

Neo Bank in UK Utilizes HID Global Solutions to Help Launch Services in UK's New Banking Environment



United Kingdom

Achieving seamless PSD2 compliance to enable safe, secure transactions via cloud-based authentication service.

The rise of neo banks, beta banks and other fintech start-ups has created a level of disruption that the UK banking industry has not been seen in many years, if ever. And while the “old guard” is taking on the challenge to adapt, the newcomers have seen an opening and are pressing their advantage.

That's not to say that the balance is leaning fully in favor of neo banks. They have their own set of challenges, including gaining market share, attracting new customers and ensuring secure transactions for their customers. After all, banking is built on trust and customers need to feel that their assets are safe. Neo banks, like the traditional banks they compete against, must also comply with PSD2 regulations.

PSD2 requires banks to grant qualified third parties, such as neo banks and payment service providers, automated access to customer transaction accounts. However, the regulation isn't solely focused on the traditional banks. It requires that all financial entities implement strong customer authentication (SCA) or multi-factor authentication and dynamic linking or transaction data signing to ensure customer data and transaction protection.

HID Global has become one of the most knowledgeable and trusted authentication and security solutions providers working with the PSD2 regulation. The company recently helped a neo bank roll out a complete solution that meets the regulation's requirements while also helping the Bank deliver its own banking products.

Challenges

The digital-only Bank is launching in 2019, targeting the business-to-business market, primarily small and medium sized companies. The Bank needed to ensure compliance with PSD2 requirements, by offering state-of-the-art security via a strong authentication and transaction signature solution.

Additionally, the Bank wants to deliver its customers an improved user experience, one that will attract business customers from their traditional bank. This means not only providing an experience that is new and technologically-forward but importantly one that inspires confidence in the solution. As the Bank is fairly small and very much focused on its own services, it was also critical that the solution be easy to deploy and manage.

Solution

After a series of meetings with the HID Global team, the Bank chose a solution that delivers the authentication required by PSD2 to enable safe, secure transactions, while also delivering the user experience that customers are looking for from neo banks. The solution consists of [HID Approve™](#) delivered via the cloud-based [HID Authentication Service](#).

The HID Authentication Service provides a secure and scalable authentication platform to deliver trusted identity solutions for financial services and other regulated industries. The cloud-based delivery of the service is key for the Bank. It enabled an easy set-up, low cost of entry and fast time to market, which is key for a company in a recently established market segment whose differentiator is speed and responsiveness. Additionally, the cloud deployment minimizes ongoing effort for the Bank, enabling it to

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IAM Solutions,
HID Global.

focus on its customers and its own products, and leave the security management, and even product updates, to the experts at HID Global.

HID's mobile authentication solution, HID Approve™, is key to the Bank establishing itself in the new banking environment, in [full compliance with PSD2 regulations](#), while also helping instill the level of confidence customers need to have in their financial institutions.

HID Approve is a state-of-the-art secured mobile solution that combines public key-based cryptography with mobile push technology. The solution not only delivers the necessary two-factor authentication under PSD2 but also creates a simple, secure and seamless method for the Bank's small and medium-sized business customers to validate access and approve or deny transaction requests.

The solution's elegance is in its simplicity and how transparent the security is to the end user. When the Bank's customer attempts a banking transaction that requires authentication, such as purchasing inventory from a supplier, paying a vendor or approving payroll, the authentication server pushes a notification to the customer's mobile device. The customer then simply confirms the transaction – a quick but deliberate swipe to the right to approve or left to reject. By combining ease-of-use with industry-leading security, the solution ensures transactions are verified.

Ultimately, it's the levels of security provided by HID Approve that are of utmost importance. The Bank must provide this security to be in compliance with PSD2 and to ensure the integrity of each and every transaction. However, HID Approve also helps the Bank in its own business, namely attracting and retaining customers.

HID Approve supports a software development kit (SDK) that is fully, seamlessly integrated into the Bank's mobile banking application. The Bank's brand, not HID Global's, is kept at the forefront of the user experience. By maintaining a single banking environment for the customer, it ensures a positive user experience and boosts the peace of mind and confidence of the customer. Additionally, by supporting RESTful (Representational State Transfer) API integration, the Bank's products can be integrated with solutions from other banks and fintech vendors, which after all is a key proposition of the neo bank market.

“The new banking environment in the UK has been driven in part by customers saying, ‘stop looking at me as a source of fees and instead focus on solving my banking problems,’ said Olivier Thirion de Briel, Global Solution Marketing Director – FSI, IAM Solutions business with HID Global. “HID Global is helping our banking customers respond to this demand. Our solutions allow banks to deliver the right balance of new, mobile-based banking services on a secure platform that ensures their customers' confidence and trust, which is critical for a company with any level of fiduciary responsibility.”

Benefits

With its deployment of the HID Global solution, the Bank is now well positioned as it launches its services in 2019. Benefits of the solution include:

- Full compliance with PSD2 and flexibility to comply with future regulations
- Industry-leading levels of authentication
- Fast, cost-effective deployment and management with cloud-based solution
- An SDK that delivers Bank-branded solution
- Support of RESTful API for integration with other solutions
- High levels of customer trust and confidence

“While it has been a fairly tumultuous time to be in the banking industry in the UK, it's also true that it has probably never been a better time to be a banking customer,” said Thirion de Briel. “The appearance of neo banks and the introduction of the PSD2 regulation have introduced tremendous innovation and competition, which will benefit customers. The HID Global solution has enabled our Bank customer to get established quickly and take full advantage of this new environment.”

Click [here](#) for more information on customer authentication solutions.

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hidglobal.com

North America: +1 512 776 9000

Toll Free: 1 800 237 7769

Europe, Middle East, Africa: +44 1440 714 850

Asia Pacific: +852 3160 9800

Latin America: +52 55 5081 1650

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