

MOBILE

Biometrics to support 50pc of mobile transactions in 2016: report

December 17, 2015

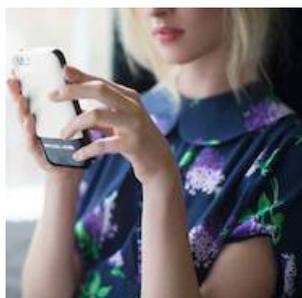


Image courtesy of Michael Kors

By CHANTAL TODE

With biometrics gaining acceptance by consumers and working well for financial institutions, a range of technologies fingerprint identification as well as facial and voice recognition will become the norm in 2016, according to a new forecast released today by Mitek Systems.

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The mobile capture and identity verification platform also expects more consumers to opening financial services accounts from their mobile devices compared to desktop for the first time next year. Additionally, mobile is expected help reduce fraud by 15 percent.

"The [biometrics] user experience has been proven in some pilots and other deployments," said Sarah Clark, vice president of product at [Mitek Systems](#).

"We see a lot of interest in the kill the password movement," she said. "There is recognition that a better method is needed and biometrics is mature, user friendly and accepted by end users.

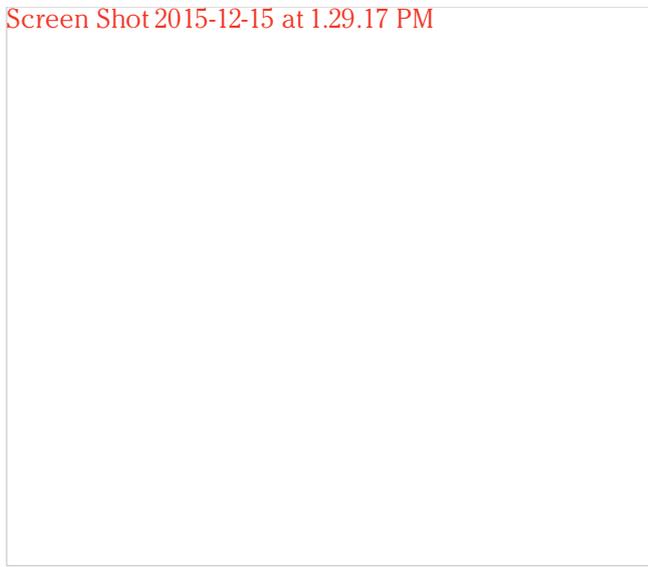
"We see this as really taking off next year as there is a real market need for a better way to authenticate."

Biometrics

Biometrics was a big topic in 2015, with a number of initiatives launched, such as Apple's Touch ID. Programs to use facial recognition and voice recognition to verify a user's identity are at various stages of deployment.

The acceptance of biometrics by consumers is fairly broad and reaches across different age groups, per Mitek, forecasting that biometrics will be used for nearly 50 percent of mobile transactions in 2016.

Screen Shot 2015-12-15 at 1.29.17 PM



Account openings

There was also significant growth in 2015 in the number of people using their mobile devices to open a wide range of financial accounts.

With this trend in mind, financial institutions are increasingly optimizing their account opening content for the mobile Web and integrating it into their apps. Others who are lagging behind are expected to put this at the top of their priority lists in 2016, per Mitek.

With certain clients already seeing a greater volume of account openings on mobile compared to desktop and other expected to put a focus on this next year, Mitek forecasts that mobile will win the account opening race in 2016.

at_the_bar_deposit



Reducing fraud

Another trend Mitek predicts for 2016 is that mobile's ability to identify a user's identity will progress to the point where it will help reduce fraud by 15 percent.

Until now, mobile has been perceived as the weaker channel from an anti-fraud perspective and has, therefore, been the focus of more fraud.

However, as more transactions move to mobile and the market adopts mobile's significant anti-fraud capabilities, this could change.

"In 2016, online and mobile technology will become as good, if not better, at identifying a user's identity, and will bring fraud losses down by 15 percent," Ms. Clark said.

"It is true that a mobile device can evaluate the authenticity of driver's license as a much higher level than the human eye can," she said. "When you combine that with the fact that a mobile device knows its location, you can get carrier data to evaluate risk and case use the accelerometer to see how someone is holding it, this is potent.

"Some of the amazing benefits haven't been implemented. We see that as changing dramatically in 2016 and, along with more people using mobile and if the market adopts those benefits, this will create a gain in terms of reducing fraud."

Applicant approval

Another trend for 2016 will be a doubling in the number of applicants approved through mobile.

Until now, younger consumers with little credit history or the unbanked who tried to open an account from a mobile device would often not be able to finish because of challenges authenticating their identity. As a result, these consumers would be asked to visit a branch to complete their application.

However, as the volume of customer interactions coming from mobile has grown significantly in the past 18 months, banks are plugging in the technology necessary to verify a mobile applicant's identity.

For example, Mitek's research shows that 86 percent of millennials regularly transact using their mobile device.

"Banks are going from 10 percent of digital applications to 40 percent in the course of a year," Ms. Clark said. "Those customers trying to interact with a mobile device, are sometimes not having the best experience.

"There is a need to upgrade security and user experience so financial institutions can be successful and get the lifetime value," she said.

Final Take

Chantal Tode is senior editor on Mobile Commerce Daily, New York

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