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NEW DEVELOPMENTS IN BIOMETRIC AUTHENTICATION FOR PAYMENTS

It no longer seems like science fiction to use your palm or retina to verify your identity when making a payment. Around the world, the use of biometric authentication has been rapidly accepted, largely due to the widespread adoption of smartphones. Technology research firm Gartner estimates that 50% of consumers in established markets will use smartphones or wearables for mobile payments by 2018¹, and analysts have forecasted that by 2024 biometric methods will be used to verify all online transactions.²

CONVENIENCE AND SECURITY
Consumers have been won over by the convenience and safety of smartphones and wearable mobile devices for conducting their financial transactions. The popularity of Apple Watch and Apple Pay has advanced the idea of mobile payment devices, and the biometric authentication they employ is seen as a secure way to handle transactions. Deloitte’s Center for Financial Services found that 72% of consumers surveyed would like to use biometric identification with mobile devices for financial transactions.³

The Biometrics Research Group, Inc. estimates that 650 million people worldwide were using biometrics on mobile devices at the end of 2015.⁴ The portability of mobile devices makes biometric authentication a natural fit, as users carry their biometric “signatures” with them in the unique physical qualities of their eyes, ears, palms, faces and heartbeats.

Biometric authentication for ATM use and retail payments has been widely adopted around the world. In Japan, ATMs use palm vein and fingerprint biometrics for authentication, and in Brazil, a bank with 50,000 ATMs nationwide has adopted palm vein authentication.⁵ Meanwhile, a bank in Argentina that distributes pension benefits via ATMs is using multispectral imaging technology to combat fraud. This technology uses special light sensors that analyze capillaries to collect unique biometric fingerprint data.⁶

Several new biometric recognition methods for payment systems are in development:

• **Heart rate** — A wristband heart rate monitor is being tested as a mobile payment device that enables a secure payment with a tap of the wrist and a biometric heartbeat authentication.⁷

• **Hand vein matching** — The veins in your hands are a personal living map, as each person’s veins develop uniquely. Financial companies like vein matching because it must be done on live tissue, making it harder to fake.

• **Eye movement recognition** — The patterns of eye movement are unique and must be evaluated in real time to the reaction of a stimulus, making fraud improbable.

• **Ear recognition** — Each person’s ears are uniquely shaped, and biometric recognition can identify smartphone users by the way they press the phone to their ears.¹⁰
• **Voice** — This method is attractive as a replacement for PINs and passwords. Voice biometrics measures more than 100 physical and behavioral characteristics and requires only a few seconds of audio for identification. Because voiceprints are stored as algorithms, they are virtually impenetrable by hackers.

**MIXING IT UP**

Although several of these technologies are promising, many experts believe that a mix of methods will prove to be the best deterrent to fraud. For example, a combination of voice and eye movement recognition would create a unique identity that would be virtually impossible to falsify. It’s no wonder that the biometrics sector is booming, with worldwide revenues estimated to reach $45 billion by 2018.

To discuss these topics in more detail, please contact your PNC Relationship Manager.

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2 “Where will payments be in 10 years?” ATM Marketplace, Jan. 2, 2015. Available at: http://www.atmmarketplace.com/articles/where-will-payments-be-in-10-years/


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