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# Consumer Authentication Preferences

for Online Banking  
and Transactions

January 2023 ■

Consumer Authentication Preferences for Online Banking and Transactions, a PYMNTS and Entersekt collaboration, examines consumers' authentication preferences for online financial transactions. This report is based on a census-balanced survey of 2,584 U.S. consumers that was conducted between Sept. 26, 2022, and Oct. 3, 2022.





# Consumer Authentication Preferences

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Consumer Authentication Preferences for Online Banking and Transactions was produced in collaboration with Entersekt, and PYMNTS is grateful for the company’s support and insight. [PYMNTS](#) retains full editorial control over the following findings, methodology and data analysis.



# Introduction

When making online financial transactions, consumers face constant security threats and want their banks to do more to protect their assets and personal information.

PYMNTS' latest research shows that half of U.S. consumers feel their banks should offer additional security measures, especially for non-routine transactions. This is the case even though most consumers report feeling satisfied overall with the level of security their financial institutions (FIs) provide. In other words, banks tend to meet basic online security expectations but fall short of delivering the security options and features their customers prefer.

Our study also reveals that nearly three times as many U.S. consumers now prefer to access their bank accounts using smartphones rather than computers. Security plays a key role in this shift: The majority of consumers now view smartphones and computers as equally secure for online financial activities,

and most consumers see biometric tools, which smartphones tend to conveniently provide, as the most secure way to authenticate a transaction.

FIs are facing a clear and present threat to their consumer banking customer base. To ensure they can maintain customer satisfaction and ultimately retention, banks and credit unions should explore new, customer-preferred fraud prevention solutions. Consumer Authentication Preferences for Online Banking and Transactions, a PYMNTS and Entersekt collaboration, examines consumers' authentication preferences for online financial transactions. This report is based on a census-balanced survey of 2,584 adult consumers in the U.S. that was conducted between Sept. 26, 2022, and Oct. 3, 2022.

**This is what we learned.**

## Most consumers now believe smartphones and computers are **equally secure** for online financial activities.

Fifty-seven percent of consumers view smartphones and computers as equally secure for online financial transactions. In the past month, 71% of consumers used smartphones more frequently than other devices to send or receive money, and 63% did so to purchase goods and services online. Most consumers now trust their smartphones when accessing bank accounts and paying bills, with 61% and 52% using them for these purposes, respectively.

## Consumers view biometric tools as **more secure** than passwords for authenticating their transactions.

In the past month, 47% of consumers used biometrics and 65% used passwords to authenticate access to online accounts and payment methods. Although passwords are still the most widely used, 31% of consumers believe biometrics are more secure. Indeed, 52% of consumers who use biometrics prefer the authentication method over other options, while only 25% of consumers who use passwords feel as positive about passwords.

## Most consumers are **satisfied** with their banks' digital security measures, but half still believe that their FIs should do more.

While 83% of consumers are confident in their banks' security measures, half of all consumers feel their FIs should provide additional protection. Perhaps not surprisingly, this sentiment is particularly strong among consumers who are unhappy with the level of security their banks are currently providing: 66% of this subgroup strongly supports the implementation of additional security measures.

## Consumers want **additional visible security** measures from their banks for high-risk, online financial transactions.

Our research found that 36% of consumers want their banks to require more visible security measures for infrequent online transactions, which are perceived as higher risk. Consumers are most concerned about security measures when using new devices to access their bank accounts (38%), completing their first online transaction with a new eTailer (35%) and updating their personal information in their bank accounts (35%).

## Smartphones: Today's personal computer

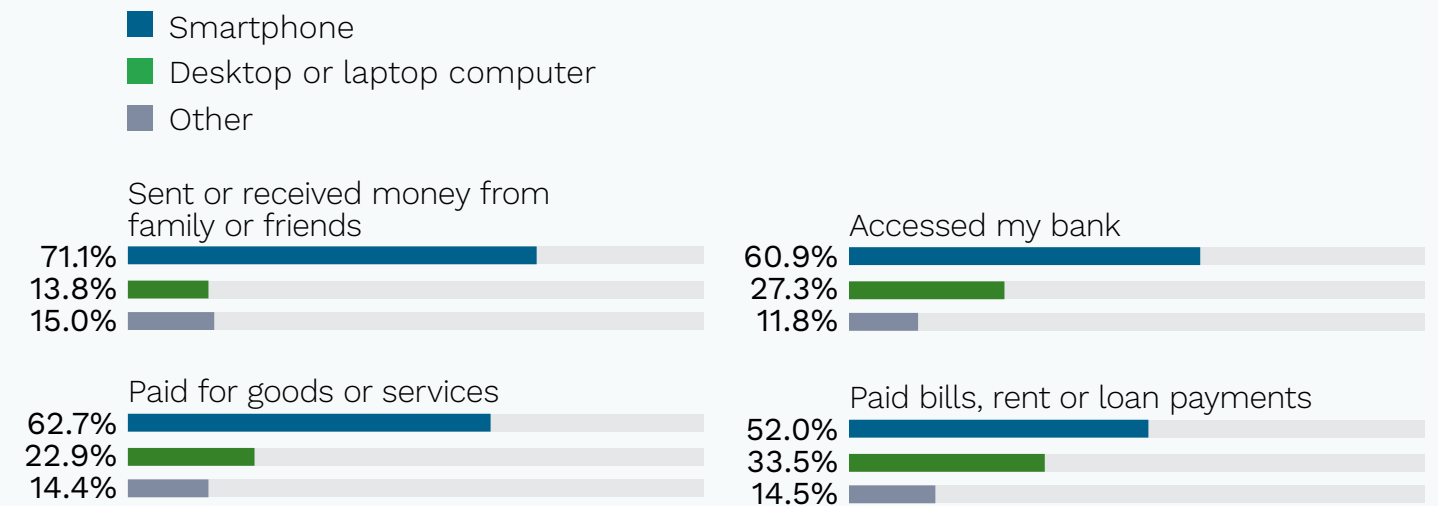
Gone are the days of having to huddle over a desktop or laptop computer to access a bank account or make online transactions. Consumers are shifting toward mobile devices for these transactions, with 57% now seeing smartphones and computers as equally secure options.

Indeed, PYMNTS' latest research found that smartphones were the go-to choice for online financial transactions in the past month: 71% of consumers used them more frequently than other devices when they digitally sent or received money from family and friends. This trend extends to the online purchase of goods and services as well, with 63% of consumers using smartphones more frequently than other devices for these transactions.

Most consumers also used their smartphones to access their bank accounts or make bill payments, further suggesting that consumers trust that these devices are secure. We found that 61% of consumers used their smartphones to access their bank accounts and 52% used them to make the bill, rent or loan payments.

**FIGURE 1:**  
**Devices consumers used for recent online financial transactions**

Share of consumers who used select devices most often for specific online transactions in the 30 days before being surveyed



Source: PYMNTS  
Consumer Authentication Preferences for Online Banking and Transactions, January 2023  
N varies based on online transactions completed, fielded Sept. 26, 2022 – Oct. 3, 2022

Consumers who prefer to use their computers to conduct online transactions tend to use them to access their bank accounts and pay their bills, rent or loans. They were 19% more likely to use a computer to access their bank accounts than to pay for goods and services, and 46% more likely to make bill, rent or loan payments than purchase goods and services.

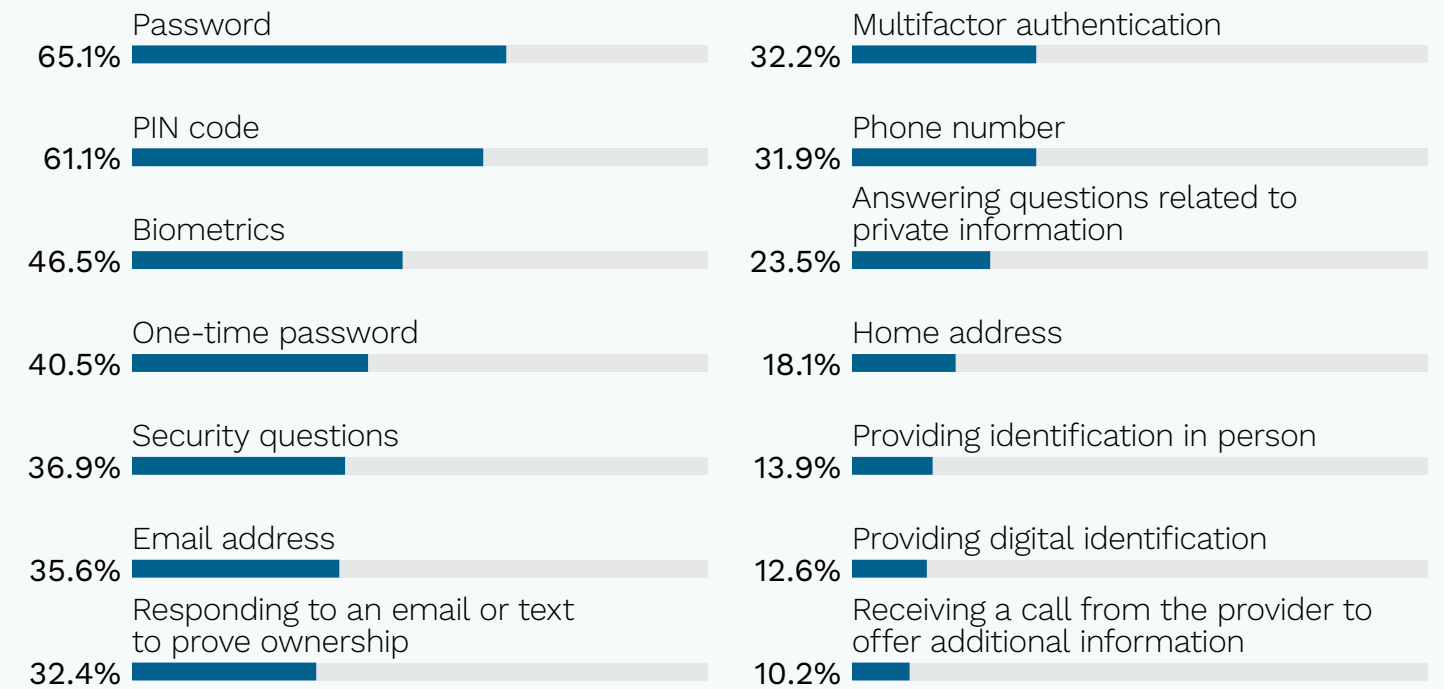
## Passing over passwords for biometrics

Advanced identity authentication measures are necessary to ensure the security and integrity of sensitive information, especially for online financial transactions. Our research found that biometrics are trending up while passwords are trending down, as 52% of consumers who use biometrics prefer this authentication method, while only 25% of consumers who use passwords prefer them over other options.

Despite this difference in interest, passwords remain the most widely used authentication method. In the past 30 days, 65% of consumers used a password to access accounts and payment transactions; only 16% of all consumers preferred this method, however. These low levels of consumer affinity hint at the inherent drawbacks of passwords, such as difficulty remembering complex ones and their vulnerability to theft.

**FIGURE 2A:**  
Consumers' use of and preference for authentication methods

Share of consumers who have used select authentication methods in the past month



Source: PYMNTS  
Consumer Authentication Preferences for Online Banking and Transactions, January 2023  
N = 2,584: Complete responses, fielded Sept. 26, 2022 – Oct. 3, 2022

**47%**

**of consumers used biometric authentication methods in the past month.**

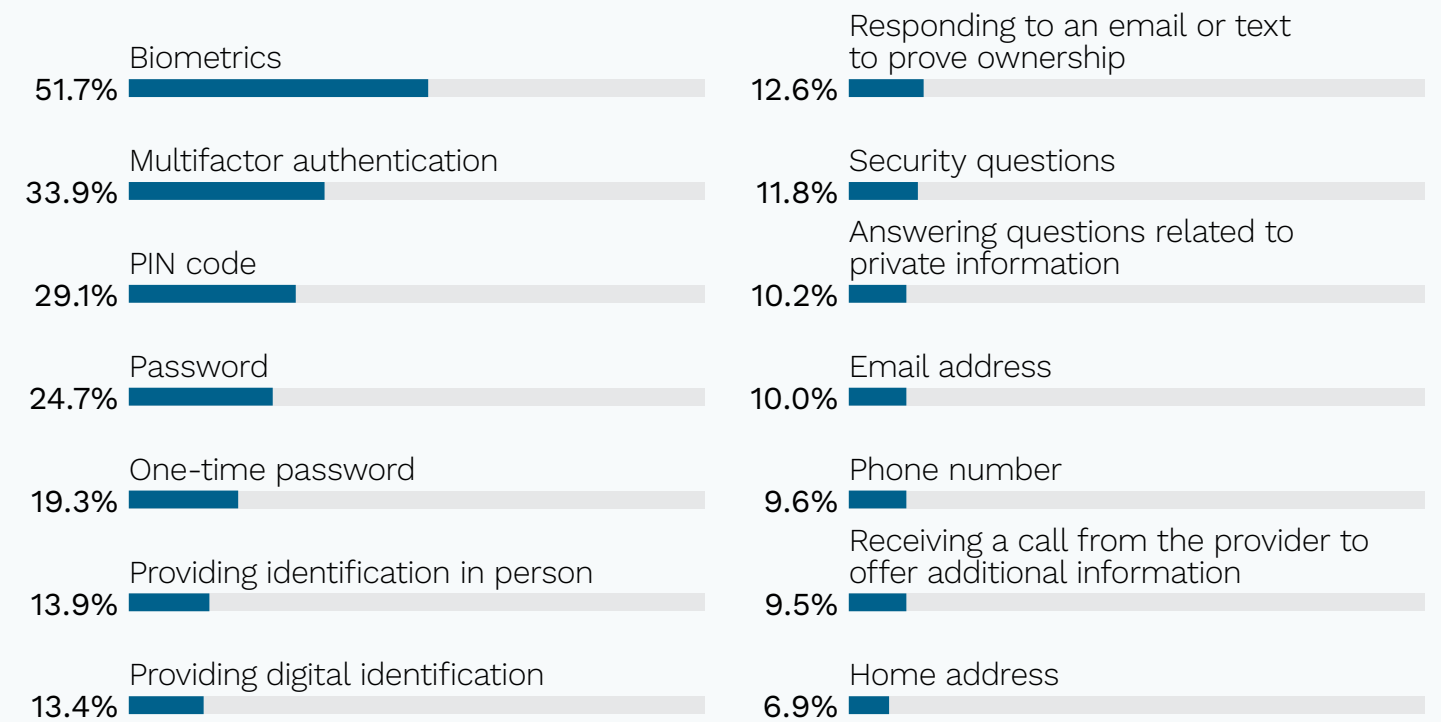


Although a relative newcomer to the field of consumer-level identity authentication, biometrics have quickly gained traction among consumers. Our data reveals that 47% of consumers used at least one biometric authentication method — fingerprint, face, or voice recognition in the past 30 days. Among this group of consumers, 52% prefer biometrics for authentication over other methods they have used.

We attribute consumers’ rapid adoption of and preference for biometrics most to their belief that these methods offer a higher level of security. Our research found that 31% of consumers view biometrics as the most secure method for authentication, while only 9% of consumers hold the same view of passwords. The data also shows that respondents see biometrics as slightly more convenient, faster and easier to use than passwords.

**FIGURE 2B:**  
**Consumers’ use of and preference for authentication methods**

**Share of consumers who have used select authentication methods and cite this method as their most preferred method**



**Source: PYMNTS**  
Consumer Authentication Preferences for Online Banking and Transactions, January 2023  
N = 2,584: Complete responses, fielded Sept. 26, 2022 – Oct. 3, 2022

**Financial institutions are facing a clear and present threat to their consumer banking customer base. To ensure they can maintain customer satisfaction and ultimately retention, banks and credit unions should explore new, customer-preferred fraud prevention solutions.**



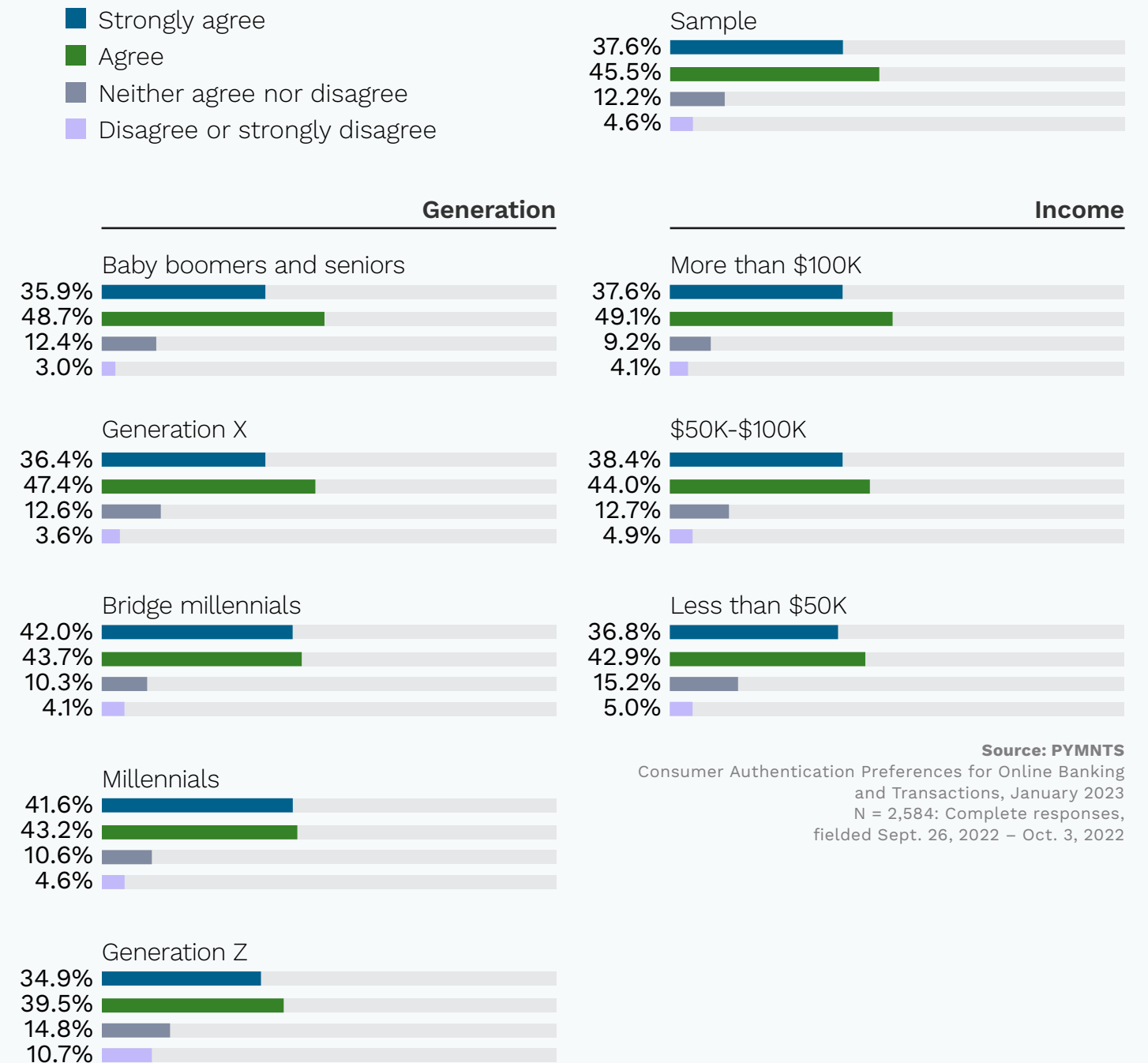
## Consumers want more security from banks

Banks play a crucial role in the security of online financial transactions, and the majority of consumers stand by their banks' security measures. Overall, 83% of consumers believe that their banks are doing a good job of protecting their sensitive information and preventing unauthorized access to their accounts, and we measured little variation across different demographic groups.

Bridge millennials and millennials were the most likely to strongly agree that their FIs provide the highest level of security, with 42% expressing this sentiment. They were followed by 36% of both Generation X members and baby boomers and seniors who said the same. The share of Generation Z consumers who strongly agreed with this view was only slightly lower: 35%.

**FIGURE 3:**  
**Consumers' belief in banks' online security**

Share of consumers citing select levels of agreement that their FIs provide the highest level of security, by demographic



Source: PYMNTS  
Consumer Authentication Preferences for Online Banking and Transactions, January 2023  
N = 2,584: Complete responses, fielded Sept. 26, 2022 – Oct. 3, 2022

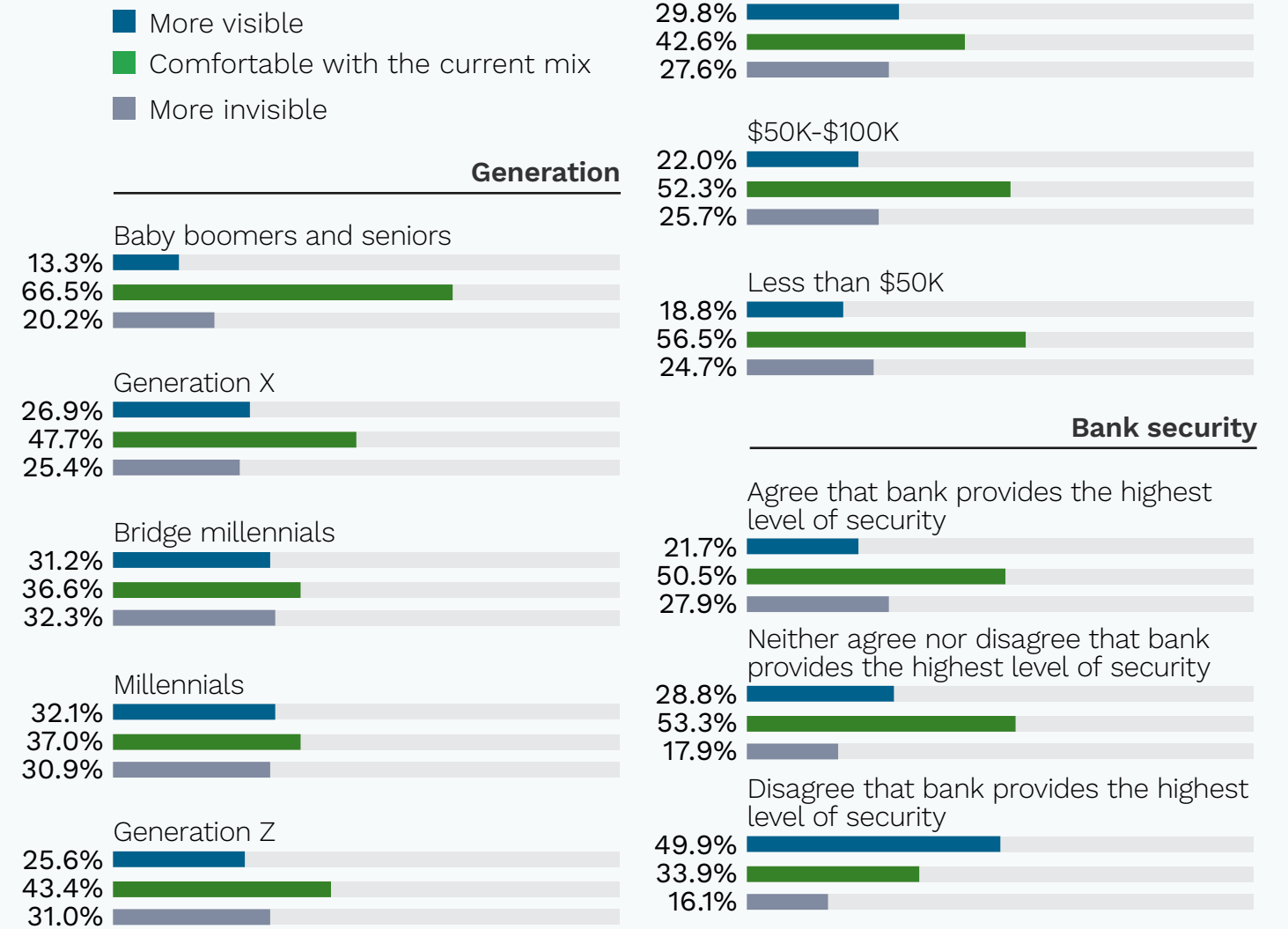


Many consumers feel their banks should be doing more. Our research found that half of the consumers said that their FIs should provide them with more security measures — either visible ones that require a user to act, such as entering a password or using biometric authentication, or invisible ones that work behind the scenes.

It is important to highlight that visible security measures have an outsized impact on consumers’ perceptions. Those who believe their FIs are not providing sufficient security overwhelmingly favor implementing more visible security measures, at 50%. This reflects their desire not only for greater security but also for more options that meet their authentication and security preferences.

We observed that the majority of Gen X (52%), Gen Z (57%), bridge millennial (64%), and millennial (63%) consumers all want their banks to implement additional security measures to protect their online financial transactions. For baby boomers and seniors, the share was significantly lower, at 33%, though still substantial.

**FIGURE 4:**  
**Consumers’ views of banks’ online security**  
 Share of consumers expressing select sentiments about their FIs’ level of security measures, by demographic



Source: PYMNTS  
 Consumer Authentication Preferences for Online Banking and Transactions, January 2023  
 N = 2,584: Complete responses, fielded Sept. 26, 2022 – Oct. 3, 2022

## Non-routine transactions under the security spotlight

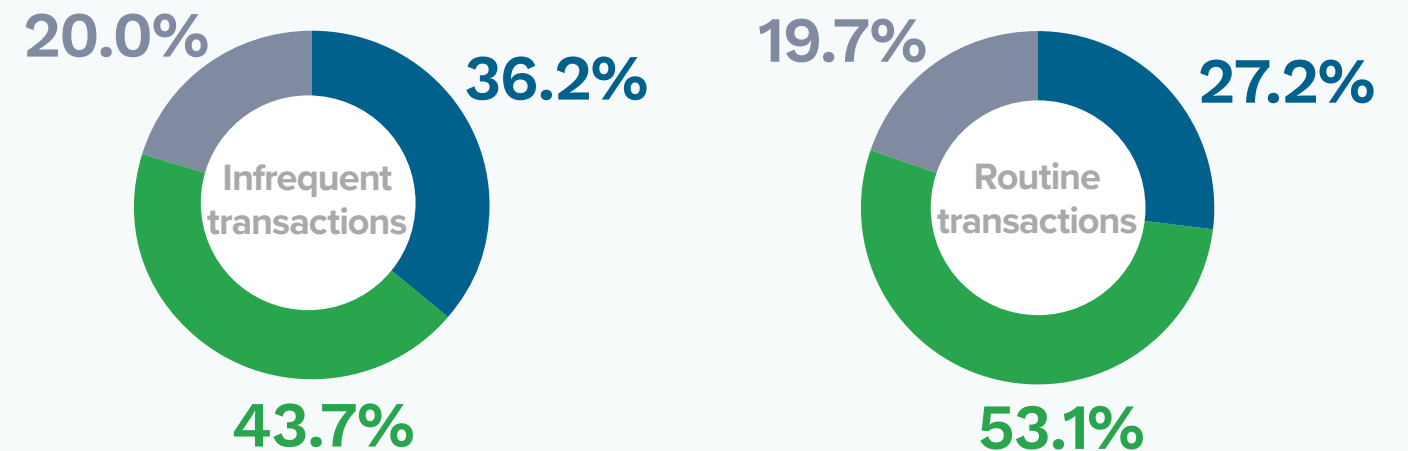
Considering the widespread cyber threats, consumers are concerned about safeguarding their sensitive personal information and finances during online financial transactions. Our research found that 36% of consumers want their banks to require more visible security measures for infrequent online transactions, which are perceived as higher risk, while only 27% say the same for routine online financial transactions.

To better understand these preferences, we examined different categories of infrequent and frequent online financial transactions. Our analysis found that 38% of consumers would like their banks to require more visible security measures when a new device is used to access their bank accounts, and 37% said the same for online transactions involving large sums of money. Additionally, 35% of consumers want more visible security measures when completing their first online transaction with a new retailer and when updating their personal information in their bank account.

**FIGURE 5:**  
Consumers' preferences for additional security measures

Share of consumers agreeing with select statements about security measures, by transaction category

- I would like more visible security measures.
- I am comfortable with the current security measures.
- I would like more invisible security measures.



Source: PYMNTS  
Consumer Authentication Preferences for Online Banking and Transactions, January 2023  
N = 2,584: Complete responses, fielded Sept. 26, 2022 – Oct. 3, 2022

# 38%

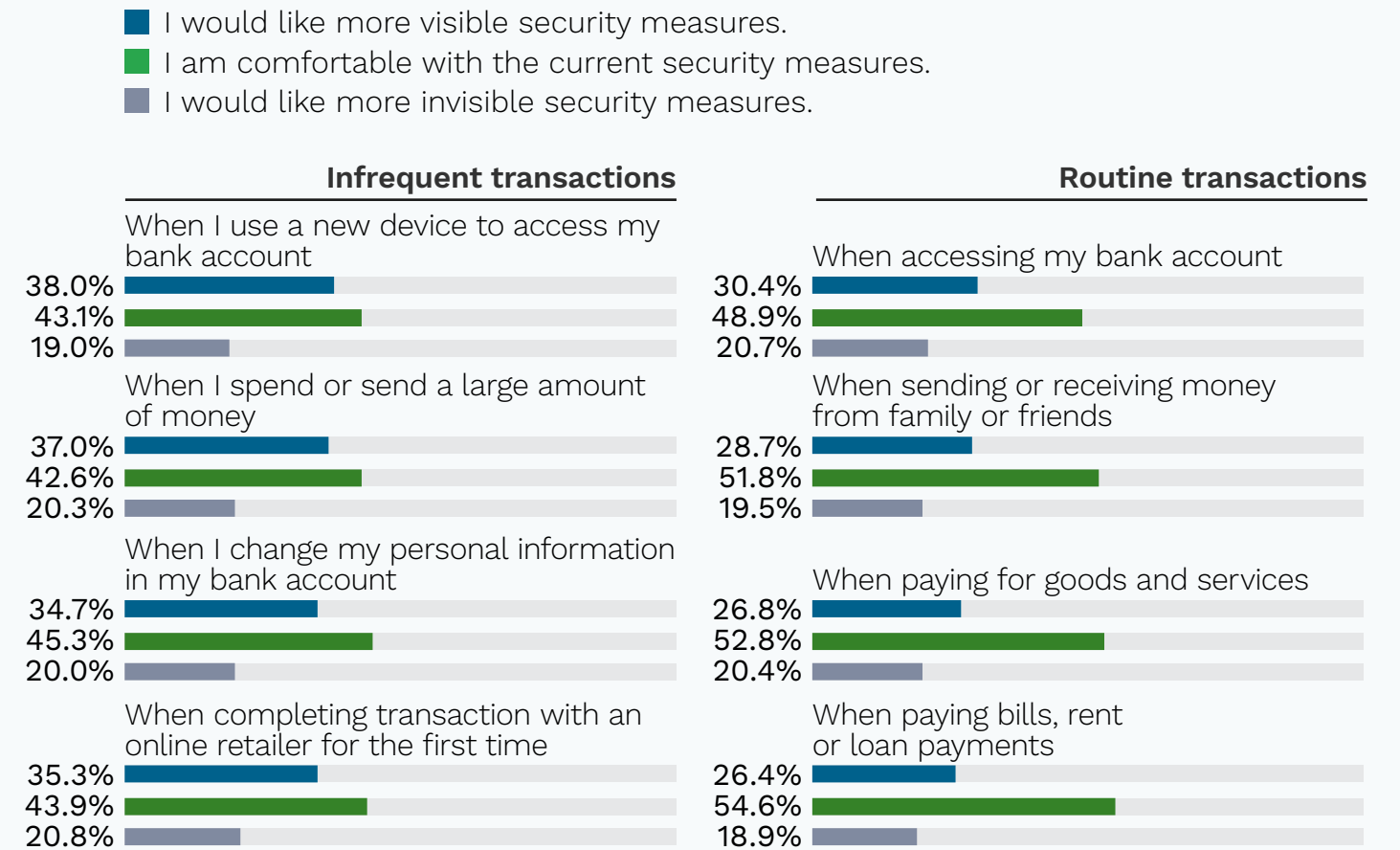
**of consumers want their bank to require more visible security measures when a new device is used to access their bank accounts.**

Consumers are less concerned about security measures for routine online financial activities than they are about infrequent ones, but even so, 30% prefer additional visible security measures when accessing their bank accounts from familiar devices, and 29% want the same when sending or receiving money. Similarly, 27% of consumers want additional visible security measures when purchasing goods and services online, and 26% prefer additional visible measures when making bill, rent or loan payments.

Despite these security concerns, just over half of consumers are content with the current measures their banks have in place for several of these frequent online transactions. Specifically, 55% are comfortable with the security measures required when paying bills, rent or loans online, while 53% said the same of the current measures in place when purchasing goods and services online. Similarly, 52% are comfortable with the current security they encounter when sending and receiving money online.

**FIGURE 6:**  
**Security measure preferences**

**Share of consumers citing select preferences about types of security measures for select transactions, by frequency category**



**Source: PYMNTS**  
Consumer Authentication Preferences for Online Banking and Transactions, January 2023  
N = 2,584: Complete responses, fielded Sept. 26, 2022 – Oct. 3, 2022



## Conclusion

Consumers want their banks to do more to ensure the security of their online financial transactions. From a customer's perspective, this is not only about the outcome — minimizing fraud and identity theft — but also about having access to their preferred authentication methods, such as biometrics. Half of consumers feel that banks should implement additional security measures, including visible ones that require users to take additional authentication steps, particularly for high-risk transactions and situations, such as when using a new device to access an account. This is despite most consumers being generally satisfied with the overall level of security their FIs provide, highlighting the gap between functional security outcomes and customer experience preferences. To maximize customer retention and win new business, banks must deliver the security features and authentication options consumers prefer.

## Methodology

Consumer Authentication Preferences for Online Banking and Transactions, a PYMNTS and Entersekt collaboration, examines consumers' authentication and security preferences for online financial transactions. This report is based on a survey of 2,584 adult consumers in the U.S. that was census-balanced regarding a number of key variables and was conducted between Sept. 26, 2022, and Oct. 3, 2022. Our respondents' average age was 47, 52% were female, and 37% earned more than \$100,000 annually.



# About

# Disclaimer

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