



## Facial Biometrics Help FIs Fight Onboarding & KYC Fraud

biometrics fraud protection KYC customer experience

**Summary:** Facial biometrics is the latest technology and the financial industry is taking notice. TD Bank has started using it with onboarding, while fintechs and MasterCard are jumping in too. While the technology is in its early stages, we recommend monitoring facial biometrics and tracking the competition to avoid losing customers.

It took Walt Disney nearly 20Ys to convince author P.L. Travers to sell the screen rights to her popular children's novel, Mary Poppins. But, even after landing those rights, the renowned 1964 film almost didn't happen, as Travers seriously disliked Disney's decision to combine animation and live action scenes within the musical. Yet, movie audiences didn't share the author's opinion, advancing the combination of animation and live action in films. The Disney Company is once again pushing the envelope for the sake of customer experience.

### Disney's test

Disney recently tested a face-based entry system at its Disney World theme park that uses facial biometrics to identify pass holders and provide them with touch-free admission throughout its attractions. To start, a facial recognition scanner is used to scan the faces of trial participants. Once this information is captured and the pass holder scans their ticket or MagicBand (Disney's version of a digital wallet/ticket) to activate it, their image is converted to a number that is linked to their pass.

For Disney, the benefits of such a technology are twofold. It prevents people from being able to share tickets or passes. It also enables the holder to securely make any electronic payments or reservations with minimal financial or identity risk, if their pass is lost or stolen. Within 30 days after the visitor's park visit is over, their biometric information and the associated numbers are purged from Disney's system.

While the operations of the "happiest place on earth" may seem less relevant to the banking industry, customer onboarding efforts are already underway among several fintechs and financial institutions. Community financial institutions (CFIs) should take note and keep their eyes peeled as this technology advances and becomes more readily available.

**Facial biometrics increase onboarding success.** Many people are still skeptical about returning to bank branches in person and so the ability to onboard customers digitally is more important than ever. With this in mind, TD Bank has folded facial biometrics into its security measures to speed up onboarding and prevent new account opening abandonment. According to Digital Banking Report research, [19% of people who begin remote bank account enrollments give up their efforts](#), that number rises with the length of time that remote onboarding requires. To try and keep people from becoming frustrated and abandoning remote account applications, TD Bank combines facial biometrics with a handful of other security measures including fingerprints, real-time ID matching, verification, and cross-referencing measures to ensure that new account applicants are in fact who they purport to be and not bots or criminals who have stolen someone else's identity.

**Form partnerships to incorporate technology applications.** Multiple efforts to utilize facial biometrics within the banking industry are already underway. One such example is a partnership between FacePhi, a Spanish biometrics solutions company and Information Technology Solutions and Services (ITSS), a Swiss banking software integrator. Their joint venture centers on combining facial biometric authentication and remote onboarding for banks around the world. The global initiative is an effort to help financial institutions onboard people more quickly, but in a way that ensures their security and privacy. As of April 2021, the partnership had resulted in 28 bank contracts, 6MM users, and over 500MM authentications. This is an example of one way that CFIs can provide facial biometric-based onboarding services for their customers without having to develop the technology in-house.

Mastercard has also gotten in on the action and has begun [offering facial biometrics through Signzy biometrics](#) as a way of helping businesses that use its payment platform to adhere to know your customer (KYC) guidelines.

**Keep watching and learning.** While staying on the sidelines may work right now, it won't be an option later down the road. Just as fingerprint biometric technology spread, so will facial biometrics. While it is still new and the kinks are being addressed by the bigger companies, like Walt Disney and TD Bank, learnings will be made. As this time comes, CFIs should be keeping themselves up to speed on the technology, the developments, and how facial recognition can help with their onboarding process and KYC compliance.

1. See what your peers are doing and don't let the competition get ahead of you. As more and more financial institutions and fintechs begin utilizing facial biometrics to provide customers with rapid, safe onboarding experiences, failing to take action could mean losing customers.
2. Start sizing up fintechs for your own partnership. If you already have a fintech partnership, ask about the opportunities to incorporate facial biometrics.

As the pandemic wanes, fraud will continue as an ongoing issue within the financial industry. Having a secure, fast way to combat online identity fraud is vital. Keep your eyes open to what is available and how it can help you will not only keep you ahead of fraudsters but also the competition.

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Rates As Of: 05/13/2021 05:13AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.02	0.01	-0.07
6M	0.04	0.01	-0.05
1Y	0.05	0.00	-0.06
2Y	0.17	0.01	0.05
5Y	0.87	0.02	0.50
10Y	1.69	0.05	0.77
30Y	2.40	0.11	0.76
<b>FF Market</b>	<b>FF Disc</b>	<b>IOBB</b>	

0.06	0.25	0.10
<b>SOFR</b>	<b>Prime</b>	<b>QBER</b>
0.01	3.25	0.05

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