



THE FINTECH MAGAZINE

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Securing the future

The COVID-19 pandemic has forced us to rely on digital finance more than ever. Will it demonstrate to the public the true potential of open banking? Here, identity verification player **Trulioo's** Chief Operating Officer **Zac Cohen**, and Director of Growth **Rutherford Wilson** consider the impacts



THE FINTECH MAGAZINE: We've seen the pandemic propel digitisation up the banking agenda in the West, but has it slowed down discussions on open banking projects elsewhere?

ZAC COHEN: Organisations that were prepared for and already at a higher level of advancement around open banking are those that are now able to take better advantage of it. But the reality is that it has slowed down discussions in many jurisdictions and countries, simply because the priorities right now are very different.

You're right in that we're seeing an unprecedented need for digital innovation, though, so while the formal discussions and rollout plans might be temporarily

taking a backseat, need for digital channels and strategies has skyrocketed.

The primary purpose of open banking is to level the playing field for fintech and establish a common, secure methodology to access and share information. And that pressure to have the adoption advanced is extremely high from fintechs and consumers alike. So, it's all really coming to a head and I'm hoping that this will convince authorities and regulators to continue to push to make it possible.

RUTHERFORD WILSON: Where the larger banks have completed their implementation of the open banking infrastructure, some companies are starting to use that, yes. And that means we're

going to see a very interesting test over the next couple of months because, in the pre-COVID era, there was a very slow consumer understanding of what open banking was and many different opinions associated with how secure it was and whether it was going to be useful. All those concerns are going to fall by the wayside now, perhaps, as the pandemic forces adoption of some of these more innovative technologies.

ZC: I agree. When we look at this in the rear-view mirror and ask 'what has fundamentally changed in the market because of the pandemic?'; I believe digital adoption, and a digital preferred path, are going to be among the elements.

TFM: Given this acceleration of adoption, what are some of the considerations for moving these digital projects forward?

 **ZC:** Online transactions and interactions, and access to fintech services, are must-haves today, not nice-to-haves. Adoption is currently maybe segmented by certain target populations – or folks that are more comfortable with certain technology layers. Now this is the only path we need to take, and that's going to create a huge amount of innovation in very short order.

So, the first thing you always have to think about is the user journey. What is that interaction like and how seamless is it? We've done a lot of research recently around how consumers choose to use one online service or another and it's all about that first interaction, the account opening process and the ease of use. Balancing that seamless customer journey and the regulations, privacy and standards, are really the critical elements in terms of how to make these projects successful, and that isn't always easy to do.

Those who are in catch-up mode right now the best things to consider are 'who can I partner with?' and 'what kind of technology is out there that makes this easier and allows me to launch quickly?'


 **RW:** The organisations that may have had a lightweight digital onboarding solution in the past are now seeing most of their business going online and they're going to discover that it's not as simple as buying a product, putting it in place, and letting it rip and run.

This is where people in the vendor space need to pay attention and start to evolve and innovate. One dynamic we're starting to see is the advent of the low-code movement, where people are grabbing

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— **Rutherford Wilson**

platforms that are off-the-shelf for not just a small, minute piece of functionality, but for a full use case, and they're putting those in place because the speed that customers need to move at has just doubled.

TFM: Security is something you know a lot about at Trulioo and it's a key aspect of open banking. How can organisations protect their customers' information and not just keep it secure, but also make sure that the customer knows it's secure?

 **RW:** Being able to store and manage personal identifiable information (PII), and also adhere to the regulations – the General Data Protection Regulation (GDPR) as an example – is going to become more of a commodity. There's definitely going to be a market for organisations that can help you secure your data as a packaged product and, potentially, even remove the liability associated with it.


 **ZC:** From our experience of helping to build a regtech company that services and deals with fintechs all day long and handles sensitive information, the big thing in terms of ensuring customer data is secure. Additionally, to ensure you're building the right architecture around that, you need the compliance, security and business teams all working together as one.


We can no longer have organisations where the compliance team is in the backseat, or security comes after the fact in sort of a product strategy or operational rollout. All those business units really have to be part of the strategic planning from day one, and to make sure that all those angles are satisfied.

When it comes to regulation or compliance or security, some executives think of it almost as something that you have to do. In fact, it's a competitive advantage and when you realise it's a revenue driver, especially nowadays, that becomes an executive priority and really bleeds through the culture of the business.


TFM: If we look just at the UK, it's said that 70 per cent of payments processed today are not compliant with new rules around strong customer authentication (SCA). In fact, the regulator has extended implementation by six months as a result of COVID-19. In Europe there are similar calls for an extension. When it's finally rolled out, which sectors do you see being impacted the most?


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 **ZC:** SCA is, on the face of it, around transactions, merchants and buying things online. But we see so many different fascinating and interesting use cases today, so it's going to have an impact, potentially, across all verticals and all industries.

 **RW:** Just from personal experience, I am seeing industries that are not necessarily traditional, online businesses being impacted, like my local gym. They are now trying to create an online version of their experience, and they have to figure out ways that they can get people to log in and authenticate themselves. There's a new world that's about to unfold beneath us, so I absolutely believe that this impacts all verticals and we'll see some very surprising ways that that's going to play out.

TFM: Because financial services is such a closely regulated industry, do you think your bank account could become the thing that authenticates who you are? Let's say the gym in your example needs just to confirm your name and address. Could they just ask for your bank details?

 **RW:** I think it will depend on the risk appetite and the amount of friction that the need for bank details creates. However, I do believe the pandemic is certainly going to drive organisations to consider alternative options.

 **ZC:** I think it's really about choice. It's about identifying yourself in a way that you're comfortable with as a consumer and that also provides a level of security that a business needs. Trulioo has always taken that approach – ours is a network model, a layered approach. We believe there are a variety of paths that should be able to work for the end goal, and all of them should be seamless.

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- Access global identity verification expertise and best practices for AML/KYC compliance and risk-mitigation

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