

# RETAIL BANKER

## INTERNATIONAL

# 2021 FORECASTS

## RETAIL BANKING EXPERTS ANALYSE THE MAJOR TALKING POINTS OF 2020 AND LOOK AHEAD



### FEATURE

Retail banks walk a tightrope with surveillance technology

### ANALYSIS

Rapid evolution of deep fake technology poses a threat to banking

### INSIGHT

Negative interest rates: How banks can keep pace with fast-moving regulation

## RYAN GOSLING, COMMERCIAL DIRECTOR, CALLSIGN

### Mobile behavioural biometrics

Due to masks covering the face, it causes challenges for individuals to authenticate and identify themselves using facial biometrics - when using your smartphone's facial ID for instance to log into apps and authenticate payments. Whilst some retailers and airports have implemented new innovations to authenticate customers with masks on, the current workaround means that in most instances people have to remove their masks in public to use facial biometrics or move to a more complex/less user-friendly way to authenticate themselves.

This is where mobile behavioural biometrics comes in - it uses gestures to positively identify a user - such as a swipe across the screen or entering in a One Time Passcode (OTP) - and it can be as passive or interactive as required (passively checking MI/password/swipe/pin entry). The user's behaviour creates a unique profile and can be used to positively identify them in future.

This is an ideal workaround or replacement for facial biometrics as behavioural biometrics only requires the user to have their hand available to swipe across their mobile screen or enter an OTP to authenticate themselves. Using this



method, individuals can completely remove the dependency on facial biometrics – in effect reducing the need to remove the face mask in public and avoid the associated risks of Covid-19.

### Building the behavioural profile

As an example, by building the behavioural profile when logging into a banking app, the biometric authentication profile can then be used in other user journeys and channels – this could include making a payment in store and authenticating a card payment online. Removing the need to take your protective Covid-19 mask off in public whilst still providing a secure and user-friendly authentication. This technology can expand to retailers for things like Click & Collect using mobile behavioural biometrics to authenticate yourself at the point of collection.

Whilst wearing masks protects us from Covid-19, the continued use of facial recognition can have a counter effect by exposing the individual in public and can cause challenges protecting our identity or security.

For businesses, it could mean a drop in customers due to the cumbersome user experience. ■

## KONSTANTIN SIDOROV, LONDON TECHNOLOGY CLUB

Over the past year, we have seen an explosion in the use of digital banking services. This hardly comes as a surprise, as businesses and consumers avoid the use of cash and local branches in a bid to avoid the virus. The pandemic has also significantly accelerated the adoption of digital services amongst the older population. And amongst younger generations, consumers are increasingly adjusting to alternative forms of finance online including lending, payments and wealth management.

From an investor perspective, despite the dampened economic conditions, deal sizes have continued to grow as late-stage fintech's have seen bigger and bolder deals this year.

Particularly in London, where we have seen fintechs net a total of \$3.6bn in VC investment in 2020.

Going into 2021, we will see more consolidation as big banks and institutions continue to make fintech acquisitions.

The UK is at the forefront of innovation with challenger banks and fintechs such as Revolut, Monzo, Paysend and Rezolve leading the charge.

As they start to gather more customer data, they can continue to provide unique services which are disrupting the traditional financial institutions.

Going into 2021, we are likely to see a continuation of pressure from regulators on fintech start-ups.

The failure of Telegram in the US and the recent delay of the Ant IPO in China, highlight the issues that such firms are confronted with.

### Finance-as-a-service

Worldwide, we are also witnessing the emergence of “finance-as-a-service” whereby non-banks step up by providing financial services by adding fintech modules into their offerings.

With our smart phones, we can see financial services outside of the traditional banking apps, whether that's in transport, food-ordering or online shopping applications.

Big tech represents a huge threat to the incumbent banks as they continue to expand their offering into payments, savings and investment services to customers, staff and supply ecosystems.

Leveraging the deep insights provided by their huge pools of customer data, firms like Alibaba (Alipay), Apple (Apple Pay) and Google (Google Pay) are able to offer hyper-personalised financial and lifestyle services. ■

## ANNE BODEN, CEO AND FOUNDER OF STARLING BANK

2020 has been a transformational year for Starling, and we're still on track to become the first digital challenger bank to break even before the end of the year.

We have ridden the wave of the

pandemic by being flexible and listening harder than ever before to the needs of our customers.

Taking these two learnings into 2021 will mean that we keep up the pace, keep listening and keep evolving. ■

