



ENTRUST

SECURING A WORLD IN MOTION

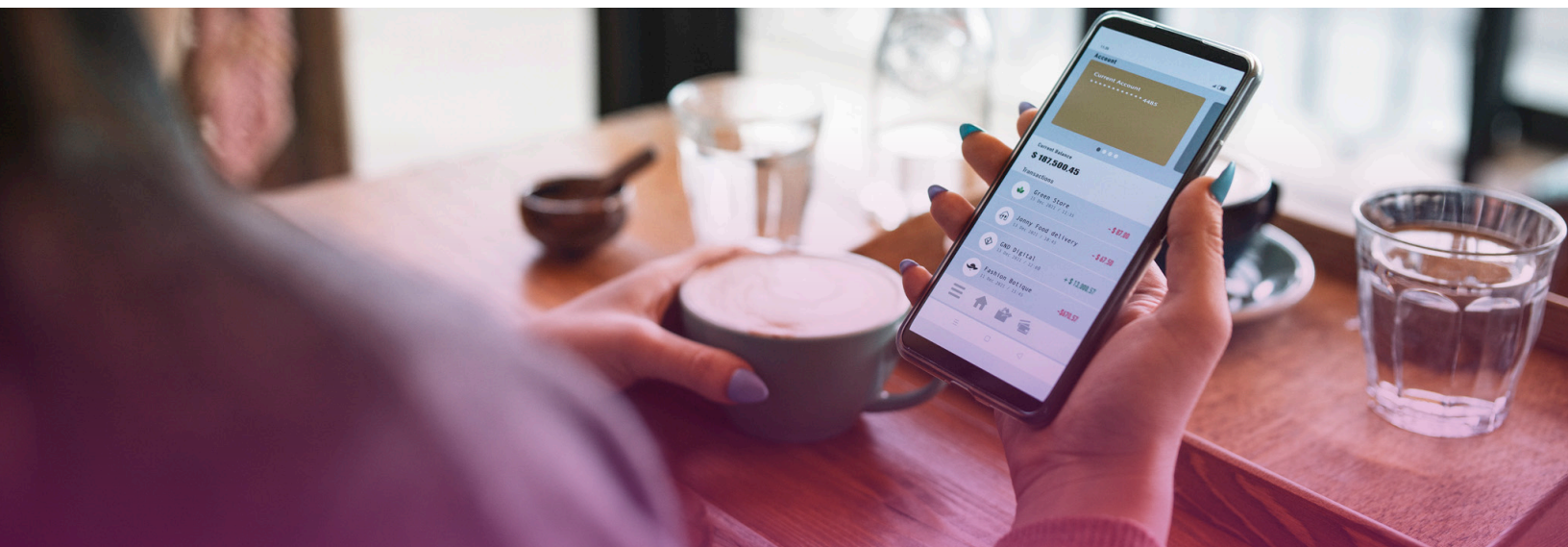
Digital-First Banking Report

Tracking consumer momentum toward digital onboarding in an omnichannel world

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3	Introduction
4	Traditional banking roots as an asset in the digital age
5	Consumers prioritize ease and speed, creating opportunities for traditional players
6	Security is still the bottom line - and customers are taking note
7	Introducing Entrust Digital Account Opening
8	Staying at the helm with secure digital excellence
9	Methodology



Introduction

Banking and payments are in a state of flux. Enduring financial institutions are facing competition from neobanks and fintech firms boasting digital-first experiences. Consumers are demanding more from their banks, making high-quality service, low fees, and robust security table stakes. Meanwhile, fraud and cybercrime remain at an all-time high. [Research from American Banker](#) found that 90% of banking professionals consider cybersecurity threats a challenge to their institutions' digital banking strategies.

Customer experience (CX) is quickly becoming a top differentiating factor when retail and business banking customers choose banking and finance partners. But with more digital services – particularly self-service – comes more risk. Banks and credit unions must meet customer expectations, security and privacy standards, and revenue goals.

All roads start with secure account opening – ensuring trust and identity from the very start of the banking relationship. The financial institutions that can step up to the plate with a frictionless, holistic, and secure digital experience for their customers can outlast competition and build enduring customer relationships for the long term.

To learn more about this trend, in the summer of 2023 the Entrust Cybersecurity Institute surveyed **1,000** consumers in four countries who have opened or considered opening a new deposit account with a bank or credit union they haven't used before to understand their sentiments, preferences, attitudes, and habits during this shift to digital banking.

This report discusses where digital banking experiences stand, the opportunities and challenges ahead as financial institutions and their customers explore digital banking capabilities, and key considerations to help organizations thrive in this competitive market.



Traditional banking roots as an asset in the digital age

Even as digital-first banking gains steam, the infrastructure of traditional financial institutions continues to be an asset, as many people continue to value in-branch services. Omnichannel touchpoints that include branches and mobile and desktop experiences are essential for everyday banking, even as customers increasingly prefer to do business online.

In our research, **seventy-eight percent of survey respondents indicated they prefer to do their basic daily banking online** (making deposits or withdrawals, applying for a credit card, opening a checking, savings or investment account, etc.), and **79% of respondents indicated a preference for mobile apps** for basic daily banking. In an earlier 2022 Entrust survey about the [Great Payments Disruption](#), **25%** of respondents said they preferred to open new bank accounts in person at a branch, highlighting the need for traditional banks to maintain their physical presence.

It's worth noting that there was an overlap among respondents' preferences: **69% favored digital**

credit or debit cards, while 89% preferred physical credit or debit cards. Assuming many respondents prefer both methods of payment, it's clear that a multi-channel experience is king for payments too. Even Millennials and Gen Z, groups often touted for their preference for digital experiences, cited a preference for physical cards. **Fifty-one percent** of Gen Z respondents and **56%** of Millennial respondents said they strongly preferred physical cards.

Financial institutions that are equipped to meet the need for myriad payment options, including digital and physical debit and credit (or payment) cards, are most likely to thrive in this new era of banking.



Upleveling digital capabilities can help banks save on operational costs in-branch and get more customers onboarded and spending faster with near-instant digital card availability.

Consumers prioritize ease and speed, creating opportunities for traditional players

Of the respondents who opened bank accounts within the last three years, 34% reported it taking between 10 and 30 minutes. Forty-five percent of respondents reported needing to provide physical documents in person at a branch to open the account, while another 29% said they scanned documents to submit digitally.

Customers are open to banks and credit unions dabbling in artificial intelligence (AI)-driven services, too – when asked about their comfort levels with AI providing help with banking activities, nearly 2/3 reported comfort with banks using AI for detecting fraud, budgeting, investing, and customer service (chatbots).

Thirty-seven percent of survey respondents have abandoned a new bank account application. Providing a secure, straightforward, and streamlined experience for account opening can help traditional and digital players alike stand out from the pack.

Of the respondents who abandoned new bank account applications, 47% did so because the process didn't feel secure or was too cumbersome. More than half of Gen Z and Millennial respondents reported abandoning new bank account applications – more than any other age group – with the top reason being the process was too cumbersome.

Eighty-three percent of survey respondents said the speed of account opening was important or very important when evaluating a financial institution, while 47% of survey respondents said instant access to a digital debit or credit card when signing up for a new bank account was important or very important to them.



63%

of respondents reported they are comfortable with AI helping their bank detect fraud.



Almost half of respondents cited instant access to a digital debit or credit card when opening a new account as important criteria for them.

Security is still the bottom line – and customers are taking note

Customers are willing to share necessary information to get a convenient and secure experience, including using new tools and technologies. The majority of survey respondents are comfortable with banks using biometrics like facial recognition for identity verification, offering fresh opportunities for banks to explore

new technologies for enhanced security. In fact, many customers prefer these security layers over passwords – in Entrust’s 2023 [Future of Identity Report](#), **58%** survey respondents said that when given the option between biometrics and a password, they will choose biometrics more than half the time.

What makes customers comfortable with their bank’s security measures?



72%

of customers said they were comfortable or extremely comfortable with their bank’s security measures when it uses facial recognition, selfies, or fingerprints.



82%

of customers said they were comfortable or extremely comfortable with their bank’s security measures when it uses multi-factor authentication.



79%

of customers said they were comfortable or extremely comfortable with their bank’s security measures when it uses data encryption.



81%

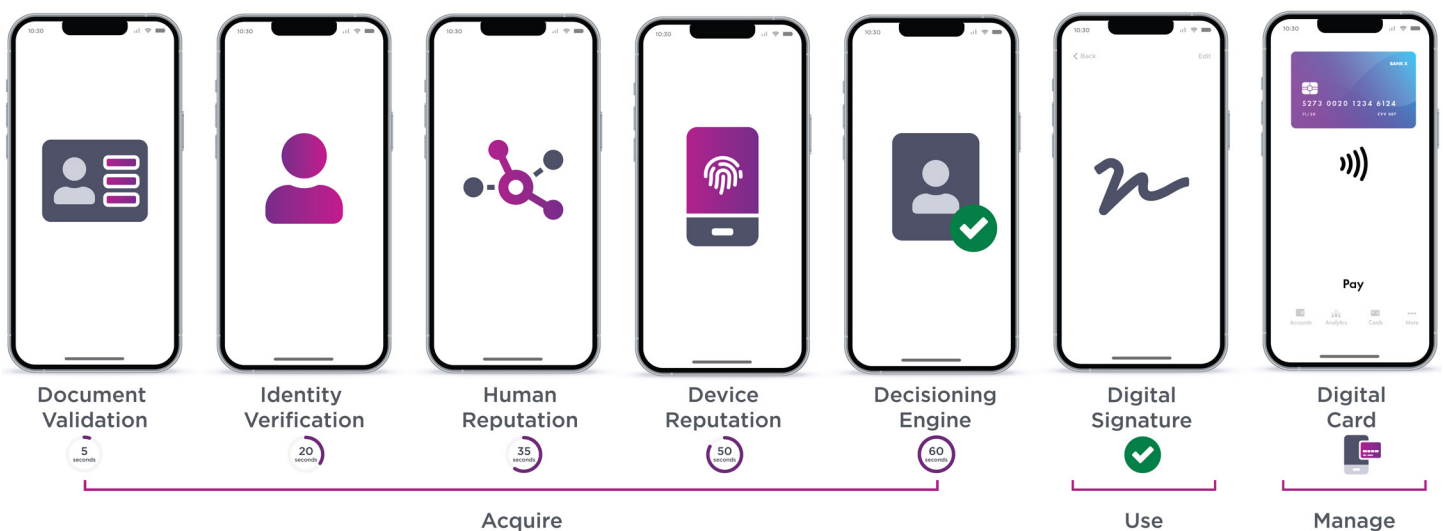
of customers said they were comfortable or extremely comfortable with their bank’s security measures when it uses clear privacy statements.

Introducing Entrust Digital Account Opening

The Entrust Digital Account Opening solution enables seamless account opening and integrated to seamless payment card issuance. This solution simplifies the customer onboarding process, providing an enhanced user experience, increased security, and a positive impact on profitability for financial institutions.

Using biometric identity verification dramatically accelerates the user's journey through the onboarding process compared to traditional account opening processes. Entrust uniquely enables banks and credit unions to vet applicants quickly, easily, and securely. In addition to validating

a government-issued credential and biometrically matching it to a picture of the end user, financial institutions can improve their level of assurance that they are doing business with legitimate customers and not bad actors. In addition to verifying the individual and their government ID, the Entrust Digital Account Opening solution also assesses the device (user's mobile phone) reputation and provides a risk score for the user's declared email address, phone number, and physical address. All of this happens in mere minutes and creates **the best way to onboard new customers and fend off fraudsters.**



Staying at the helm with secure digital excellence

To deliver the instant gratification and genuine value that customers expect today – while ensuring payment enablement from opening through onboarding – banks and credit unions must embrace accelerated digital-first account creation technology. All aspects of account opening, including identity verification, signatures, and documentation, must be available digitally to stay competitive in this changing landscape – whether deposit, loan, mortgage, or small business transactions.

Financial institutions can either drive the financial services revolution or cling to the old ways and experience predictably consistent customer churn.

Firms can embed the gold standards of identity

verification and KYC practices directly into their digital experiences through integrated biometric authentication and document validation. In tandem, firms can continue to leverage branch footprints as a competitive advantage, offering customers an omnichannel experience with digital, in-person service and self-service to ultimately meet customers where they are and where they want to be.

If you're ready to be at the helm of digital excellence in financial services, Entrust is ready to streamline your digital transformation journey. Contact us to learn more about how we can help your organization embrace the future of banking, and engage the connected consumer.



About Entrust

Entrust keeps the world moving safely by enabling strong identities, secure payments, and protected data. We offer an unmatched breadth of solutions that are critical to the future of secure enterprises, governments, the people they serve, and the data and transactions entrusted to them. With our experts serving customers in more than 150 countries and a network of global partners, it's no wonder the world's most entrusted organizations trust us.

For more information, visit www.entrust.com.

About the Entrust Cybersecurity Institute

The Entrust Cybersecurity Institute shares news, analysis, insights and commentary for IT and business leaders charged with protecting and enhancing IT infrastructure.

Learn more at

www.entrust.com/cybersecurity-institute



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Methodology

Survey methodology: The Entrust Cybersecurity Institute surveyed **1,000** consumers from the United States, Chile, France, and Singapore who had opened an account within the last three years. Data was collected in **September 2023**. This report also leverages data from Entrust's 2023 [Future of Identity](#) report and its 2022 [Great Payments Disruption](#) report.

