

Consumers feel using smartphones to manage their finances is safe—but would prefer more biometric authentication methods

Article

The key finding: Younger generations are demanding better online banking security from their financial institutions (FIs), but older cohorts say they feel safe enough.

That's according to the "Consumer Authentication Preferences for Online Banking and Transactions" [report](#) from PYMNTS and Entersekt. The report polled 2,584 US consumers between September 26 and October 3, 2022. We dig into the report's other major findings to see what other security measures consumers want from their FIs.

Same-level smartphones: Consumers feel that computers and mobile devices provide the same level of security when it comes to online banking.

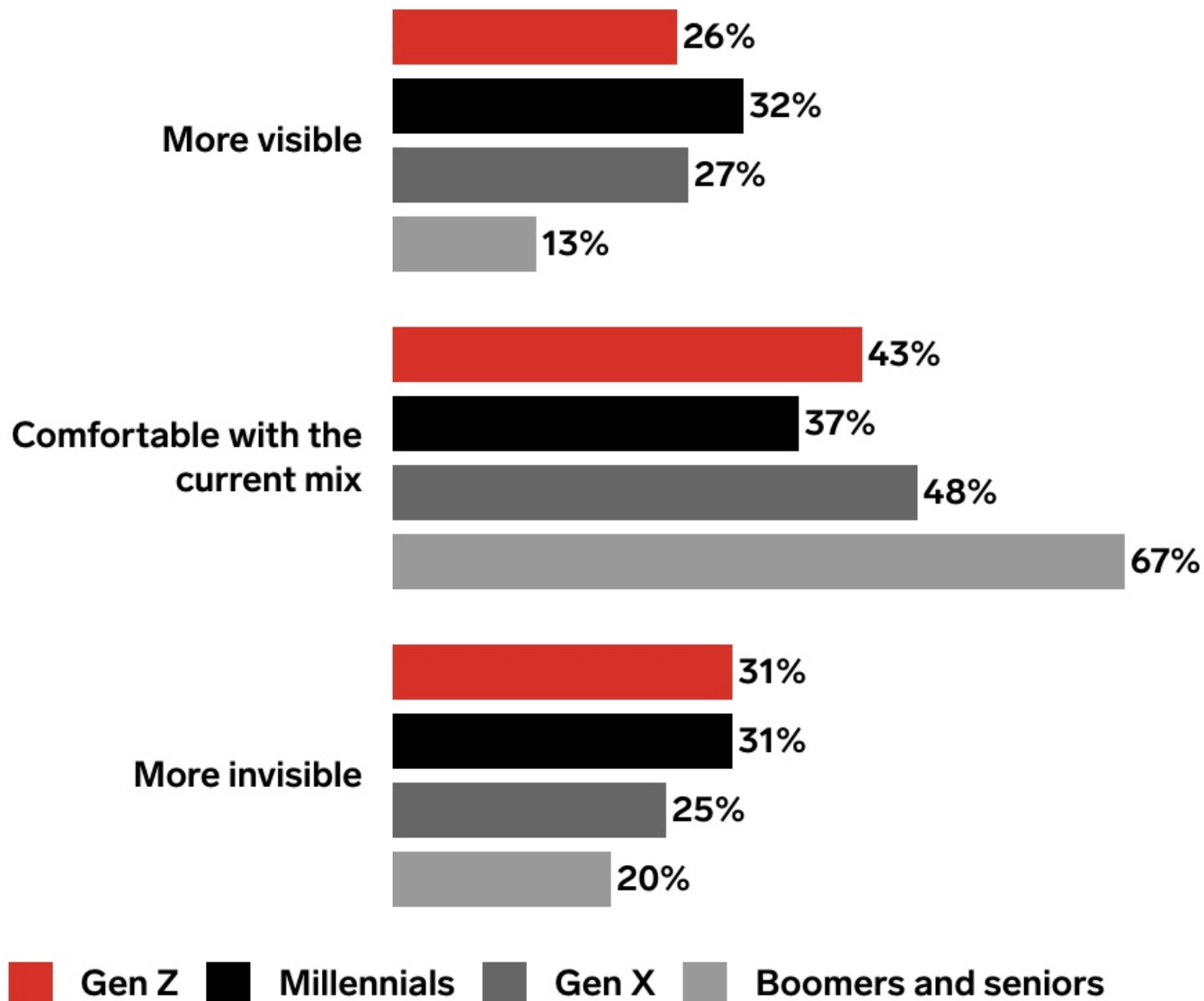
- More than half (57%) of respondents said smartphones and computers are equally secure for conducting financial transactions.
- 61% of those surveyed said they access their bank accounts on smartphones, and 52% said they use them to pay bills, rent, and loans.
- 71% of consumers polled said they use their smartphones more than any other device to send and receive money between friends and family.

Safe, but not safe enough: Consumers believe their FIs' security measures are strong, but many want their FIs to implement even more controls.

- Overall, **83% of respondents said they are confident in their banks' security protocols, but half of respondents expressed a desire for additional security measures.**
- Looking at various cohorts, the study found that younger generations wanted to see more security controls. This includes Gen X at 52%, Gen Z at 57%, and millennials at 63%. A lower percentage of older cohorts, like boomers and seniors (33%), felt the need for additional security measures.
- Of all respondents who don't believe their banks provide enough security features, 50% said they want more visible methods, like entering a password.

Consumers' sentiments about their FIs' level of security measures, by demographic, Oct. 2022

Percentage of respondents



Note: n=2,584 US Consumers

Source: PYMNTS. "Consumer Authentication Preferences for Online Bankina and Transactions"

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This looks different: Consumers want additional security measures in place when conducting non-routine or high-risk transactions online.

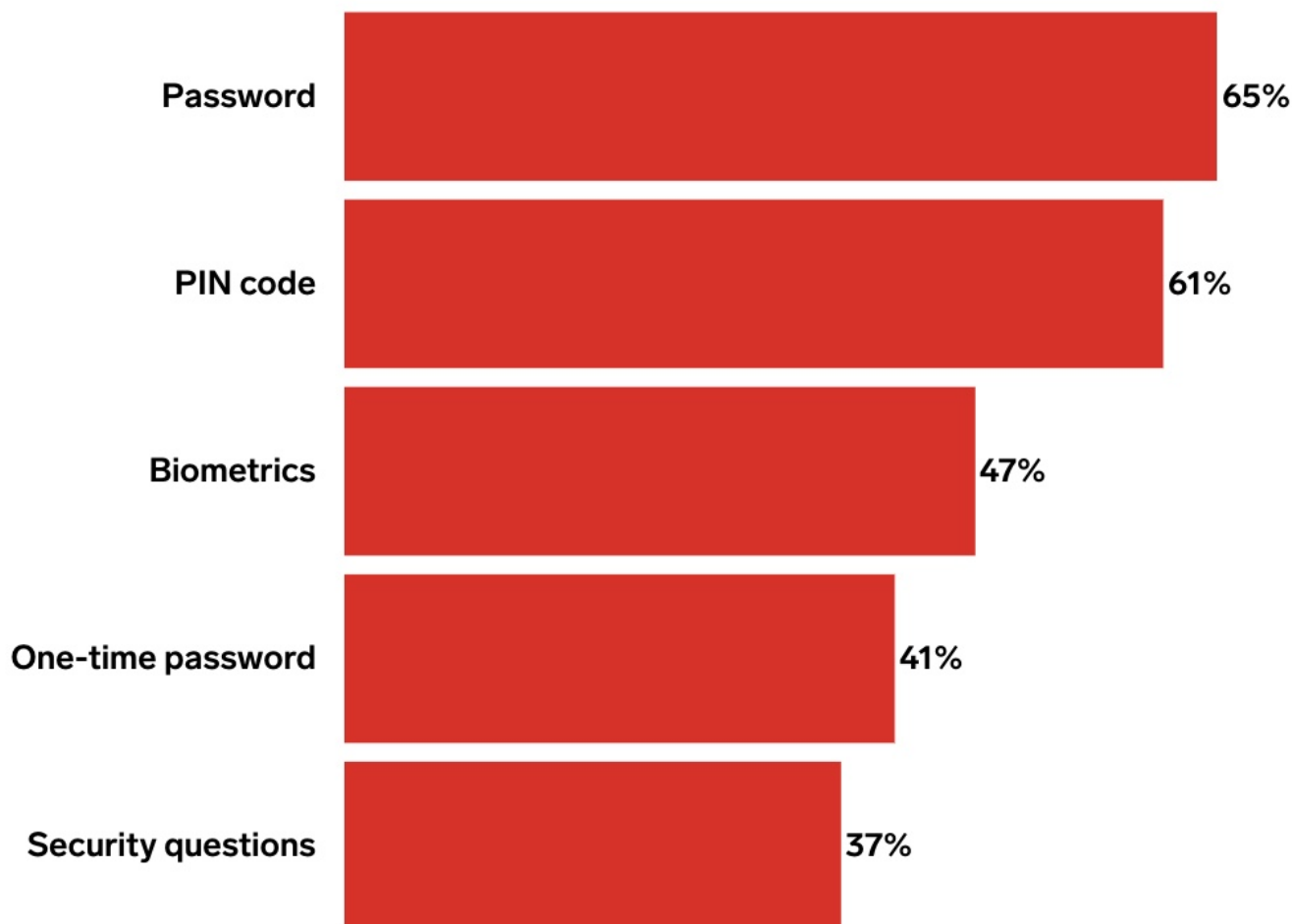
- A higher percentage of respondents (36%) said they want their FIs to implement more visible security protocols when completing an infrequent transaction online, compared to 27% who said they want additional controls for all transactions.
- Some infrequent transactions that consumers believe are high risk include **accessing their bank accounts from a new device (38%), completing an online transaction with a new retailer (35%), and updating personal information within their bank accounts (35%).**

The future of security: Consumers prefer biometric authentication methods over passwords.

- **52% of those surveyed who use biometric authentication methods prefer them over any other method.** But only 25% of respondents who use passwords prefer that method to any other.
- Although there is a strong preference for biometric authentication, only 47% of respondents used the method within the past 30 days. Alternatively, 65% of respondents said they used a password in the past 30 days.
- Overall, 31% of those surveyed believe that biometrics are the most secure authentication method, versus 9% who believe passwords are the most secure method.

Consumers' use of authentication methods, Oct. 2022

Percentage of respondents



Note: n=2,584 US Consumers

Source: PYMNTS, "Consumer Authentication Preferences for Online Banking and Transactions"

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Our take: Consumers are becoming more comfortable with accessing their financial lives through digital channels, and many of them feel that their accounts can be safely accessed via both computers and smartphones.

- Studies have shown that older generations are less likely than younger cohorts to access their financial accounts online. This could explain why fewer older consumers desire additional security controls.

- But younger, digitally native consumers will soon become the bulk of banks' customers, and their [preference for biometric authentication methods is growing](#). FIs should think about how this fits into their digital transformations.

*This article originally appeared in Insider Intelligence's **Banking Innovation Briefing**—a daily recap of top stories reshaping the banking industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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