Press release

How Banks Can Take Advantage of IoT

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The Internet of Things is rapidly transforming the way retailers do business and is having an impact on manufacturers as well. **What about banks?**
Banks have not adopted IoT technologies on a widespread basis, but have been dabbling in them and will continue to do so as they refine their business models. The good news is that, based on the high-profile examples we've seen so far, it's not just technology for technology's sake — **banks can reap value out of deploying IoT, for both themselves and their customers**.
For example, banks can deploy sensors that track foot traffic and other location data to **help them determine which branches to keep open or to close**. Similarly, they can optimize the placement of ATMs using location data. And they can use Bluetooth Low Energy beacons to **detect customers' presence, let them into ATM lobbies after hours and offer personalized services**.
These use cases make banks more efficient and allow them to **deliver more tailored services to customers**. However, to do all of this, banks will need to invest in **a strong wireless networking technology foundation** as well as network security tools to secure both IoT devices and the data that sensors collect and transmit.
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How Banks Can Use IoT and Location Data to Help Customers

There are a variety of ways banks can use IoT. A report released in November from Proximity.Directory and Unacast, "Location Intelligence in the Financial Industry," highlights a few of them, especially related to how banks can marry location data with proximity-sensing technology.
Banks can use those technologies to determine **which branch locations to close, where to locate new branches, which services to offer in-branch and what sales targets to set**.

“Proximity and location data helps to answer these questions by revealing volume of foot traffic and identifying under and overserved areas,” the report notes.

Similarly, measuring foot traffic at different branch locations helps banks determine the **optimal number of ATMs to place at specific locations**. “A daytime/nighttime population, a concentration of high-income households, commercial buildings, competitive service providers are just some of the many factors that should be considered when placing ATMs,” the report adds.

Perhaps most significantly, IoT can help banks enhance customer loyalty by **delivering them personalized services**, which they have increasingly come to expect. “Mobile technologies combined with advanced analytics provide an opportunity to engage with consumers at the right place and at the right time,” the report notes.

How is this working in the real world? Starting in 2016, Citibank ran a pilot program with beacon technology provider Gimbal to find a way to **provide a more hypertargeted and relevant mobile experience to customers based on their location**. The bank also wanted the ability to offer a new and secure way to open ATM doors, and the future capability of creating alerts for branches when VIP customers enter a bank branch.

More than 60,000 Citibank customers with the Citi Mobile app (which had the Gimbal software development kit installed) opted in to be a part of the pilot program, the Unacast report notes. Citibank installed Bluetooth beacons at select branches that allowed customers to enter ATM lobbies after hours without their debit or credit card, using their verified iPhones and Apple Watches as digital “keys.”

“Upon approaching a branch, t**he customer’s device detected the presence of a beacon which would then trigger an alert asking if they would like to enter**,” the report notes. “When the customer selected ‘unlock,’ the ATM lobby door would allow them to enter without swiping a card.”

Similar technology, coupled with geofencing, allows banks to determine customers’ locations and **send them personalized alerts and offers to their mobile devices**. Indeed, beacon technology is**already built-in to specific brands of Wireless Access Points (WAPs)**.

What to Consider Before Deploying IoT

Bank administrators are still thinking through the use cases IoT enables. As they analyze them and determine whether they make sense for their organization, they should also be **considering the underlying technologies needed to make any IoT deployment successful**.

That starts with a solid foundation of robust wireless connectivity, with support for numerous connected devices that will be a part of any deployment. These devices and sensors need to operate optimally while also not interfering with existing networks or operations, including guest Wi-Fi or networks used by bank employees.

At the same time, banks must also consider the privacy and data protection implications of an IoT strategy. **Any customer data that is collected must be secured and protected**, so investing in endpoint security solutions is paramount. Banks should consider segregating IoT devices from their wider network by using network segmentation technology, which will protect the larger network if an IoT device gets hacked.

IoT has a bright future in banking. Now banks need to determine how to best make it shine.

About Lyra:

Founded in 2001 by Alain Lacour, Lyra secures e-commerce and proximity payments and develops value-added services to manage transactions and POS equipment on a daily basis. Based in Toulouse, Lyra is present internationally with 10 subsidiaries (Algeria, Germany, Brazil, Chile, Spain, India, Mexico, Argentina, Colombia and Peru). The group has over 250 employees for a turnover of €53M in 2017.

Lyra's key figures:

Over 10 billion payments secured and transmitted in 2017 worldwide

Over 50,000 e-merchants

Over 3,000,000 payment terminals worldwide

Lyra's services are certified PCI DSS, Visa Merchant Agent and approved by GIE Cartes Bancaires.

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