



Authentication Without Alienation: Balancing Data Security and Experience in Financial Services

Consortium Research Proposal | Applied Research Solutions

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Background and Context



Many companies are planning to enhance their authentication capabilities, with 38% considering authenticator apps and 33% exploring behavioral analytics and voice biometrics. ¹

- With digital engagement becoming the norm in financial services, **authentication plays a critical role** in shaping security outcomes and customer experience.
- Enhanced authentication methods are key in defending fraud, but can also cause **friction** in customer experience.
- As consumer expectations evolve, customers want security, but **how much friction are they willing to accept** without impacting their experience?

¹2024 Financial Crimes Services and Fraud Prevention Benchmarking Study, LIMRA.

Objectives

- 1 **Identify** which enhanced authentication methods (e.g., knowledge-based questions, one-time passwords (OTP), MFA, biometrics, etc.) customers prefer and which they find least appealing by channel (phone, email, mobile app).
- 2 **Quantify** the trade-offs customers are willing to make between security and experience during authentication (to understand how much friction they are willing to accept).
- 3 **Compare** how preferences vary by demographic factors such as age, gender, assets, occupation, and digital behavior.
- 4 **Inform** the design of authentication strategies that balance fraud prevention with customer satisfaction.

Project Approach



- A structured, quantitative approach will be used to explore consumer preferences for authentication methods by channel.
- A representative sample of 2,400 consumers will complete a 15-minute online survey.
- The survey will combine stated preferences with behavioral trade-offs to deliver a multi-dimensional view of how consumers evaluate authentication.
- Sponsors will have input into the survey instrument.

Project Approach and Questions

1. What authentication methods to customers prefer?

Participants will complete a **MaxDiff (Best-Worst Scaling)** task to determine which enhanced authentication methods consumers prefer. Respondents will be shown a set of 4-5 authentication methods* at a time and asked to select the most and least preferred in each set. This will test up to 25 different enhanced methods and force trade-offs to produce a **ranked list of preferences based on relative importance.**

2. What are the thresholds for security and experience?

A **conjoint analysis** will present respondents with realistic authentication scenarios that vary by method and experience factors. This will **quantify the trade-offs consumers are willing to make** and reveal tipping points where increased effort, delay, or data sensitivity reduces trust or satisfaction.

3. Do preferences and thresholds vary by generation and gender?

Post-survey **demographic segmentation analysis** will segment results by age, gender, and other demographic factors (e.g., assets, occupation) to uncover meaningful differences in attitude and expectations. This will support more inclusive and targeted authentication application strategies.

Optional Financial Professionals Scope

- Like customers, many companies authenticate financial professionals before allowing various access levels (e.g., website portal, call center, mobile app, etc.).
- The **voice of the agent** is important for companies to consider as they enhance their methods of authentication.
- 10-minute quantitative online survey of 400 financial professionals to uncover preferences and pain points related to authentication methods and experiences.



Deliverables

- Project kickoff deck and recording
- Project plan and timeline
- Final survey instruments
- PowerPoint report of results
- Virtual presentation of key findings and considerations and recording
- Upon request:
 - Raw data file of survey responses
 - Tabulation book of survey data (up to 10 variables e.g., gender, income) in Excel



Anticipated Timeline & Fees

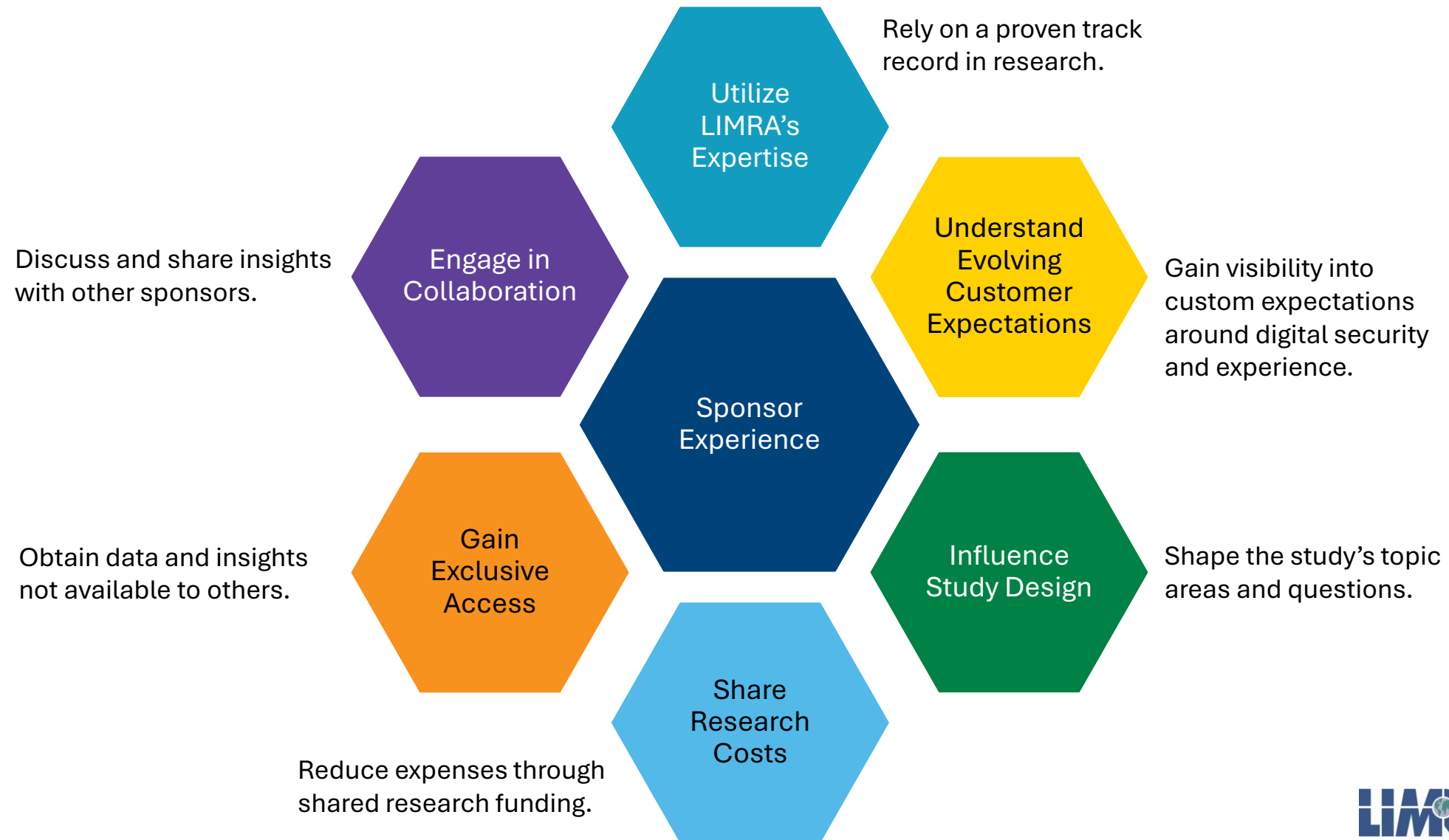


- Fees for this project are estimated to be \$15,000 per sponsor.
 - *Those who add the optional scope for financial professionals will be charged \$19,000*
- LIMRA anticipates completing this project within 12 weeks.
 - *The optional scope for financial professionals will add 3 weeks to the timeline.*

Milestone	Week
Hold kickoff meeting	Week 1
Questionnaire Development	Weeks 2-4
Survey Programming and Testing	Week 5
Data Collection	Weeks 6-7
Data Cleaning and Processing	Week 8
Analysis and Report Development	Weeks 9-11
Delivery of Results	Week 12

Fees are subject to +/- 10% contingency. Although there is no travel expected for this project, fees do not include travel expenses which are additional and will be billed at cost. The overall project timeline is dependent on the responsiveness of both sponsors and study participants.

Sponsor Benefits



Our Organization and Brands



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LIMRA Applied Research Solutions

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Navigate With Confidence

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