

# Unmasking the Face of Retail Banking:

## Embracing Digital Transformation

The pandemic has hindered or halted operations at retail banks, prompting a transformation in how banks deliver services





During the global COVID-19 pandemic of 2020, someone remarked that they never thought they would see the day when they were required to walk into a bank with a mask on and ask for money.

The global pandemic has literally changed the face of retail banking. Bank branches are redesigning their layouts to encourage social distancing. They are adopting new technologies to identify ill staff and customers. And they are re-evaluating just about every aspect of their day-to-day operations.

The pandemic has hindered or halted operations at banks across the United States. Many retail banks have been forced to temporarily close branches, redeploy staff, and temporarily suspend many services.



**Many banks are now incurring significant reductions in operating profit, with declines as high as 70% from the previous year because of coronavirus uncertainty. In some cases, they have been forced to lay off staff and permanently close branches.**

The result of this massive upheaval is that the retail banking sector is under tremendous pressure to move as many services online as quickly as possible, and to embrace digital transformation. For example, banks are now conducting customer onboarding online, eliminating the need for physical contact, which is highly desirable in a post-COVID-19 world.

Many banks are also looking at ways to deploy smart devices to book face-to-face meetings in banks to reduce customer foot traffic, and using video conferencing to hold online-only meetings.

Most of these changes require banks to reimagine how they verify customer identities. With increasing numbers of banking transactions taking place online and no longer face-to-face, banks still need a secure, reliable and quick way to verify customers. Online banking doesn't require a mask. But it does require a method for distinguishing customers from criminals. That method, increasingly, is biometrics.

# Biometrics and the New Banking Transformation

## How biometric identity verification is changing the face of retail banking

Biometrics are physical characteristics that make individuals unique. Every individual on earth, for example, has a unique set of fingerprints, unique hand geometry, and a unique face. Biometric identity verification systems examine these and other biometric identifiers to identify individuals.

With biometrics, retail banks and other organizations keep sensitive data secure by ensuring that only authorized users are permitted to access it. Biometric identity verification systems improve security, speed up the verification process and deter cybercriminals.

### Our Biometric Future: Timeless Verification Solutions

Digital transformation is not new to financial institutions. Customer expectations, challenger banks, new technology, and evolving regulations have caused a rapid escalation in the digital transformation of banking.

But with many banks still struggling to transform, COVID-19 caused these financial institutions to become reactive, scrambling to find quick fixes and easy cover ups (funny how pandemics work).

Meanwhile, cyber crime has already been on the rise, and COVID has only increased fraud and cyber risk, especially in banking.

In order to account for this pandemic-imposed virtual world, banks need to stay one step ahead. By implementing a digital identity solution, banks can not only balance risk and convenience, but prepare themselves for the next unexpected global shift.

**Here are some unexpected ways in which a biometric identity solution will not only solve today's issues, but prepare for the future:**

**1 Customer Onboarding:** For financial institutions the KYC onboarding process is not just about managing risk, but compliance with Anti-Money Laundering Laws (AML) and the US Patriot Act's Customer Identification Program (CIP) provision.

**2 Going Passwordless:** Multi-Factor Authentication systems today often involve biometric verification, making them much safer than passwords, since inheritance factors cannot be stolen, lost, spoofed (easily spoofed, that is), or otherwise compromised. If you want to eliminate the risk of identity theft and keep company data safe, switching to MFA is your best option.

**3 Employee Onboarding:** Employee security breaches are a huge concern for all large organizations, not just banking. By having a biometric employee onboarding process similar to the customer onboarding, banks are afforded an extra layer of security.

**4 Account Access:** Now, banks are starting to integrate biometric technology into their IVR system. With biometrics, IVR will send you a link to verify your identity through a selfie instead.

This makes user verification safe, quick, and easy for the user. This is fraud-proof and will ensure that your user is who they say they are. (You can't spoof your face in facial recognition.)

Banks were among the first businesses to pioneer biometrics. Barclays, for instance, introduced the first finger vein scanner to verify user identity. And biometrics is in turn transforming retail banking. Biometrics is changing how banks operate, allowing them to reimagine how they look at the customer experience and the employee experience.

Biometrics solves the problem of verifying customer and employee identities, and it does it better than traditional methods do (such as requiring signatures, id cards and PINs). This is crucial for highly regulated industries, such as banking, because every aspect of business in regulated industries requires secure access. Biometrics is the most reliable way of authenticating identities, and is the one method that is most resistant to counterfeiting and spoofing.

## Types of Biometrics Banks Are Using Today

Banks are incorporating multiple types of biometrics into their day-to-day operations. Wells Fargo, for example, is using Eyeprint Authentication. Citi is using Voice Authentication. Bank of America is using Fingerprint Authentication, Iris-Scanning and App Linking. Barclays is using Finger Vein Reader Technology. The Royal Bank of Scotland and NatWest are using Biometric Payments. Chase, HSBC and USAA are using Apple's FaceID to allow customers to log into their mobile banking apps.

## Biometrics and MFA

Banks are turning to facial biometrics as the best choice for multi-factor authentication (MFA) because facial recognition does not require customers to be physically present at a branch, but fingerprint scanners, palm scanners, and iris scanners do.

Banks are discovering that they can use facial biometric verification from the time a new account is opened, and continue using it for loan originations, wire transfers, and back office support support functions, such as the IVR system and branch visits.

This type of solution also provides a platform to move away from cumbersome 2 factor authentications using tokens and PINs, which do not provide a fluid customer experience.

### Biometrics, Banking and the Bottom Line

Deploying biometrics across banking platforms has a significant positive impact on:

- Making transactions more secure
- Enhancing the customer experience
- Increasing security across all access control points
- Increasing sales
- Reducing overhead
- Boosting operational efficiency



## The Future of Onboarding (and a Lot More) is Contact Less

One of the most widespread uses of biometric technology in retail banking is customer onboarding. Before the COVID-19 pandemic, retail banks and credit unions used heavily manual onboarding processes that required new customers to visit the branch and provide a set of documents to verify their identity and confirm their home address.

This clumsy process was time consuming for banks and customers alike. The retail branch had to obtain a copy of an applicant's driver's license, a utility bill or filed tax return. They had to obtain a photo of the applicant (often in the form of a selfie taken on the customer's smartphone) to perform the identity verification checks. The retail branch then had to send this information to back office operations for verification. This process was manual, time consuming and frustrating.

With biometrics, this entire process is now being conducted online. Banks are using biometric authentication technology to eliminate this manual identity-verification process. Banks are using technology like IDmission's Artificial Intelligence Character Recognition, for example, to easily capture the required data to complete a thorough identity check in one fluid process.

Online onboarding verifies identities by comparing the photo on an ID to a passive liveness-based selfie. It then extracts data from a utility bill and compares that to the ID. With this data compared and completed, financial institutions eliminate 100% of their pre-pandemic manual processes. This improves the user experience and reduces abandonment rates. No social distancing, hand washing, temperature taking or contact tracing involved.



# Biometrics and the Banking Value Chain

Biometrics is revolutionizing retail banking by going well beyond simple customer onboarding. Once they have implemented biometric authentication as part of their process, banks are now adapting it in other areas of their operations for a more secure and fully digital experience across the entire customer and employee experience.

For example, banks are incorporating facial verification into their Interactive Voice Response systems. When customers phone the bank, they are prompted to enter their PIN. The system immediately sends them a text containing a website URL. Clicking on the link, the customer is prompted to take a selfie using their phone. The system then immediately compares this selfie with the selfie on file for this customer, and uses AI and machine learning to determine if the person on the end of the phone is the customer or not.

**Biometrics is appearing in multiple places along the banking value chain, including:**



**Digital account opening (self service)**



**Digital account opening (assisted by agent)**



**Branchless banking**



**Loan originations**



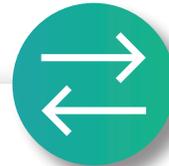
**Mobile onboarding**



**IVR**



**Employee onboarding**



**Secure wire transfers**



**Secure document printing**



**Account updates**



**Check cashing**



**High-value transactions**



**Cryptocurrency transactions**



**Money transfers**

# Conclusion

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The future of retail banking involves less time waiting in lines and more time doing banking online. This digital transformation requires secure, reliable and convenient ways of authenticating customers. Biometrics is proving to be one of those methods. Biometrics is helping retail banks reduce fraud, increase sales, lower costs and enhance the customer experience.



# About IDmission

IDmission is a world leader in digital identity verification, digital ID authentication and digital onboarding for financial institutions. Retail banks, insurance companies, cryptocurrency providers and other financial services companies rely on IDmission for AI-powered technology integrated into a seamless onboarding application.

Whether you have an existing application or need our expertise to provide an onboarding solution, IDmission's team of scientists, engineers, and solution specialists are here to assist you in making your customer's online journey successful.

Our solutions provide many features that help your retail bank prevent fraud and deliver a better customer experience.



## Identity Verification

- ID capture
- Automatic OCR
- Barcode reading
- Selfie capture
- Automatic matching of selfies to ID photos
- Tamper detection



## Passive Liveness Detection

- Not just a selfie
- No smile needed
- No head turns needed
- No zoom needed



## Deduplication

- Biometric deduplication
- Ensures one person is only one customer



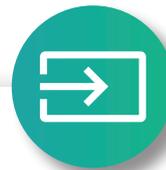
## Process Management

- Workflow management
- Case management



## Verification

- Data verification against 3rd party systems



## Integration

- Data delivered automatically to your core banking system

**Contact us today**

At IDmission, we are here to provide you with innovative identity protection and verification technology. We currently serve over 160 countries, helping businesses around the world provide secure customer experiences. Contact us today to learn how we can help you provide security and protection to your customers and business.

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