

09 July 2008

Barclays extends use of card readers for online bankers

Barclays is extending the use of Gemalto handheld chip and PIN devices, letting online customers use the readers to authenticate large value transactions and international payments, after reporting zero fraud among the first million users.

The bank began handing out the PINsentry devices to online customers in July 2007. Over half of the banks two million Internet customers now use the readers, together with their normal debit card and its PIN, to authenticate their identity at log in and to sign transactions.

Cardholders insert their smart payment card in the hardware device to generate a single-use password that then lets them log on to check their account, make a transfer and use other Web banking services.

Gemalto says not a single online customer using the reader has suffered fraud and customer acceptance of the technology has been 30% higher than anticipated by the bank.

Barclays is now increasing the maximum amount for personal online transactions from £1000 to £10,000 and plans to offer international payment for worldwide funds transfer in the near future.

"Our goal was to provide our online customers with an easy-to-use, highly secure product to protect them against fraud," says Sean Gilchrist, digital banking director, Barclays. "Adoption of the PINsentry reader by one million cardholders in one year is a clear demonstration that we made the right choice."

Barclays' decision to extend the use of the readers comes despite fears that one-time passwords will not protect users from man in the middle attacks, which are becoming increasingly sophisticated.

The PINsentry technology has also angered some customers who resent the requirement to carry the bulky card-readers while on the road, as discussed in the following Finextra Community blog post: **Barclays faces protests over clunky PINsentry authentication.**

In addition to the readers, Barclays last week revealed plans to offer free online security software from Kaspersky to all its Internet banking customers. The technology normally retails for £51 for an annual subscription.