Socure

RESEARCH REPORT · JUNE 2026

The Growth Tax: What False Declines *Really* Cost the Institutions That Don't Measure Them

A study of 280 product, growth, and fraud & risk leaders at U.S. banks, fintechs, and marketplaces on the good customers turned away in the name of fraud prevention — and the revenue that walks out with them.

1 in 3

auto-declined applicants is a good customer, by leaders' own estimates

27%

of institutions actually measure their false-decline rate

62%

of falsely declined applicants never come back, among orgs that ran win-back analysis

Independent survey · n=280 · Fielded March 2026

EXECUTIVE SUMMARY

Fraud teams are graded on the losses they stop. *Nobody grades the growth they stop.*

Every institution knows its fraud loss number to the basis point. Almost none knows how many good customers it rejected to get there. This study set out to size that blind spot — and found that it isn't a rounding error. It's a tax on growth, levied silently at the front door, at the exact moment acquisition costs have never been higher.

Across 280 senior product, growth, and fraud & risk leaders surveyed in March 2026, the average institution auto-declines **24% of new account applications**. Respondents estimate that roughly **one in three of those declines is a legitimate customer** — meaning about 8% of everyone who tries to open an account is turned away for fraud they didn't commit.

The customer doesn't file a complaint. They file with a competitor. Among the subset of organizations that have run win-back analysis on falsely declined applicants, **62% never reapplied**. The decline is invisible in the fraud dashboard, invisible in the credit dashboard, and painfully visible — if anyone looked — in the growth numbers.

Almost nobody looks. Only **27% of institutions measure a false-decline rate at all**, while 81% grade their fraud teams on fraud losses. The incentive structure produces exactly what it rewards: fewer losses, achieved partly by rejecting anyone the stack can't confidently verify. The problem isn't that fraud teams are too cautious. It's that half the scoreboard is missing.

There is a way out, and the data shows it. The 24% of institutions running identity verification and fraud decisioning on a unified platform report **31% fewer false declines and 22% lower manual review volume — with fraud losses flat or better**. Accuracy, it turns out, is not a trade-off. It's the whole game.

24%
of new account applications are auto-declined at the average institution

5.2%
of new-customer revenue lost annually to false declines, per respondent estimates

81/19
fraud teams graded on losses vs. graded on approval or growth metrics

31%
fewer false declines reported by unified-platform institutions

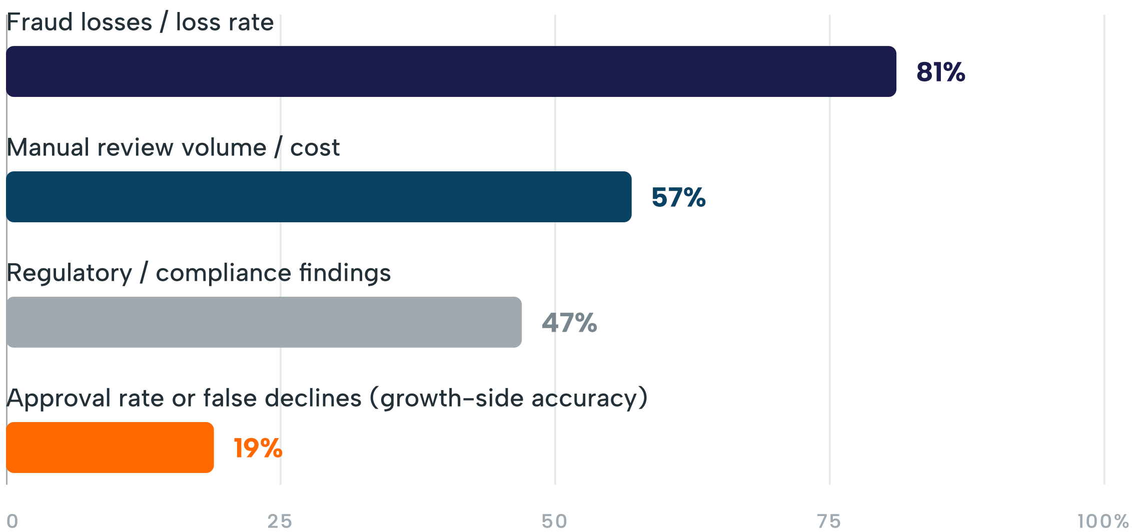
FINDING 01

The metric almost nobody keeps

Ask an institution its fraud loss rate and you'll get an answer to two decimal places. Ask its false-decline rate — the share of rejected applicants who were actually good — and 73% can't answer, because they've never measured it. The scoreboard fraud teams are managed against counts one kind of error and ignores the other entirely.

What fraud & risk teams are formally measured on

% OF RESPONDENTS · N=280 · MULTIPLE RESPONSES ALLOWED



All charts in this report share one scale: full grid width = 100%. Only 27% of institutions calculate a false-decline rate at any cadence; 19% include it in team scorecards.

WHY THIS MATTERS

Teams optimize what they're measured on. When the only counted error is a fraud loss, every ambiguous applicant becomes a rational decline — and the cost of that decision lands on a growth team three org charts away. The first step out of the growth tax isn't a new tool; it's a second number on the scoreboard.

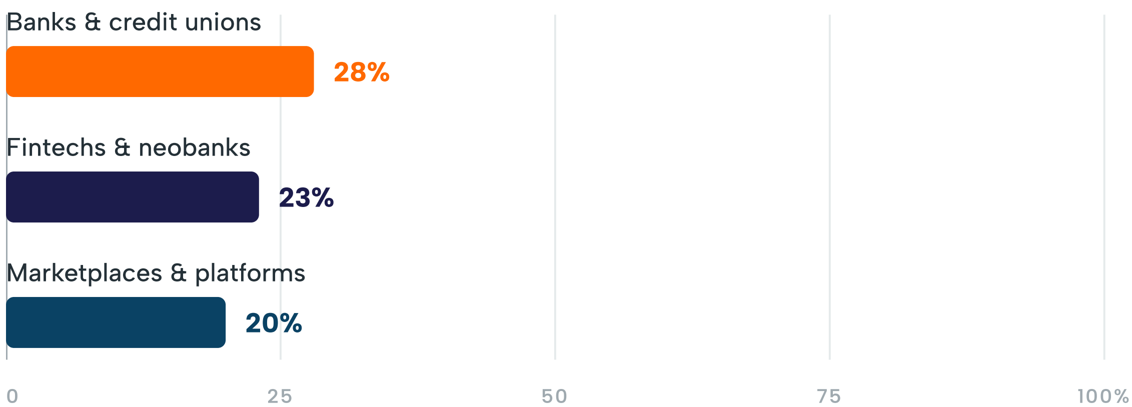
FINDING 02

A quarter of the front door is closed

The average institution auto-declines 24% of new account applications before a human ever looks at them. Banks decline the most; marketplaces the least. And when we asked leaders — the people who own these funnels — what share of those declines they believe are actually legitimate customers, the consensus answer was roughly one in three.

Average share of new applications auto-declined, by organization type

MEAN REPORTED RATE · N=280



Same 0–100% scale as every chart in this report. Overall weighted average: 24%. Combined with leaders' estimate that ~1 in 3 declines is legitimate, roughly 8% of all applicants are falsely declined.

8%

of all applicants falsely declined — the implied rate when 1 in 3 of the 24% is a good customer

5.2%

of annual new-customer revenue lost to false declines, per respondents' own estimates

> *"We spent $340 per funded account on acquisition last year. Then our own rules engine declined people we'd already paid to acquire. Nobody owns that line item."*
>
> VP OF GROWTH · DIGITAL BANK (2M+ CUSTOMERS)

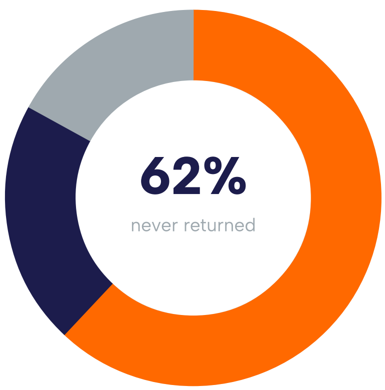
FINDING 03

The falsely declined customer doesn't argue. *They leave.*

A false decline feels free because the customer rarely complains — there's no chargeback, no case, no ticket. Among the 94 organizations in our sample that have run win-back or re-application analysis on declined applicants later confirmed as legitimate, the picture is unambiguous: most of those customers are simply gone.

What happened to falsely declined applicants

% OF FALSELY DECLINED APPLICANTS · ORGS WITH WIN-BACK ANALYSIS · N=94



- Never reapplied or returned — **62%**
- Reapplied and were approved — **21%**
- Recovered via support / manual reversal — **17%**

Segments sum to 100%. Separately, 44% of all respondents believe most falsely declined applicants open an account with a direct competitor.

WHY THIS MATTERS

A fraud loss costs you the transaction. A false decline costs you the customer — every deposit, every product, every referral they would have brought, handed to a competitor at your expense. At 62% permanent attrition, the "safe" decline is often the most expensive decision in the funnel.

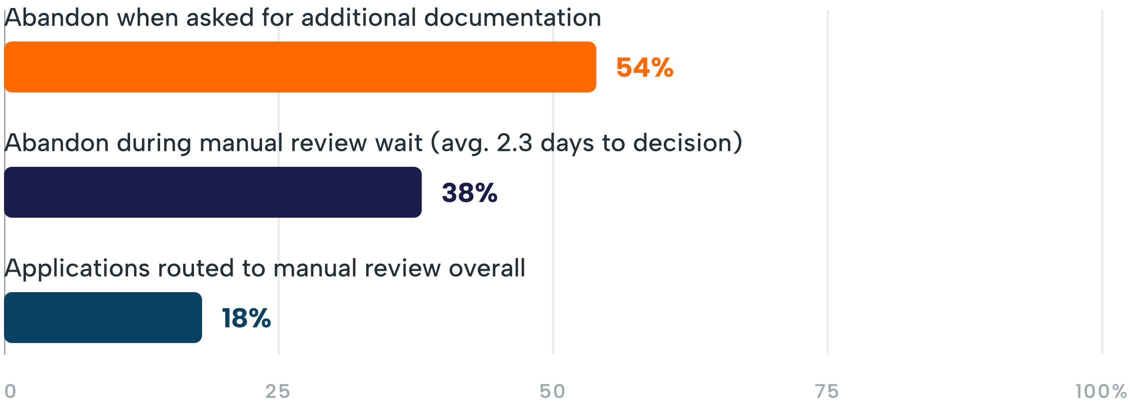
FINDING 04

Friction is the fallback — and applicants won't wait

Institutions that don't decline outright often do something nearly as costly: they route ambiguous applicants into step-up documentation requests and manual review queues. Those queues grew 31% year over year. The applicants, meanwhile, behave like it's 2026: when asked to upload additional documents and wait, most simply abandon.

What friction does to ambiguous applicants

MEAN REPORTED RATES · N=280



Same 0–100% scale as every chart in this report. Manual review queues grew an average of 31% year over year.

> *"Our step-up flow was designed as a safety net. It turned out to be a trapdoor — half the people we asked for a utility bill just closed the tab."*
>
> HEAD OF PRODUCT · CONSUMER LENDING FINTECH

WHY THIS MATTERS

Every applicant pushed to manual review is a coin flip you're paying review-analyst wages to lose slowly. Friction doesn't sort good from bad — it sorts patient from impatient, and your best digital-first customers are the least patient of all.

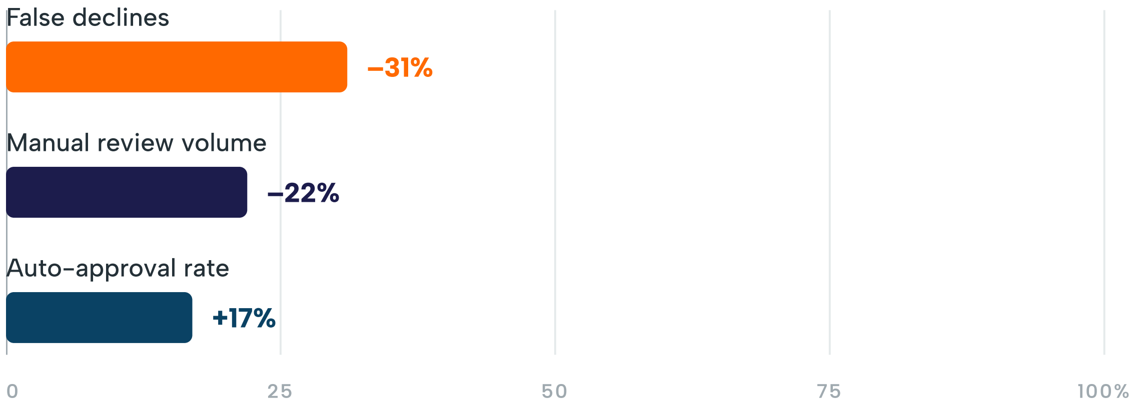
FINDING 05

The accuracy dividend: what the unified quarter does differently

24% of surveyed institutions run identity verification and fraud decisioning as a single, unified platform rather than a chain of point solutions. That cohort isn't trading safety for growth — it's getting both. They report materially fewer false declines and lighter review queues, with fraud losses flat or improved.

Unified-platform institutions vs. fragmented stacks

REPORTED DIFFERENCES VS. FRAGMENTED-STACK PEERS · UNIFIED COHORT · N=67



Magnitudes of reported change, on the report's shared 0–100% scale. Fraud losses in the unified cohort: 71% report flat or lower losses year over year vs. 52% of fragmented-stack peers.

2.4×

Unified-platform institutions are 2.4× more likely to measure false declines — accuracy and accountability travel together

71%

of the unified cohort report flat or lower fraud losses — accuracy didn't cost them safety

WHY THIS MATTERS

The false-decline problem is an accuracy problem, and accuracy comes from convergence: document, digital, device, and network signals resolving one identity in one decision. The institutions that unified the decision didn't move the fraud-growth trade-off. They dissolved it.

WHAT THIS MEANS

Five moves for growth and risk leaders

1. **Put false declines on the scoreboard — this quarter.**
You can't manage a tax you don't measure. Instrument a false-decline rate (sampled re-review of declines is enough to start) and report it beside fraud losses in the same deck, to the same executives.

2. **Give fraud and growth a shared number.**
81% of fraud teams are graded on losses; 19% on approvals. Add approval-rate or verified-approval targets to fraud scorecards, and false-decline cost to growth dashboards, so both teams are paid to solve the same equation.

3. **Price the decline like the acquisition it destroys.**
Multiply your falsely declined volume by acquisition cost and projected lifetime value. That's the growth tax. Institutions that ran this math told us it reframed the entire fraud-stack conversation with finance.

4. **Treat friction as a decline with extra steps.**
With 54% abandoning at document upload, step-up is not a safe middle path. Reserve it for genuinely ambiguous cases and measure abandonment as part of your false-decline cost, not as a separate UX metric.

5. **Consolidate the decision, not just the vendors.**
The unified quarter of the market reports 31% fewer false declines with flat-or-better losses. The mechanism is one decisioning layer where every identity signal converges — pursue that architecture before adding another point solution.

METHODOLOGY

About this study

This report is based on an online survey designed to quantify the business impact of false declines and onboarding friction at U.S. financial institutions and digital platforms. Fielding, sampling, and data validation were conducted by an independent third-party research firm in March 2026.

SAMPLE SIZE

280 completed responses

RESPONDENTS

Product, growth, and fraud & risk leaders — director, VP, and C-level

ORGANIZATIONS

U.S. banks, credit unions, fintechs, and marketplaces with $50M+ in annual revenue

MIX

41% banks & credit unions · 34% fintechs & neobanks · 25% marketplaces & platforms

GEOGRAPHY

United States

COLLECTION PERIOD

March 2026 · online survey · median completion time 14 minutes

Key metrics analyzed:

- Auto-decline rate at new account opening, by organization type
- Estimated false-decline share and implied falsely-declined applicant rate
- Win-back / re-application outcomes for falsely declined applicants (subset, n=94)
- Manual review routing rates, queue growth, and abandonment at step-up
- Team measurement structures (loss metrics vs. approval / growth metrics)
- Platform architecture (unified decisioning vs. fragmented point solutions, n=67 unified)

Percentages are rounded to the nearest whole number. Sub-group findings note their base sizes. Revenue-impact figures reflect respondent estimates, not audited financials.

Socure™

THE BOTTOM LINE

The next percentage point of growth isn't in your ad budget. *It's in your decline queue.*

Fraud prevention was never supposed to mean turning away the customers you exist to serve. As acquisition costs climb and applicants abandon at the first sign of friction, the institutions that win the next cycle will be the ones that can say yes to more real people — instantly, confidently, and without giving fraud an inch.

Socure's RiskOS® platform and Sigma Identity Fraud resolve every identity signal — document, digital, device, and network — into one accurate decision at the moment of account opening. More verified approvals, fewer false declines, and fraud losses that go down, not up. Growth up, risk down — simultaneously.

See your approval-rate upside — socure.com

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