

Online and Mobile Banking - Lowering Channel Costs & Enabling More Self-service

Despite the fact that roughly 75% of American consumers have Internet access, adoption of online banking remains much lower. Numerous studies show that fewer than half of US consumers use online banking, with some reports putting the number as low as 38%. Mobile banking is also currently in its infancy but is steadily growing and expected to reach 1 in 5 adults by 2015.

One of the main reasons both online and mobile banking have not already achieved greater adoption is a concern around security. Approximately 30% of consumers NEVER bank online due to security concerns and an additional 48.5% do some online banking but say they are still concerned about the security of it.

Credit unions can significantly lower operational costs while simultaneously boosting revenues and up-selling additional services by convincing existing members to conduct more of their banking online, and by attracting new members through convenient online and mobile services. Research has shown that a transaction that costs the credit union \$4 when a member conducts it at a branch location, costs just 17 cents if the member does it online, or just 8 cents if done via mobile. In addition to the large savings in operational costs, moving members to online or mobile channels gives credit unions greater opportunity to market additional products or services - such as online bill pay which increases member retention and loyalty.

So how can credit unions overcome members' security concerns while simultaneously improving their online experience? By achieving a balance between strong security and ease-of-use so members recognize they're in a highly secure environment without being inconvenienced.

One of the best ways to achieve this balance is to improve the authentication process. Strong authentication has traditionally meant sacrificing usability. Users either relied on insecure passwords and challenge questions or they carried hardware tokens and smartcards, which are inconvenient for members and too expensive for credit unions to purchase, distribute and maintain for anyone other than their most high-value members.

To solve the trade-off between security and usability, Confident Technologies introduced image-based authentication solutions for web-sites and mobile devices. Our unique technology creates one-time passwords simply by having users remember a few secret categories and identify pictures that fit those categories. It can be used for secure logins, self-serve password resets, anti-phishing, or as a second layer of authentication to authorize transactions or replace security challenge questions. Because it creates a one-time password each time authentication is needed, it's much more secure than traditional passwords or challenge questions. At the same time, its intuitive image-based interface is much easier for consumers - especially those using mobile smartphones or tablet devices - and there is nothing for them to download or carry.

Image-based authentication can also be used on smartphones for a more secure approach to out-of-band, two factor authentication. To authenticate, the consumer correctly identifies their secret image categories on the phone to create a one-time passcode. It's much more secure than sending a clear text, one-time passcode as an SMS message and the entire authentication process remains out-of-band from the Web session.

Providing members stronger security while at the same time improving the user experience will help move more customers to online and mobile banking channels - thereby reducing operational costs and providing an opportunity to market additional products and services. Image-based authentication is cost-effective and flexible solution to increasing security while improving usability.



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Bill Goldbach is Executive Vice President at Confident Technologies. He is responsible for Sales, Marketing, Business Development and Partners. Goldbach has more than 30 years of experience in the high technology and security sectors, with the last 17 years building and managing highly successful sales teams. Goldbach previously served as Vice President of Sales and Channel at Websense, Inc., where he was responsible for 70 percent of the company's overall revenue. Most recently, Goldbach has served as advisor for BrightCloud, Inc., as well as interim Vice President of Sales at Zscaler.