



## Looking At Green Holidays And Biometrics

by [Steve Brown](#)

Today is St. Patrick's Day, so be sure to wear blue. That's right, an interesting fact we dug up was that St. Patrick was partial to a light shade of blue. The color green only showed up after this event was linked to the Irish independence movement in the 18th century. If that isn't weird enough for you, consider as well that St. Patrick wasn't even Irish, but was British. Now you know.

As your banking team gets ready to celebrate St. Patrick's Day, we take a moment to talk about how the industry is using biometrics. While no one is totally sure whether biometrics will ultimately provide more protection than passwords, the market certainly seems to be quickly moving in that direction. Today we explore some of the options that exist today, as well as give a few pros and cons of each method.

The most familiar biometrics feature is of course fingerprint authentication. This security feature allows users to confirm their identity with a single touch. It's commonly used to secure a mobile phone user's locked screen, or to access in-app payments. Fingerprint authentication can also be used to replace password-and-username screens with a single-touch sign in. It's quick and easy and fingerprints are unique to an individual. One downside however, is that injury can interfere with the scanning process. Also, recent research has cast doubts on its infallibility. Michigan State University researchers, for instance, found that with an inkjet printer and special ink and paper, it was possible to hack into a fingerprint-protected phone in 15 minutes or less.

Another biometrics option is the iris scan. Since no two human irises are alike, a scan of an eye can be a very accurate way to verify identity. This option is about 10x more precise than fingerprinting, according to reports. But it's also susceptible to poor image quality and the cost of implementing may be prohibitive for some. Further it takes longer to verify a user's iris, compared with other authentication methods.

Next in line for discussion is voice identification. This biometrics option relies on the fact that vocal characteristics are unique for each individual. So, when a customer calls in, his or her voice is analyzed for hundreds of unique characteristics that are then compared to a voiceprint on file. This technology is reliable and easy to use so more banks have been signing on to use it. As with prior biometric options, this one too is not hacker proof, so bankers should layer in other options as well if using this one.

This brings us to face recognition. This technology comes in handy for customers making purchases, withdrawing money or applying for an online account. Users can authenticate their identity by taking a selfie with their smartphone. A facial recognition system is possible anywhere you can put a camera. However, image quality, as well as the size of the image and the face angle, can interfere with authentication efforts. Some people also object to the Big Brother implications so we will have to see where this goes.

Lastly, there is keystroke biometrics. Here, software tracks how users use their computer keyboard, mapping out unique patterns that can help identify users based on the manner and rhythm of their typing. Advances in machine learning have made this a more viable authentication method of late. However, it's not full-proof either, so again it is best to layer in other techniques as well.

To be sure, these are only a sampling of the possibilities that exist with biometrics today. As you celebrate St. Patrick's Day with your team today, we will continue our research in this area so we can keep you apprised of new developments as they surface.

# ECONOMY & RATES

## Yesterday

Yields bumped up 5bp as investors relished a drop in unemployment claims and an increase in housing starts.

Rates As Of: 03/17/2017 11:09AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.72	0.00	0.00
6M	0.86	0.00	0.00
1Y	0.99	0.00	0.00
2Y	1.31	0.00	0.00
5Y	2.01	0.00	0.00
10Y	2.49	0.00	0.00
30Y	3.11	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	1.00	0.00	
Prime	Unemployment	Oil	
4.00	0.00	\$0	

[More Market Rates](#)

## BANK NEWS

### Longer Assets

Fed research finds that since the crisis, banks have increased their holdings of longer-term assets given a need for spread in the low rate environment (with a steep yield curve). Now that rates are rising, regulators are concerned these longer dated assets will be slower to reprice & blunt or negatively impact margins if they are not suitably matched, hedged, or managed.

### M&A Activity

1) Five bank holding company Pinnacle Bancorp (\$9.7B, NE) will acquire AmFirst Bank (\$260mm, NE) for an undisclosed sum.

### Director Review

Korn Ferry research finds 68% of boards have no stated individual review policy and only 32% perform individual reviews of directors.

### Customers

Wells Fargo research finds 80% of millennial business owners prefer to do all of their business with one institution. That is different than older cohorts that typically have about 3 such relationships.

### Multifamily Lending

Axiometrics research finds major cities have 378,000 new apartments planned for construction this year, exceeding the 20Y average by about 15%.

### Third Party Risk

The ABA reports a senior FDIC executive that flags proposed regulatory guidance indicates bankers "should keep an eye" on vendor management in the coming year given it is an area of "increasing regulatory focus."

### Less Cash

In yet another sign that things are changing, Gallup reports 24% of people say they make some or all of their purchases with cash vs. 36% about 5Ys earlier.

### Workplace Changes

Accenture research finds about 17% of US jobs could be at risk as new technologies emerge this year.

*Copyright 2018 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.*