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# Using Biometrics for Smart, Secure Payments

Presented by John McNally  
Chief Technology Officer, BioPay  
For

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# Biometrics reduce retail fraud and identity theft

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## What we believe:

Biometrics will be widely used to initiate financial transactions. They offer merchants a secure and low-cost form of processing payments and consumers a safe, convenient method to complete transactions.

# Why We Started With Payroll Check Cashing



- Over 180 million checks, totaling \$55 billion, flow annually through the check-cashing industry. *(Federal Reserve Bank of Chicago)*
- In 2000, identity theft was the most common consumer complaint. *(Federal Trade Commission)*
- Nearly 75% of the U.S. un-banked community prefers to use a check cashing merchant as the primary place to cash checks. *(Federal Reserve Bank of Chicago)*
- Capturing an ink print of the consumer's finger is already common practice.

# First phase: Paycheck Secure<sup>SM</sup>



BioPay's Paycheck Secure system uses a person's fingerprint template to verify that consumer's identity and confirm their check transaction history.

# Summary of BioPay's Paycheck Secure service in use today



- BioPay systems and services are active in over 200 locations, some using one or more lanes others using multiple locations
- Nation's largest commercial electronic biometric fingerprint database
- BioPay merchants across 22 states
- Over 200,000 enrolled consumers
- More than one million transactions verified with fingerprint scanning technology

# Value-add for Merchant

- Share negative information between businesses
  - Templates of fingerprints, photos, IDs of “bad guys” and check images
- Customer identities are accurately verified
- Improves customer service
- Drives traffic, consumers like the ease, speed and the fact that they are growing a history with the merchant.
- Offers customers secure transactions
- A network of locations throughout the US to help identify bad check transactions
- Low cost/high ROI



# Value-add for consumers

- Biometrics can't be lost, shared, stolen or replicated
  - Safest way to complete a transaction
    - No need to give clerk your driver's license, SS#, phone number or other personally identifiable information
  - Criminals can't steal your identity to cash your check or make purchases from your account
- Speeds your time in the check-out line
- Builds a positive history with the Merchant
- Checks can be cashed or purchases made simply by using a fingerprint image

# The Biggest Question: What about Consumer Acceptance?



**And customers love it!**

# Second phase: bCheck<sup>SM</sup> - Biometric check verification



- Registration occurs in-lane or at customer service desks
- All subsequent transactions are initiated with a biometric, without writing a check and presenting two forms of ID
- Transactions are processed using the ACH system via registered account information
  - Benefits
    - Provides inexpensive payment processing option
    - Increases customer convenience
    - Drives retail traffic for the merchant
    - Reduces fraud
    - Protects against identity theft

# Conclusion



- There are an abundance of retail applications: payments, check cashing and age verification
- High accuracy of technology to serve retail needs, but reductions in price of devices must come down before we will see one in “every lane.”
- Biometric identification has been proven to reduce of losses from fraud
- Consumer acceptance on the rise as convenience and security of personal information becomes more important