Partnering for success with Polarify: passwordless authentication and e-KYC for Japan

Partner:

Polarify, a joint venture of Sumitomo Mitsui Financial Group/Sumitomo Mitsui Banking Corporation (SMFG/SMBC), Daon and NTT Data

Business Objective:

Offer an efficient way for banks and other service providers in Japan to replace existing customer authentication methods with secure and convenient biometric authentication and adopt a paperless Know Your Customer (KYC) process for streamlined digital onboarding

Solution:

Polarify, available as an API, App or Software Development Kit that enables real-time, cross channel biometric authentication and onboarding

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The Challenge

The security and usability challenges associated with customer authentication are well-known, especially to banks, which tend to enforce long, complex and frequently changing alphanumeric passwords; or, they may use One Time Passwords or combinations of techniques that represent user friction and unnecessary failure rates. This can cause confusion for customers and unnecessary cost: some enterprises in Japan have reported that up to 40% of calls to their contact centers are from customers wanting to recover or reset a username or password.

In the Japanese market, there was growing interest among banks and other service providers in transitioning to the newer, more secure and convenient practice of biometric authentication. However, there remained intractable problems preventing adoption. If every bank and service provider created its own biometric algorithms and authentication platforms, it would result in unnecessary costs and complexity for the companies and compound the friction for end users.

The Response

The IT Innovation Department of Sumitomo Mitsui Financial Group/Sumitomo Mitsui Banking Corporation (SMFG/SMBC), one of the largest financial groups in Japan, invented a solution. By teaming up with a research-focused biometric authentication and onboarding partner who innovates on both security and customer experience, it created a one-stop service, fast for companies to integrate and easy for end users to adopt, which would be available to all banks and service providers in Japan.

After searching the market for the best biometric authentication and onboarding partner, they selected Daon and, together with its technology partners at NTT Data, formed the Polarify joint venture. Since its launch, Polarify has scaled towards becoming a de facto market standard for biometric enabled identity services in Japan.

Supporting web, mobile and contact center channels and available as either an API, downloadable app or software development kit, Polarify makes it fast and easy for any service providers to replace high-friction, expensive security mechanisms with efficient and secure verification by face, voice or other biometric modalities—including next-generation authentication approaches as they become available.

Polarify also lets banks take advantage of a new change in regulation that lets them go digital with their Know Your Customer (KYC) procedures. Using facial biometrics, an electronic KYC (e-KYC) process becomes possible; end users can be registered in an e-KYC process and setup for trusted authentication in a single process—a business innovation that benefits all sides.

The Results

Working with Daon as its partner allows Polarify to access best-of-breed biometric authentication and onboarding technology now and in the future. This means a future-proofed solution for its service provider customers, even as different biometrics—including their accuracy and security characteristics, such as genuine presence detection—evolve.

Polarify's customers now include several of world's most prestigious consumer banking, corporate banking, payments, ecommerce, and insurance companies, including the largest life insurance company in Japan – Nippon Life Insurance, SBI – Forex Trading and SMBC retail banking itself, among others.

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> **- Tomohiro Wada, CEO of Polarify**

"We searched the market and examined a number of technology providers," said Tomohiro Wada, CEO of Polarify. "Several offered strong biometric engines that would run on the customers' end devices, as well as a solution that would plug into other vendors' biometric engines. But only Daon offered what we considered to be most important: an ongoing assessment process of biometric technology, which requires a very high level of expertise. We have the peace of mind of knowing that Daon's experts are continuously assessing biometric technology as it develops—and if it passes Daon's assessment, we know we can rely on it."

The Benefits

There's no doubt Polarify is helping the Japanese banking and online services market to accelerate its adoption of biometric authentication. Customers who download and authenticate with the Polarify app can connect to the wide and growing range of Polarify-enabled online services. But Polarify is also available as a software development kit (SDK)—self-contained to deploy inside a customer's own app—that allows fine-grained control over the user interface, which has particular importance in the competitive Japanese market.

Another significant benefit for the Japanese market is the power of Polarify to let banks use e-KYC. Polarify uses Daon's digital onboarding technology, both app and web-based, to accelerate a new customer's identity verification process. Instead of visiting a bank in person to open an account or apply for a loan, customers can simply upload an identity document and a selfie; the Daon biometric algorithm matches and confirms the user's identity. This e-KYC capability, which notably includes state-of-the-art liveness detection, is in high demand among Japanese banks, as it removes friction that can slow or prevent customers from opening

accounts or using additional financial products. This advanced capability also complies with the strict requirements of the Japanese regulations related to e-KYC.

Polarify says that Daon, with its deep biometric expertise, has been a big factor in the success of the service. "Our relationship with Daon is very important, and it continues to get stronger," Jiro Matsuyama, General Manager of Development at Polarify said. "The team is collaborative and supportive, but also their skills and technology expertise are just world-class. The most difficult aspect of biometric authentication is that the technology of biometric engines changes so quickly. As a company, we need to have the best, but we can't continually research and investigate that ourselves. We know we can totally rely on Daon's support. We don't have to worry about the biometric engine itself; we can just focus on our service, for our market."

For more information on Polarify and its customers, see http://www.polarify.co.jp

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BENEFITS AT A GLANCE:
POLARIFY AND DAON FOR PASSWORDLESS AUTHENTICATION AND E-KYC FOR JAPAN

- Easy-to-use service for Japanese service providers who want to improve customer experience and reduce friction

- Meets e-KYC requirements and eliminates the need for in-person visit to establish identity; customers can upload a selfie and ID document instead

- Provides a future-proofed, best-of-breed biometric engine capability

- Eliminates expense and complexity of Japanese service providers developing their own biometric authentication and onboarding services

- Immediate cost savings for any organization experiencing high customer support costs connected to password recovery and reset

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