

Industry view

Building confidence in online banking

Banks need to do more to empower their customers if they are to build real confidence in their online services

Why does security matter?

Online banking losses reached £59.7m last year in the UK and there were 51,000 phishing incidents, according to the UK Card Association. Despite this, 33m people in the UK use the internet to shop or bank online. They like the convenience but the risks make them nervous. Recent studies showed that among consumers who do not shop online, 71 per cent of them are put off by safety issues. Quite simply, banks need to work hard to earn their customers' trust online as well.

Is the status quo good enough?

No, frankly. Although we've come a long way in the UK, some banks are taking a reactive approach focused on customer protection, cost savings and fraud reduction. Many banks now use card readers but a few still rely on static passwords, which are vulnerable to viruses and phishing. More and more banks are realising the need to look beyond fraud and

start thinking more about trust and the user experience.

So what's the next step?

Banks can switch from protecting customers to empowering them. Contextual security, such as Gemalto's dynamic signatures and sign-what-you-see technology, builds trust with every transaction. Versatile servers like ours let customers use different devices, making life much easier. For example, business customers and wealthy private clients need one device for



More banks are realising the need to look beyond fraud

use in the office and another, more portable one when they travel. Some customers may want a device with a large screen and many function buttons, others want more basic ones; some prefer to use their mobile phone. Some want all of the above at the same time, whereas people with disabilities may need specially-adapted devices.

And where customers get choice, banks get a future-proof security system.

How does that help banks?

Some 86 per cent of e-banking users say they have trust and feel more confident since starting to use a device to secure their online banking operations according to a study ran by Vanson Bourne and 80% say they want their banks to implement a strong form of security (RSA Online Fraud Report January 2010). And online trust and flexibility is not just about cutting fraud. It's also good for business. The same research shows that banks that use strong authentication are 15 per cent more profitable and have 76 per cent more loyal customers.

And their customers?

Smarter security will let people do more online. Imagine signing insurance documents digitally or using your bank's security device to shop online safely. Now picture that on your smartphone or having one security device on your desk and another on your key ring. For some banks' customers, the future promises much less hassle and much more security.

Hakan Nordfjell is head of eBanking security at Gemalto

www.gemalto.com