



New Technology Update: KYC Video Authentication

by [Steve Brown](#) Topics: [technology](#), [digital banking](#), [customer experience](#)

Summary: A technology that is being used abroad by some bankers and their customers may hit our shores too - know-your-customer (KYC) video authentication.

A group of kittens is called a kindle. Yet today, the word kindle has a strong association with the Amazon e-reader, that has integrated into the fabric of our lives. Another technology that seems to be integrating into the lives of some bankers and their customers is know-your-customer (KYC) video authentication.

Several banks in the UK, Europe, and India are beginning to utilize KYC video authentication that connects customers to agents in real-time to verify their identity for mobile account openings and remote services. With the COVID-19 pandemic and mandatory physical distancing continuing, this may be something that American financial institutions (FIs) start to consider as well.

European regulators allowed banks to adopt video onboarding, allowing many European banks, particularly in Germany, to turn to security measures such as KYC video authentication. In January, the Reserve Bank of India announced that the financial service providers it regulates could use video-based authentication methods incorporating geo-coordinates to meet KYC requirements during the onboarding process. Now with COVID-19, it has intensified the push for secure remote onboarding options around the globe.

Video authentication allows customers to take and submit a real-time photo of themselves through software that reviews that photo using a combination of biometrics and 3D face authentication. This helps financial institutions ensure that they are dealing with a live person, not just a photograph. It also confirms that the individual they are interacting with is in fact who they claim to be. Once those confirmations are made, customers are connected to agents, who further verify their identity by applying biometrics to a government-issued form of identification along with a series of questions necessary to meet their compliance requirements.

One fintech is already offering this service to customers in Europe such as Commerzbank, N26, UBS, and SolarisBank. FIs can use their own support staff to assist with the confirmation process, or they can rely on the fintech's staff for everything. The number of fintechs offering this service will likely increase as demand does.

For FIs looking at this technology, the appeal of video authentication is two-fold.

1. It can give your **customers greater flexibility** in opening new accounts, which is a plus, especially these days.
2. It provides greater peace of mind that **mobile onboarding efforts are legitimate** amidst an increase in account fraud. Recent data from digital identity verification technology firm, Socure [found a 134% increase in new account fraud](#) attempts since the global pandemic began.

While we haven't heard of KYC video authentication happening yet within the US financial industry, it is likely coming. So, watch for new developments, as they start to unfold. That way, you will be up-to-speed if and when your customers ask for it.

ECONOMY & RATES

Rates As Of: 07/29/2020 05:17AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.10	-0.03	-1.44
6M	0.11	-0.02	-1.47
1Y	0.13	-0.02	-1.44
2Y	0.14	-0.01	-1.43
5Y	0.26	-0.03	-1.43
10Y	0.58	-0.08	-1.34
30Y	1.22	-0.19	-1.17
FF Market	FF Target	Fed Disc	
0.10	0.25	0.25	
SOFR	Prime	Unemp	
0.10	3.25	11.10	

BANK NEWS

Lost Restaurants

Yelp reports that 15,000 restaurants nationwide have permanently closed due to the coronavirus pandemic. While restaurant owners had a respite with PPP loans, that money is now used up and their landlords expect rent in August. With this reality, more may be closing.

Robot vs. Manager

When asked what a robot could do better than their manager, Oracle survey respondents said: provide unbiased information (36%); maintain work schedules (34%); problem solve (29%); manage a budget (26%); answer confidential questions without fear of scrutiny (21%); evaluate team performance (20%).

Fed Outlook

Fed Reserve Governor Brainard stated that continual large-scale asset purchases by the central bank were [needed for economic recovery amid a "thick fog of uncertainty"](#) from the coronavirus. Further, Fed Vice-Chairman for Supervision Quarles said that "We may be seeing significant pricing disconnects between the market and economic fundamentals, which could result in sudden and sharp repricing."

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