Balancing Mobile Security and Innovation

Knowledge@Wharton: How can banks balance security needs with opportunity in a way that does not stifle innovation?

Steven Beattie: When rolling out mobile money solutions, banks face an additional challenge right now -- the topics of anti-money laundering and terrorist finance are very hot within the industry. Not a single day goes by without reading in a major newspaper about some of the challenges, with having effective programs or a much more downside, having facilitated the actual execution of money laundering type activity.

Certainly it’s created a fear or concern about something as innovative as mobile money. We need to recognize that this is not an unregulated, unclear frontier of risk that has not been thought through. We should approach this in a balanced fashion, recognizing that you still do need to have an understanding of your underlying customers. Mobile money still allows for a digital trail showing where money is moving, which is much more controllable than cash itself. Certain controls are in place and can be used as effective weapons against money launderers.

The balanced message for this is recognizing that innovation does create risk, but that risk can be mitigated and there’s still opportunity to move forward with an understanding that some of those challenges will be based upon what’s going on in the current financial services environment.