

The Future Of Authentication In Financial Services, a PYMNTS and Entersekt collaboration, examines the role of authentication in financial services and provides a roadmap for financial institutions on how they can provide consumers with trusted and integrated banking experiences across multiple environments.

THE FUTURE OF AUTHENTICATION IN FINANCIAL SERVICES

Using Authentication To Build Trust



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The Future Of Authentication In Financial Services was produced in collaboration with Entersekt, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

INTRODUCTION

The increased global penetration of mobile devices has transformed how consumers transact with their preferred financial institutions (FIs), merchants and service providers. Recent PYMNTS research finds that 69% of all consumers now bank using their FIs' mobile apps, and 47% of them use their FIs' apps at least once per week — an engagement level that is not matched by any other online activity.¹

With consumers' increasingly digitally connected lives, security and positively verifying end users' identities is especially important. Many finan-

cial services providers, however, still rely on password authentication as a primary method for their customers use to access their accounts and personal data. Stolen usernames and passwords thus remain a primary threat vector for cybercriminals who can engage in identity theft and fraud often before breaches are detected.

Our research shows that consumers use digital banking to access their accounts across multiple digital platforms, including mobile apps and mobile- and desktop-based browsers, but 64% of them use username and password combinations to

access their accounts. They have high expectations for digital banking experiences that are both convenient and secure and, as a result, are increasingly interested in stronger forms of authentication, such as biometric fingerprint, face and voice scans.

Our data also finds that consumers who use multiple digital banking channels are most likely to feel comfortable with the security of their accounts when using alternative authentication methods. These cross-device users are also the most likely to believe that passwords will eventually be phased out as an authentication method.

The Future Of Authentication In Financial Services Playbook: Using Authentication To Build Trust examines consumers' preferences for different authentication methods when accessing financial services providers. We surveyed 2,719 consumers from Sept. 10, 2021, through Sept. 27, 2021, to learn more about the different types of authentication methods they use, how their preferences vary across devices, and how FIs can use authentication and secure experiences to build trust with their customers.

This is what we learned.

¹ How US Consumers Define the Super App. PYMNTS.com, December 2021. <https://www.pymnts.com/connectedeconomy/2021/how-170-million-us-consumers-define-the-super-app/>. Accessed January 2022.

01

USERNAME AND PASSWORD COMBINATIONS ARE THE AUTHENTICATION METHOD MOST USED TO ACCESS DIGITAL FINANCIAL ACCOUNTS. SIXTY-FOUR PERCENT OF CONSUMERS SAY THEY USE THIS METHOD AT LEAST ONCE A MONTH TO ACCESS THEIR DIGITAL FINANCIAL SERVICES ACCOUNTS.

Consumers who prefer to access their digital financial accounts with more than one device tend to use multiple alternative authentication methods. Thirty-six percent use fingerprint scans, 28% use facial scans and 18% use voice scans on at least a monthly basis.

02

SIX OUT OF 10 CONSUMERS ARE WILLING TO TRY LOGIN METHODS OTHER THAN PASSWORDS. THIS SHARE RISES TO 73% FOR THOSE WHO USE MULTIPLE DEVICES TO ACCESS THEIR ACCOUNTS.

Sixty-one percent of consumers are willing to log in to their accounts with alternative authentication methods, and 60% of those who use mobile apps and mobile- and desktop-based browsers say they would be “very” comfortable logging in using methods other than login IDs and passwords. Forty-seven percent of these users believe passwords will eventually be phased out as an authentication method.

03

MORE THAN ONE-THIRD OF CONSUMERS ARE AS WILLING TO USE BIOMETRIC METHODS FOR AUTHENTICATION PURPOSES. ALMOST HALF OF CONSUMERS ARE WILLING TO USE FINGERPRINT SCANS IN PRIVATE AND PUBLIC SETTINGS.

Forty-nine percent of consumers say they are “slightly” or “not at all” reluctant to use fingerprint scans in private settings, while 47% say the same about using them in public. A significant share of consumers is comfortable using facial scans and voice scans, with a slight preference to use them in private settings. Forty-four percent of consumers are “slightly” or “not at all” reluctant to use facial scans in private, and 41% report feeling the same about using them in public. Forty-three percent of consumers are “slightly” or “not at all” reluctant to use voice scans in private settings, while only 37% say the same about using them in public.

04

ALMOST TWO-THIRDS OF CONSUMERS SAY THAT AN EMPHASIS ON DATA SECURITY HAS A “VERY” OR “EXTREMELY” BIG IMPACT ON THEIR TRUST IN A FINANCIAL SERVICES PROVIDER.

Sixty percent say that having information about how their transactions are secured has a “very” or “extremely” big impact on their trust in financial services providers. Forty-four percent of consumers say that the ability to log in without passwords is “very” or “extremely” impactful on their trust and 32% report this has a “moderate” impact.



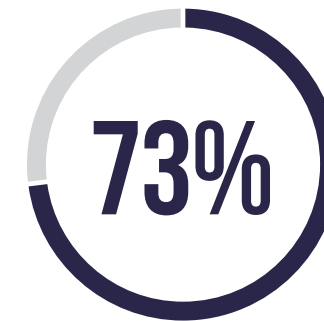
LETTING GO OF PASSWORDS

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PYMNTS' research shows that login IDs and passwords are increasingly giving way to other forms of authentication across all common digital banking platform access points, including desktop- and mobile-based browsers and mobile apps. Our data indicates that the majority of consumers are comfortable logging into their accounts with alternative methods, including biometric authentication like fingerprints, facial scans and voice scans. This trend is especially prevalent among consumers who use multiple environments to access their accounts. In fact, 36 percent of this group use fingerprint scans, 28 percent use facial scans and 18 percent use voice scans at least monthly.



Share of consumers who mostly use multiple environments to access digital accounts and are willing to use login methods other than passwords

Sixty-one percent of consumers are willing to use login methods other than passwords, yet 49% of consumers who most frequently access their accounts via desktop browser are willing to do so. Mobile device users are more willing to use alternative authentication methods, with 68% of those who most frequently use mobile apps saying so compared to 54% of those who most frequently use mobile browsers. Seventy-three percent of consumers who mostly use multiple environments to access digital accounts are willing to use login methods other than passwords.

TABLE 1:
Consumers' comfort with specific login methods

Share who agree with select statements, by most frequently used device

	LOGIN METHODS OTHER THAN PASSWORD	LOGIN METHODS THAT DID NOT REQUIRE PASSWORD	PASSWORD WILL NO LONGER BE USED
• Computer browser	48.5%	30.7%	36.1%
• Mobile device browser	54.3%	40.5%	41.9%
• Mobile device application	67.9%	50.0%	47.9%
• Multiple options	73.1%	60.1%	61.0%

■ Highest percentage

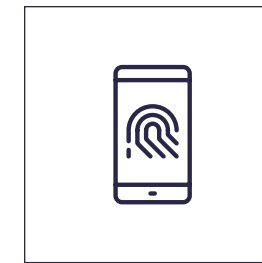
N = 2,719: Digital financial account owners
Source: PYMNTS | Enterspekt
The Passwordless Future

Indicating growing confidence in the use of alternative authentication methods, 45% of survey respondents report being “very” comfortable with their accounts’ security when using login methods that do not require passwords. Mobile users are more likely to be “very” comfortable with their accounts’ security when using alternative authentication methods, with 40% of mobile browser users and 50% of mobile app users saying so. Only 31% of computer browser users report that they are very comfortable with their accounts’ security when using alternative authentication methods.



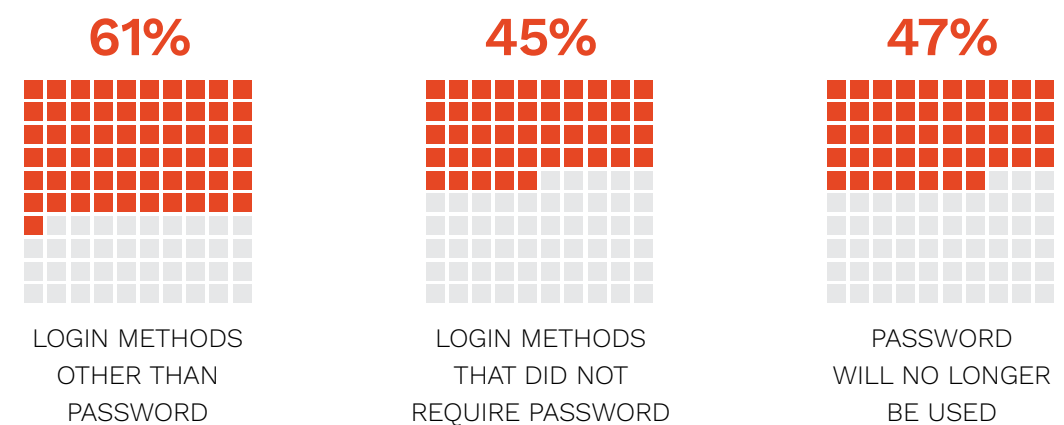
Share of cross-device users who believe passwords will eventually be phased out as an authentication method

Consumers who use multiple environments are most likely to feel comfortable with their accounts’ security when using alternative authentication methods, cited by 60% of respondents. It is no surprise, then, that cross-device users are also the most likely to believe that passwords will eventually be phased out as an authentication method, with 61 per-cent saying so.



More than two-thirds of digital account holders would not oppose using biometrics to authenticate their identities.

FIGURE 1:
Consumers' comfort with specific login methods
Share who agree with select statements



N = 2,719: Digital financial account owners
Source: PYMNTS | Enterspekt
The Passwordless Future



MANAGING CONSUMER ACCOUNT ACCESS

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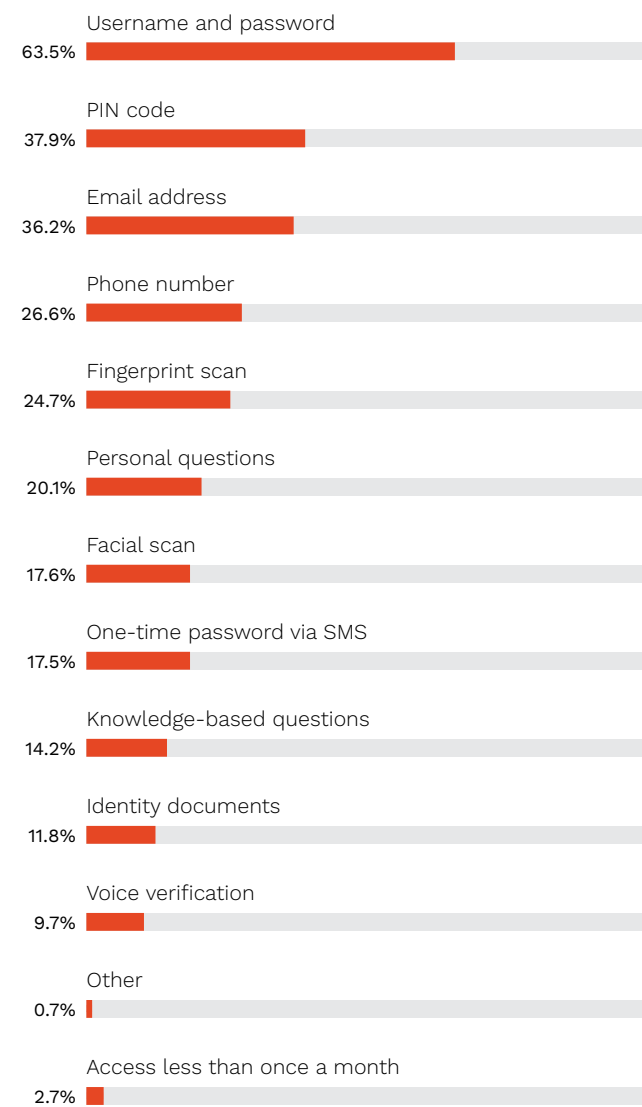
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FIGURE 2:

Authentication method usage

Authentication methods used to access digital financial services accounts at least once a month



N = 2,719: Digital financial account owners
Source: PYMNTS | Entersekt
The Passwordless Future

Username and password combinations remain the authentication method most commonly used when accessing digital financial services accounts. Our research finds that 64% of consumers still use username and password combinations to access their digital financial services accounts at least once a month, with those consumers who access their accounts via computer browser the most likely to do so at 77%. Sixty-one percent of those who access their digital financial accounts via multiple platforms use username and password combinations as well.

Consumers indicate they are ready to use alternative authentication methods, however, with more than half of account holders using some form of biometrics to authenticate their identities. Our research finds that 25% use fingerprint scans to access their digital financial services accounts at least once a month, 18% use facial scans and 10% use voice scans.

TABLE 2:
Authentication method usage

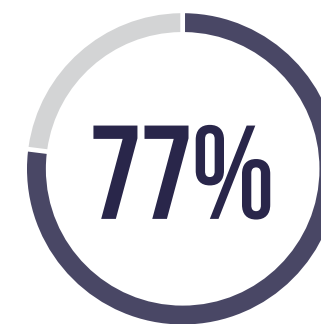
Authentication methods used to access digital financial services accounts at least once a month, by most frequently used device

	COMPUTER BROWSER	MOBILE DEVICE BROWSER	MOBILE DEVICE APPLICATION	MULTIPLE OPTIONS
• Username and password	76.8%	54.2%	57.7%	60.7%
• PIN code	27.7%	34.9%	45.0%	44.3%
• Email address	36.5%	37.1%	32.6%	39.4%
• Phone number	17.4%	28.5%	28.5%	34.3%
• Fingerprint scan	7.2%	25.7%	32.3%	36.2%
• Personal questions	25.9%	11.4%	15.6%	24.3%
• Facial scan	4.6%	15.8%	23.7%	27.5%
• One-time password via SMS	15.6%	11.6%	17.3%	24.3%
• Knowledge-based questions	13.6%	10.5%	10.3%	22.1%
• Identity documents	5.8%	7.7%	11.8%	22.0%
• Voice verification	4.3%	11.6%	6.8%	18.1%
• Other	1.4%	0.4%	0.4%	0.4%
• Access less than once a month	4.7%	2.3%	2.8%	0.4%

■ Highest percentage

N = 2,719: Digital financial account owners
Source: PYMNTS | Enterspekt
The Passwordless Future

Among mobile device browser users, 26% use fingerprint scans, 16% use face scans and 12% use voice scans to access their accounts at least once a month. Mobile app users are more likely to use biometrics, our data shows. Thirty-two percent of those who most frequently use mobile applications say they use fingerprint scans and 24% use face scans, yet only 7% use voice scans to access their accounts at least once a month. This is not surprising as many mobile apps are designed with easy-to-use interfaces that take advantage of the video and touch sensors that come standard with most smartphones.



Share of users logging into accounts from computer browsers with usernames and passwords

Consumers who access their digital financial accounts via multiple platforms are the most likely to use multiple biometric authentication methods to access their digital financial services accounts at least once a month. Our data finds that 36% of cross-platform consumers use fingerprint scans, 28% use facial scans and 18% use voice scans to access their accounts.



ADOPTING NEW AUTHENTICATION METHODS

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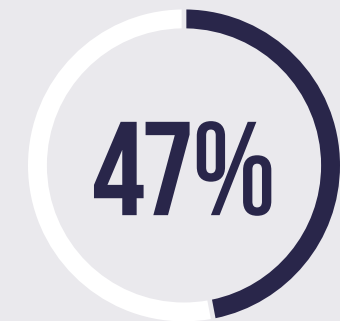
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Consumer confidence in new biometric authentication methods is strong enough that many are comfortable using them to access their digital accounts anywhere. We find that consumers are as willing to use biometric methods as they are to use username and password combinations for authentication in both private and public settings.

Sixty-one percent of consumers say they are “slightly” or “not at all” reluctant to use a username and password combination in private setting, while 48% are “slightly” or “not at all” reluctant to do so in public settings. Meanwhile, 49% of consumers say they are “slightly” or “not at all” reluctant to use fingerprint scans for authentication purposes in private settings, while 47% feel the same about using fingerprint scans for authentication purposes in public.



Biometric-based authentication is an appealing alternative to passwords for many consumers.



Share of consumers who say they are “slightly” or “not at all” reluctant to use fingerprint scans for authentication purposes in public.

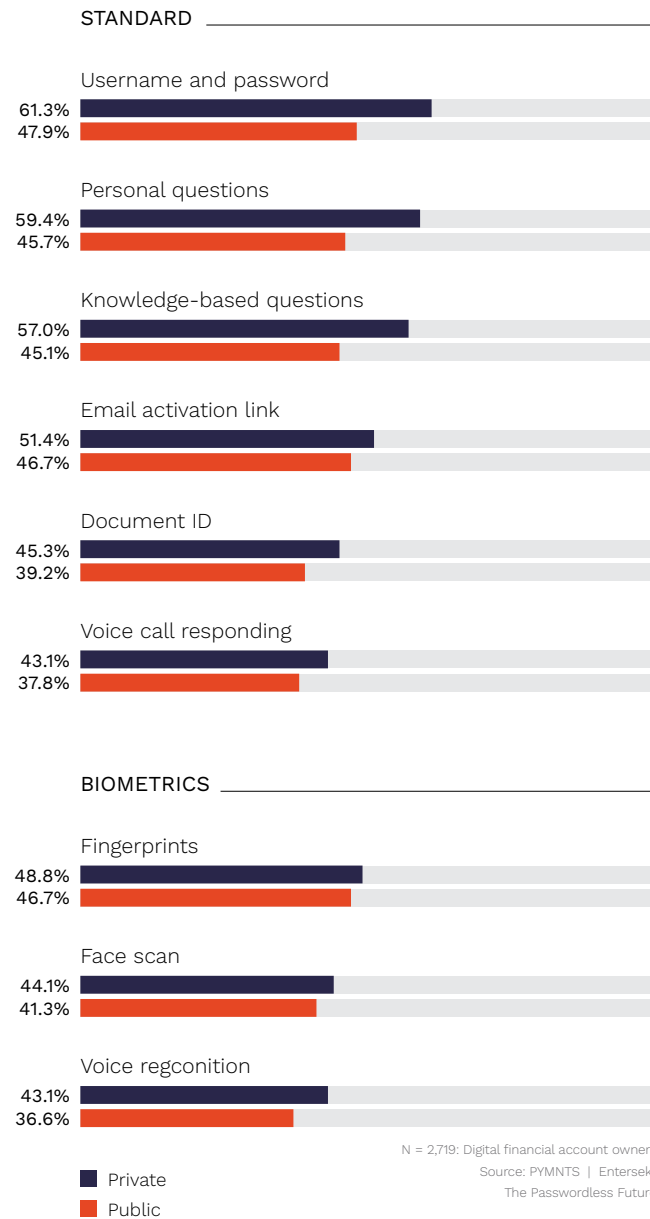
FIGURE 3:

Willingness to use authentication methods

Share of consumers who would be “slightly” or “not at all” reluctant to provide information for authentication purposes in public or private settings



Share of consumers who say they are “slightly” or “not at all” reluctant to use facial scans for authentication purposes in public.



Willingness to use facial scans and voice scans is also high. Forty-four percent of consumers report they are “slightly” or “not at all” reluctant to use facial scans in private, and 41% say the same about using facial scans in public. Forty-three percent of consumers are “slightly” or “not at all” reluctant to use voice scans in private settings, and 37% are “slightly” or “not at all” reluctant to do so in public.





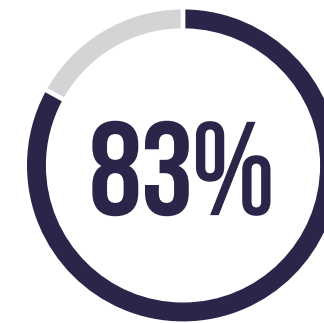
BUILDING AN EXPERIENCE GROUNDED IN **SECURITY AND TRUST**

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PYMNTS' research finds that trusted user experiences are highly important to consumers accessing digital accounts, whether via desktop browser or mobile device. It is no surprise that 83% of consumers say that their financial service provider having at least one feature that enhances security has a "very" or "extremely" big impact on their trust in that provider, and that 65% of consumers say that providers that emphasize data security have the same level of impact on their trust. Sixty percent say that having information about how their transactions are secured has a "very" or "extremely" big impact on their trust, and 44% of consumers say that the ability to log in without passwords has a similar impact, while 32% report it has a "moderate" impact.



Share of consumers who say that their financial service provider having at least one feature that enhances security has "very" or "extremely" impact on their trust in that provider.

Our data also shows that 80% of consumers say that good user experiences have a "very" or "extremely" big impact on their trust in their financial service providers. Moving away from passwords to stronger, biometric-based authentication enables financial service providers not only to support secure logins and transactions, but also to simplify the consumer experience.

TABLE 3:

Why consumers trust or distrust financial services providers

"Very" or "extremely" impactful factors on consumers' trust in financial services providers

■ Highest percentage

	EXTREMELY OR VERY BIG IMPACT	MODERATE IMPACT	SLIGHTLY OR NO IMPACT AT ALL
SECURITY			
• At least one option	82.8%	13.4%	3.8%
• Emphasis on data security	65.3%	22.6%	12.1%
• Secure transaction information	59.9%	26.0%	14.1%
• Able to approve transactions before processing	56.4%	29.5%	14.2%
• Website quality	55.5%	30.0%	14.5%
• Login without password	44.2%	31.9%	23.9%
USER EXPERIENCE			
• At least one option	80.2%	15.6%	4.1%
• Provide detailed data protection statement	55.7%	27.0%	17.3%
• Personalized real-time customer support	54.5%	29.6%	15.9%
• Consistent experiences across platforms	53.4%	31.2%	15.4%
• Marketing communication opt-out	50.3%	31.1%	18.6%
• Seamless communication channels	50.2%	32.5%	17.3%

N = 2,719: Digital financial account owners
 Source: PYMNTS | Enterspekt
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Share of consumers say who that good user experiences have a "very" or "extremely" big impact on their trust in their financial service providers.

Moving away from passwords to stronger, biometric-based authentication enables financial service providers

not only to support secure logins and transactions, but also to simplify the consumer experience.

CONCLUSION

As today's connected consumers move more of their interactions with their trusted financial services providers online, whether via computer browser or mobile device, they are growing more comfortable with alternative authentication methods. They also expect best-in-class experiences defined by convenience and security. Digitally savvy consumers, especially those who transact via multiple devices, are looking to stronger authentication alternatives. They are comfortable with and willing to use biometrics, including fingerprint, facial recognition, and voice scan technology, for seamless and secure access to their digital accounts. With stronger authentication, financial service providers can build trust by simplifying the consumer authentication experience and supporting frictionless and secure logins and transactions.

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METHODOLOGY


The Future Of Authentication In Financial Services Playbook: Using Authentication To Build Trust draws from a PYMNTS survey of 5,578 American consumers who were asked about their preferences for different types of authentication when accessing their financial service providers across various digital environments (e.g., desktop/laptop versus mobile). We removed 563 responses from our original sample due to illegibility, inaccuracies or other issues, and we eliminated another 1,018 for incompleteness. This left us with 3,997 responses, of which 2,719 were from respondents who had bank accounts, owned mobile devices and used mobile banking apps. Our analysis considered the response data from this group, and our weighted sample was then census-balanced in terms of age, education levels, gender and income.

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