



The Precision Of A Data Security Sweet Spot

by [Steve Brown](#) Topics: [cyber risk](#), [risk management](#), [technology](#)

Summary: A recent FICO study shows 80% of consumers don't see the need for what they consider unnecessary security procedures. How to strike a balance between security and customer satisfaction.

It seems our long lost relatives, the Neanderthals, were not just a bunch of grunting brutes. A study that analyzed bones found they had a precision grip very similar to our own more modern day variety. It seems we still have much to learn!

In the world of cybersecurity, bank teams are always learning to keep up with bad actors too. After all, it is often difficult to know how much security is too much. This is important when you consider [a recent survey from FICO](#). It shows how fed up consumers are with the security hoops they need to go through to verify their identity. This is despite the constant barrage of information about data breaches and card compromises. It seems 80% of respondents don't see the need for what they consider unnecessary security procedures.

In addition, 47% said they are tired of having to answer endless security questions whenever they call customer service departments. Even worse, a startling 64% don't see the need for complex passwords featuring a mix of numbers, symbols and capital letters. Finally, 48% are frustrated with the use of two-step verification and 71% are frustrated by captcha codes.

Bank IT teams reading this are probably feeling queasy about now, but they aren't the only ones. Sales teams too should note that 22% of respondents said they would either give up on opening a bank account completely, or give up and try at a different bank, if they had to jump through too many hoops.

It's an interesting perspective, given that security--or lack thereof--is one of the top things keeping bank executives up at night. With good reason: cyberattacks and data breaches are more common than in any other industry. 45% of financial services organizations have had a data breach in the last 2Ys, and the severity and volume of cyberattacks continue to increase, according to a global cybersecurity study by Ponemon Institute.

Certainly, it's a balancing act. Customers may say they're willing to forgo security for convenience, but one wonders if they'd say the same after being part of a damaging data breach. In our view, banks have to find a happy medium. This is the sweet spot between protecting customer information and piling on too many layers of security that could push customers away.

This analysis starts with a risk assessment to ensure the necessary security precautions are in place, while at the same time allowing business to function smoothly and customers to bank effortlessly. Are you utilizing the most appropriate tools, technologies and procedures to meet this multi-faceted challenge? A little research on this could go a long way. But, more than likely, you have already started this.

Artificial intelligence (AI) is an option that is getting more reasonable for community banks. Your bank may want to explore how AI could help you more seamlessly analyze patterns that smack of fraud. Technology available today has the potential to spot trouble without putting customers through hoops, and this technology is only getting better over time.

To be sure, fraudsters are getting more sophisticated, especially as we move toward an increasingly digital world. Community banks will need to continue their diligence to ensure their data security efforts work for them and their customers.

ECONOMY & RATES

Rates As Of: 10/16/2018 11:38AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	2.29	0.10	0.92
6M	2.46	0.10	0.93
1Y	2.65	0.09	0.92
2Y	2.87	0.05	0.98
5Y	3.02	0.07	0.81
10Y	3.16	0.10	0.75
30Y	3.33	0.13	0.59
FF Market	FF Target	Fed Disc	
2.18	2.25	2.75	
SOFR	Prime	Unemp	
2.21	5.25	3.70	

[More Market Rates](#)

BANK NEWS

GDP Projection

[A CNBC survey of Wall Street economists](#) finds GDP is forecasted to be 2.8% this year and 3.0% in 2019. This compares to 2.2% in 2017.

Competition

Wells Fargo is rolling out a mobile app next year called Greenhouse that includes customer bank accounts with money management tools. The app provides two spending accounts that work together (one for bills and one for daily spending). Wells Fargo hopes this new app will bring in more young customers.

Age Matters

[According to a recent Bain and Co survey](#), almost 70% of 18-to-34Ys would try a free Amazon bank account, vs. about 50% of those 35 to 54Ys old and less than 40% of those 55+Ys.

Siri Salesforce

[Apple has announced](#) it has entered into a partnership with Salesforce to add its Siri voice assistant as part of the mobile apps used on the Salesforce platform. As part of the arrangement, Salesforce will make software tools that allow businesses using its back-end technology to power their own apps with features specific to Apple products.

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