences are real:

- **53%** of surveyed financial services leaders say poor identity data directly impacts revenue growth.
- **Half** report customer defection due to misaligned or fragmented experiences.
- **Only 8%** of leaders feel fully confident in their organization's ability to deliver a unified customer view.

The experience economy has arrived in financial services, and identity is the new strategic battleground. Institutions that fail to modernize risk not just poor performance, but irrelevance.

74% of consumers across all generations want more personalized experiences from their financial institutions.

66% of consumers are comfortable with their bank or credit union using their data to provide personalized experiences.

Source: *The Future of Banking is Personal, The Financial Brand, January 2025*

This report explores the research findings to show how financial organizations are responding to the identity challenge and why identity intelligence (the ability to unify, enrich, and govern customer data across systems and touchpoints) is the key to building loyalty, driving personalization, reducing compliance exposure, and staying competitive in a rapidly evolving market. The findings reveal a persistent identity gap that must be closed to thrive in today's experience economy.

The results show that while most leaders recognize the strategic importance of unified identity data, very few are confident in their ability to consistently deliver personalized, secure financial experiences.

Identity Challenges in Financial Services:
Where Financial Services Falls Short on Identity

The financial services industry is facing intense pressure to modernize technology systems to support the emerging demands of today's financial consumers. In fact, according to the research, 83% of leaders agree that customers expect seamless, personalized experiences across all channels. And 6 out of every 10 leaders say that improving customer experiences is critical to their 2025 strategic goals.

Despite recognition of this issue, most institutions remain constrained by disconnected systems and fragmented identity data. The research reveals that only 12% of leaders feel confident they can provide personalized experiences at every touchpoint, and only 8% are fully confident that their organization's data ecosystems support a complete, 360-degree view of their customers.

The inability to confidently answer "Who is this person, really?" limits every aspect of financial engagement, from onboarding and compliance to risk scoring and cross-selling. A limited view of the customer affects more than just experience. It undermines trust, impedes growth, and limits operational efficiency.

According to the research, the business implications are significant:

- **95%** of financial services leaders report that fragmented identity data prevents delivery of secure, tailored services.
- **55%** say it directly limits operational gains.
- **53%** cite a negative impact on revenue growth.
- **50%** experience regular customer defection due to poor experiences tied to misaligned or incomplete data.
- **50%** report it impedes trust-building with customers.
- **38%** agree that it decreases customer satisfaction.

Top Challenges Meeting Customer Expectations

Percentages of leaders who say they are facing the following challenges in meeting customer expectations

- **60%** Siloed and fragmented data
- **33%** Insufficient technology integration
- **30%** Lack of comprehensive consumer insights
- **23%** Limited capacity to deliver personalized experiences

The Strategic Opportunity:
Unified Identity Intelligence: A Single Customer View

While the challenges are real, so too are the opportunities. Financial services organizations that unify customer identity data across systems of record, insight, and engagement can build a rich, real-time view of each customer. This capability is foundational to enabling personalized service, deeper loyalty, improved compliance, and faster growth.

Unified identity intelligence enables:

- Accurate, personalized offers and services across digital channels
- Real-time identity verification and fraud mitigation
- Enriched customer profiles for AI-powered analytics and engagement
- A consistent data foundation for compliance, onboarding, and service delivery

This transformation requires more than point solutions. It demands a strategic, cross-enterprise approach to identity, one that connects every customer touchpoint with a common, trusted view of who the customer is and what matters most to them.

> **As digital experiences define brand loyalty and retention, identity intelligence becomes a business imperative, not just a back-office concern.**

Master Data Management:
The Path Forward

To achieve this level of intelligence and integration, many financial institutions are investing in modern Master Data Management (MDM) solutions. In fact, nearly 40% of leaders surveyed say they plan to invest in new MDM technology, with the top goals being real-time identify resolution, improved system integration, and data enrichment.

In an era where margin pressures are intensifying, digital channels are expanding, and regulatory complexity is growing, MDM provides the foundational infrastructure to streamline operations, reduce duplication, and empower faster, data-informed decisions across the enterprise.

98% believe connecting tools to accurate identity data is essential for delivering exceptional experiences, yet two out of three say their current MDM approach needs improvement in areas such as data accuracy and reliability, better integration across systems, and real-time identity resolution and updates.

MDM systems reconcile and unify customer identity data across silos, continuously resolving duplicates and inconsistencies. They also enrich customer profiles by incorporating third-party and behavioral data, creating deeper insights that power more relevant, contextual engagement. This creates a dynamic, single source of truth that supports:

- **Secure, consistent interactions across all customer channels**
- **Better-informed frontline staff and advisors**
- **More effective personalization and targeting**
- **Compliance confidence and data governance**

Getting Identity Right:
A Strategic Mandate for 2025

As this research illustrates, financial services leaders understand the importance of identity, but only 12% feel fully confident in their ability to deliver truly personalized experiences. This gap represents not only a missed opportunity for deeper customer engagement but also a growing liability in a market defined by disruption and rapidly evolving customer expectations.

The path forward is clear: unify identity by integrating data from historically siloed systems, such as core banking platforms, CRM tools, marketing automation, call centers, and third-party sources, into a single, accurate, and continuously updated profile.

When identity is built on unified, enriched data, financial services organizations can deliver the kind of seamless, personalized, and secure experiences that customers expect and operational leaders demand.

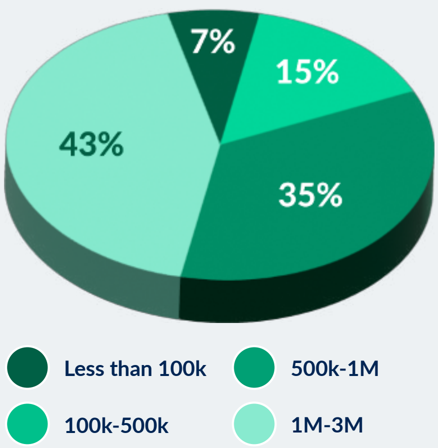
It's no longer just about having the data, but about activating it intelligently across every touchpoint.

Financial services organizations that move now to modernize their identity data foundation will be best positioned to lead in loyalty, efficiency, and long-term growth.

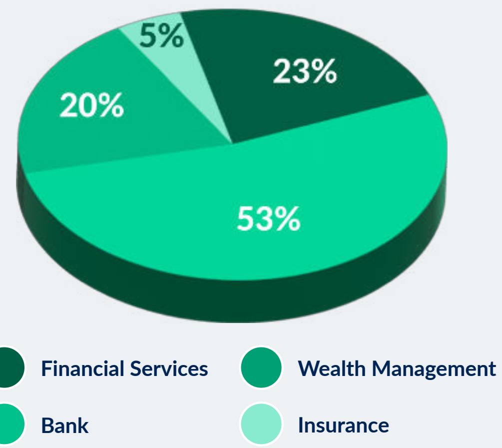
Survey Methodology

The two-phase proprietary market research employed a mixed-mode approach, combining quantitative web-based surveys with qualitative in-depth telephone interviews conducted among hundreds of senior IT, data, and experience leaders who oversee or have insight into the data management strategies for their operations. The study was conducted in the spring of 2025 and focused on three key verticals: healthcare, financial services, and the public sector.

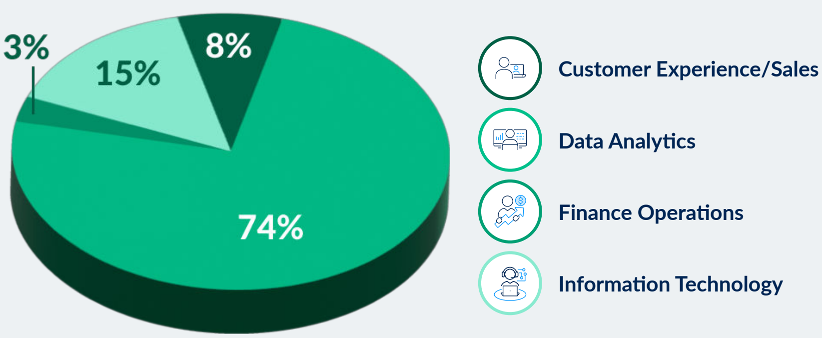
Annual Revenue



Type of Organization



Primary Responsibility



Verato®, the identity intelligence experts, powers exceptional experiences everywhere by solving the problem that drives everything else — knowing who is who. Verato MDM Cloud™, the next generation of master data management, delivers unprecedented identity intelligence and interoperability by combining the most accurate identity resolution and enrichment with advanced insights, identity verification, and data governance. Verato re-imagines master data management to be purpose-built and nimble to drive a complete and trusted 360-degree view of people, organizations, and networks across complex ecosystems with unmatched speed-to-value, enterprise grade performance, and customer success. More than 75% of the US population flows through Verato, powering a single source of truth for identity across the critical industries of healthcare, life sciences, financial services, public sector, and beyond. For more information, visit **verato.com.**