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Behavioral Biometrics: Innovative Fraud Deterrent or Threat to Consumer Privacy?

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SITUATION

MISUNDERSTOOD CUSTOMER EXPECTATIONS

Behavioral biometrics is quickly emerging as a useful means of lowering fraud losses. The technology pulls data from the gyroscopes of smartphones, monitoring and measuring the rates of keystrokes, among other techniques, to accurately ensure the person who's interacting with a bank online is who they say.

But solutions are shrouded in red flags and already warning signs have arisen, suggesting the possibility of privacy concerns from bank customers. For instance:

- Like many in its class of emerging innovations, behavioral biometrics relies on data that has outpaced consumers' understanding of their personal information.
- The technology's use isn't broadly transparent to customers. Its collection isn't spelled out in many—if any—banks' privacy policies.
- Users are unable to throttle its use, limiting when and for what purpose their information is being collected.

Concerns about their data are shifting among consumers. The sentiment around breaches, for instance, exemplifies the trend. Historically, consumers have focused on the potential for malicious actors to exploit compromised information. Now, they're increasingly worried about the conduct of the companies that hold their data.

Less than a third (28%) feel they have control over the way companies use and share their data, while three-quarters (75%) support stronger privacy regulations (See Figure 1). Those attitudes can coalesce around behavioral biometrics—demonstrably affecting adoption and, yes, the bottom line.

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