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IT Security

DBA, The Key to Improving Security and CX Without Compromise

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Biography

Seshika Fernando is Vice President and Head of BFSI Practice, WSO2 (https://www.wso2.com). With extensive expertise in global open banking implementations, she works closely with banks as well as regulatory bodies in crafting winning open banking strategies that suit regional and country-specific needs, and works with both the development and go-to-market teams to identify market opportunities for global open banking.

Throughout her career, Seshika has had extensive experience in providing technology for investment banks, regulators, and stock exchanges from across the globe. She is also a prominent speaker and has represented WSO2 at several technology and banking conferences around the world.

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Abstract

Today's consumers demand Amazon-like digital banking experiences. Striking the right balance between customer experience and security remains an arduous challenge for banks. Customers now expect fast, frictionless, and personalized journeys as their banking needs change. However, a consequence of user-driven authentication mechanisms is that a better customer experience usually comes at the expense of robust security measures. As customer needs change, creating a superior customer experience without impacting on security is proving to be strategic differentiator for banks. But with customers often subjected to additional security measures dealing with distressed customers trying to get through security can be challenging even for the most enthusiastic Customer Service Department. In this article, the author discusses some of the challenges facing the banking sector.

Introduction

Most banks now rely on user-driven customer identity and access management (CIAM) systems which require customers to provide information each time verification is needed. One such example, beyond using a basic username and password, is multi-factor authentication (MFA). This form of authentication performs

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more comprehensive checks on customer authenticity and intent. MFA requires customers to submit different types of information at various verification points during their digital interactions. This information typically comprises three elements: something you know (for example, a password), something you are (for example, biometrics/fingerprints), and something you have (for example, a USB fob or token). While MFA was popular a few years ago, it has now become a nuisance for customers.

Some banks have tried to reduce the friction by introducing biometric verification, but this doesn't solve the problem completely because it still requires a specific action from the consumer and is only available to users with biometric technology.

While user-driven authentication measures have been crucial in the fight against fraud, they also disrupt the customer experience, create a sense of distrust, and potentially deter customers from completing their transactions. Furthermore, they are not foolproof against sophisticated fraud attempts.

Introducing data-driven behavioural authentication (DBA)

Fortunately, the emergence of data-driven behavioural authentication (DBA) offers the potential for banks to provide the seamless experiences that consumers expect. The crux of DBA is its ability to utilize vast amounts of data to automatically verify customers while they are interacting with the digital banking channel. It does not

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require the customer to take any specific action, thereby creating a seamless, uninterrupted user experience. Additionally, DBA allows for more comprehensive verifications with increasing frequency. As a result, DBA not only enhances security but also improves customer experience in a virtuous cycle, driving loyalty and trust.

Personalization through DBA

In today's 'always on' world, consumers tend to expect ultra-personalized digital services, whether it's movie recommendations from Netflix, workout programmes from Apple Fitness, or a financial statement from their bank. DBA can play a crucial role in meeting those expectations. Unlike traditional CIAM technology, DBA also provides the ability to expose identity data as Application Programming Interface (APIs) that can be used for personalization via AI and machine learning technology.

Personalizing financial products goes beyond just collecting data on a customer's digital banking usage. It involves understanding life events such as buying a home, getting married, or having children, which can be found in other sources like social media feeds. Some progressive banks are already leveraging this information, but it relies on customers' comfort in sharing such data and the bank's ability to handle privacy and access it for personalization. Modern CIAM systems with open banking support enable granular customer consent, allowing them to specify what data can be shared, with whom, for how long, and for what purpose.

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Conclusion

DBA presents a compelling solution for banks seeking to enhance security and CX simultaneously. By automating background verification. It also enables banks to deliver ultra-personalized services based on comprehensive customer insights. As banks embrace DBA, they can achieve a delicate balance between security and a seamless customer experience and stay ahead in the increasingly competitive financial services landscape.