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The
Digital Identity Trust
Company



The Zero Trust Consumer Era

Digital Consumers Adopt a New Mindset Amidst Increasing Cyber Risks

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The Zero Trust Consumer Era

Digital Consumers Adopt a New Mindset Amidst Increasing Cyber Risks

Introduction

As consumers increasingly rely on digital channels to manage important areas of their lives, the frequency of breaches, hacks, and fraud continues to escalate. But when it comes to the protection of consumers' personal and confidential account information, passwords remain the standard security measure.

While the technology industry is launching new initiatives to move beyond passwords, most consumers still depend on them, even for their financial accounts. In a world where threats are rapidly evolving and becoming more sophisticated, confidence in proofing and authenticating identities is constantly at risk.

In recent years, the enterprise has embraced Zero Trust Architecture and similar strategies, acknowledging that no single defense perimeter is secure enough. Cyber criminals are always developing new ways to breach security. Businesses practicing Zero Trust continuously improve and upgrade their cybersecurity defenses. When it comes to authentication, Zero Trust models require all users, internal and external, to be authenticated and verified each time they given access to networks, applications, or data.

But what about consumers? Are they starting to adopt a similar view of security threats as they navigate a digital landscape fraught with vulnerabilities?

In October 2022, Daon conducted a voluntary, anonymous survey that received responses from over 3,000 random consumers

(approx. 2,000 in the US and 1,000 in the UK) with the goal of better understanding the realities of their digital lives and their views on the future of both security threats and technology.

The results of the survey find that consumers today have a sober perspective on the reality – and pace – of security threats; despite continual advances in security technology, they believe threats will persist. Even so, today's consumers aren't giving up so easily – they simply understand that staying ahead of these threats requires more frequent and more advanced means of proving their identity.

The results demonstrate rapid movement toward digital services coupled with a forced reliance on security measures believed to be fraught with vulnerability. Consumers are watching emerging threats with an intrinsic understanding of just how rapidly they are evolving. These consumers overwhelmingly believe that, despite innovations in security technology, their identities will never be immune to these threats. This reality leaves them open to the measures necessary to combating threats, including a shift toward biometric identity proofing.

Similar to Zero Trust Architecture models emerging among many organizations, the data demonstrate the rise of a new generation of digital consumers who embrace the reality of security threats:

Zero Trust Consumers.

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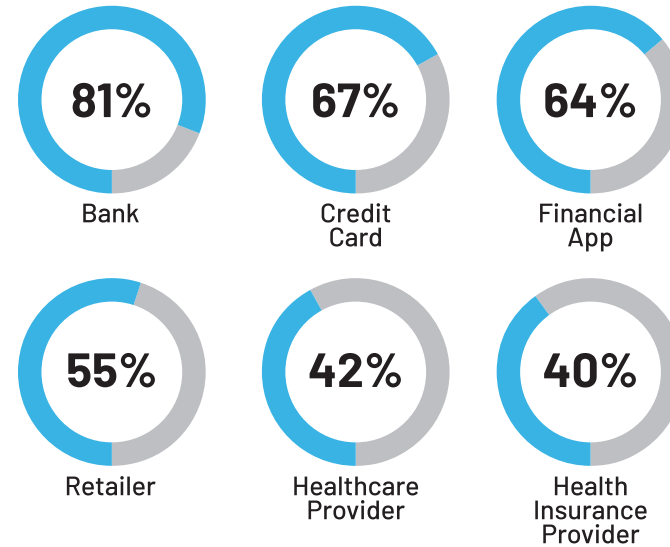
Section 1

The shift away from passwords is still in flux

A look at consumers' digital habits shows increasing reliance on digital channels. But despite advances in identity proofing and authentication technologies and years of industry discussion about the need to move on from passwords, consumers are still largely relying on these outdated security measures, leaving them vulnerable where it matters most.

Rapidly increasing digital reliance

The top businesses that consumers hold online accounts with:

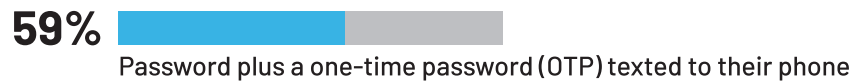


95% of consumers said they are managing more areas of their life digitally/online than they were 5 years ago

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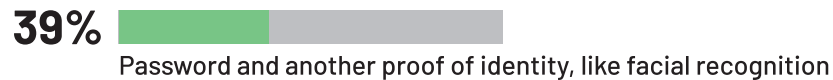
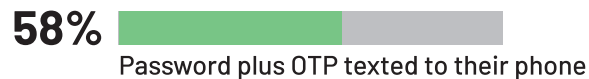
Password reliance remains high, despite low trust

The top two security measures consumers use most often to access various accounts:



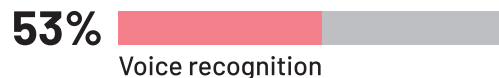
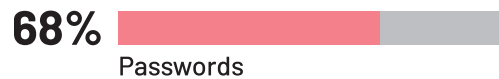
Only 26% currently using facial recognition

The top two security measures consumers find to be MOST secure:



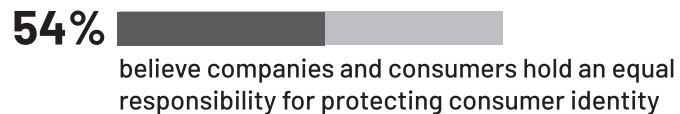
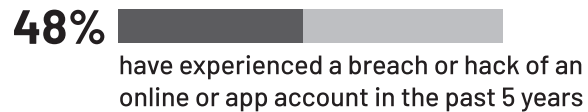
Fingerprint biometrics closely follows facial recognition as another security factor (at 38%), yet only 23% of consumers report using fingerprint scanning.

The top security measures consumers find to be LEAST secure:



Nearly half of the consumers surveyed have had their identities compromised because of a breach or hack from a company they do business with, and they want those companies to meet them halfway in protecting their identity.

Consumers experiencing hacks and breaches want companies to be equally responsible for securing their identities



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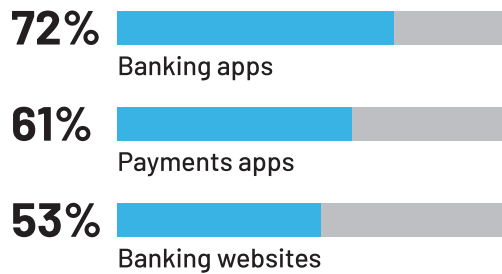
Section 2

Rising financial technology use: the concern (and the stakes) are high

Consumers embracing the digital shift are turning to financial technology, like online banking and payments apps, to manage their financial lives. When it comes to protecting their money and financial information, they know the stakes are high, and they expect stronger security. However, an examination of consumers' financial security habits still signals lagging security technology adoption and ongoing reliance on ineffective measures.

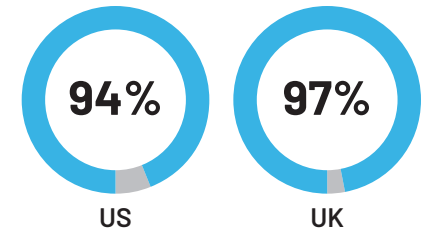
Fintech usage on the rise

Top online financial tools or applications consumers are using:

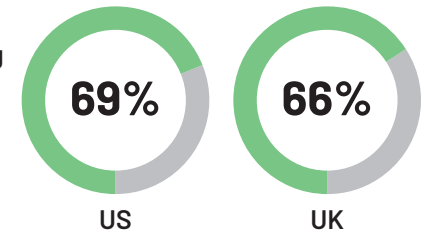


84% say their reliance on these tools increased over the past 5 years

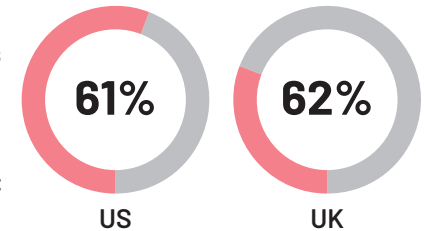
Consumers managing more areas of their life digitally/online than they were 5 years ago:



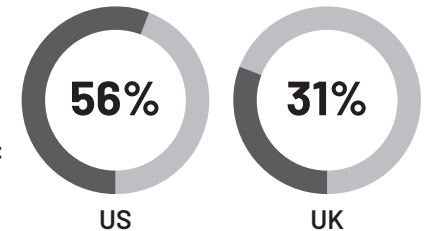
Consumers relying on passwords as their primary security measure:



Consumers who believe passwords plus one-time passwords are the most trusted security measure:



Consumers who have experienced hacks or breaches in the past 5 years:



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More money management tools, more problems

81% say their reliance on these financial tools has made them concerned for the security of their financial information and money

93% expect more stringent security measures when accessing financial accounts compared to performing other online activities

44% have experienced financial fraud in the past 5 years

Unfortunately, even in their financial lives, most consumers are still relying on passwords to protect their most sensitive accounts and information.

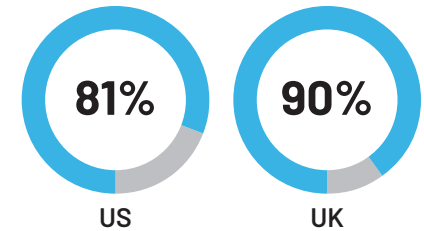
Sensitive financial information is still only as secure as a password

The security measures most often used to access digital or online financial accounts:

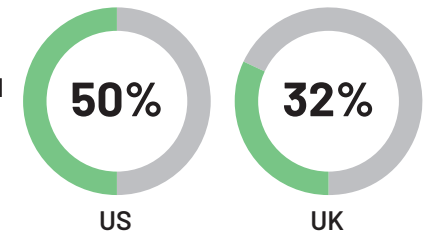
63% Password plus OTP texted to their phone

54% Password

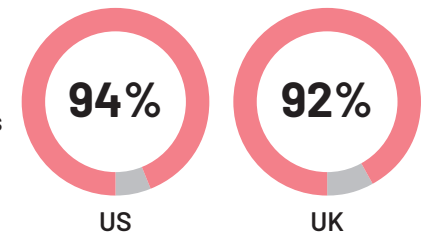
Consumers whose reliance on financial technology has increased over the past 5 years:



Consumers who have experienced financial fraud in the past 5 years:



Consumers who expect more stringent security measures with financial technology:



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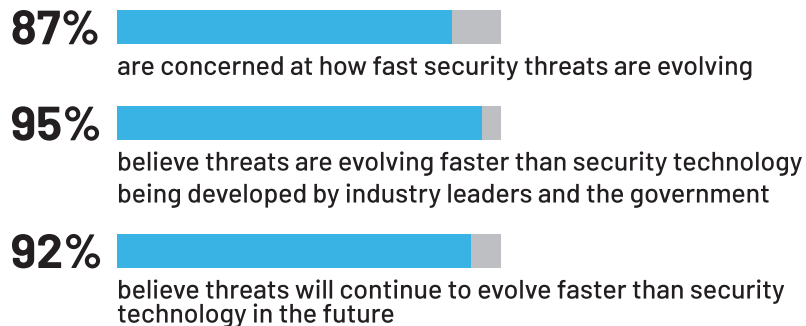
Section 3

The emergence of the Zero Trust Consumer

Consumers who still have to rely on outdated security measures, even when it comes to their finances, are also showing an extremely heightened awareness of the pace of security threats. They believe the reality of security threats means they will always need to, and are willing to, use advanced measures to stay ahead. These signs point to the future of Zero Trust Consumers.

Consumers express a sobering view of security

When asked about the pace of security threats:

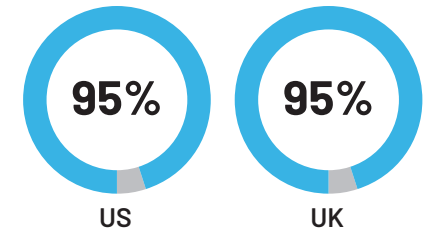


The path to trust is through ongoing authentication and verification

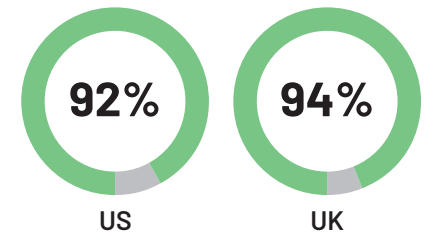


Of those willing, 81% would be willing to use face or voice recognition when accessing accounts to better ensure security

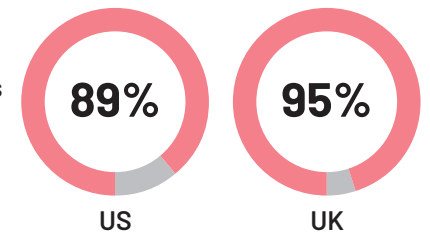
Consumers who believe threats are evolving faster than security technology:



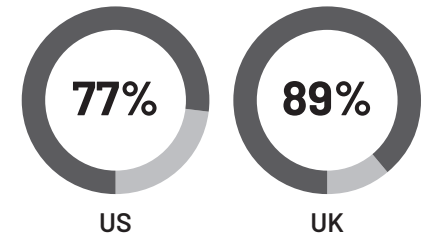
Consumers who believe threats will continue to evolve faster than security technology:



Consumers willing to take extra security measures to prove their identity on an ongoing basis:



Consumers willing to use facial or voice recognition to better ensure security:



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Conclusion

When facing their increasingly digital futures, today's consumers believe that security threats will always be a looming presence in their lives. They acknowledge this reality and are willing to take extra steps (and leverage more advanced security technologies) to better protect themselves.

Just as organizations are taking the Zero Trust approach to securing their networks and data, many consumers are embracing a similar approach, wherein the assumption of risk requires authentication and ongoing verification to access accounts and information. This shift in consumers' mindsets is indicative of Zero Trust Consumers.

Zero Trust Consumers understand that combating constantly changing and ever-sophisticated security threats requires continually proving their identity so that they're authorized to access their accounts. They know their role is critical in protecting their own accounts and that these security measures are necessary to achieve that end.

It's worth noting that consumers also believe companies have an equal responsibility to secure their accounts, and that this responsibility cannot be overstated. Ongoing hacks and breaches due to outdated security measures will erode consumer trust and lead to customer abandonment in organizations that do not constantly innovate and update their security measures.

The measures that consumers trust least to protect their accounts are the ones they end up using the most; this is especially true of their financial accounts, even though their security expectations are even higher.

Consumers are eager to see (and use) more advanced, passwordless security technology. As their expectations increase, that leaves the companies they open and access accounts with at an important inflection point.

Zero Trust Consumers want to do business with organizations that meet them halfway and embrace stronger security measures for their accounts. When it comes to security, these consumers are representative of a new generation. The best path to gaining their trust and their business is through meeting (and exceeding) their high expectations.



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