

TeleSign Consumer Account Security Report 2016

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**Independently
conducted by:**



Introduction

As our lives become more digital—shopping, socializing and banking online—the risk of account compromise increases exponentially. Although consumers are worried about online security, their poor password habits leave them vulnerable to attacks.

This study found that over half of consumers experienced a security incident in the past year and a third of those cancelled their accounts. The Identity Theft Resource Center reports that 2016 has already recorded the highest number of data breaches on record.¹ When credentials for one account are compromised, it creates a domino effect, putting all other accounts protected with those same credentials at risk of cybercrime.

Consumers hold businesses responsible for protecting their digital lives, which nearly a third of consumers value at \$100,000 or more. Acknowledging the limits of passwords, eight in ten consumers are eager for businesses to offer additional authentication methods to guard their accounts. The majority want businesses to provide two-factor authentication (2FA) and the number of consumers turning on 2FA is increasing.

This study, commissioned by TeleSign and conducted by Lawless Research, benchmarks the status of consumer account security in the United States. The report describes consumers' account security practices, their exposure to security incidents and their expectations for companies to protect their mobile and online accounts. Data are drawn from an online survey of 1,300 adults conducted in September 2016.

With the majority of consumers looking to businesses to keep them safe online, companies need to prioritize providing strong account security or risk losing valuable users.

—Aled Miles, TeleSign CEO

¹ IDENTITY THEFT RESOURCE CENTER 2016 DATA BREACHES

Study Highlights

31% of consumers say their online life is worth \$100,000 to priceless

55% of consumers hold businesses primarily responsible for account security and 72% want additional security beyond passwords

71% of accounts are guarded by passwords used across multiple sites



51% of consumers, including 64% of Millennials, had online and mobile accounts compromised in past year

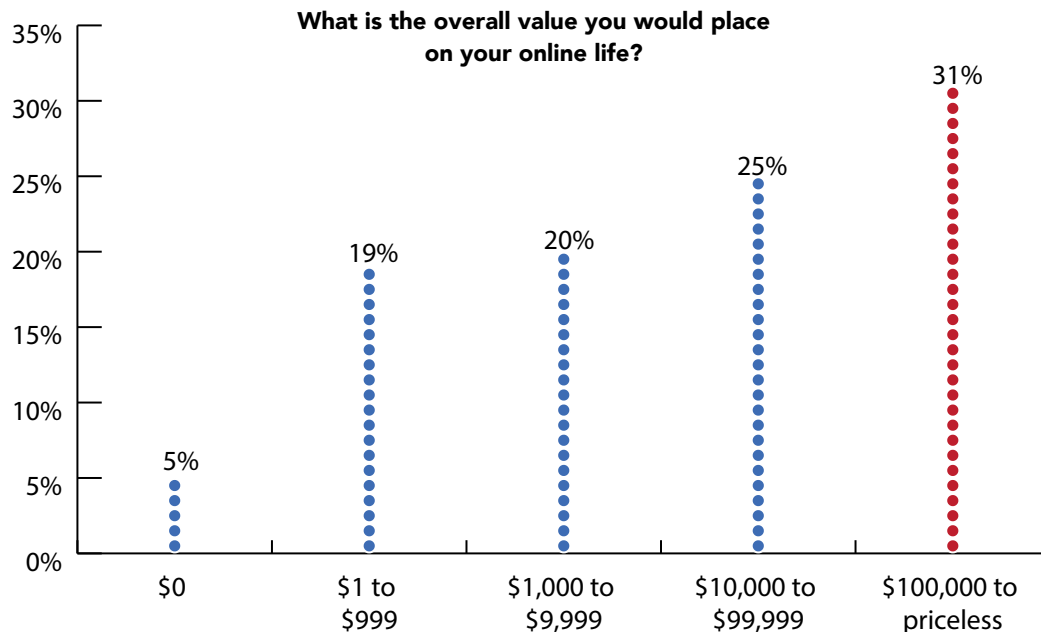
Use of two-factor authentication increased from 39% in 2015 to 46% in 2016



KEY FINDING 1: Nearly one-third of consumers say their online life is worth \$100,000 or more

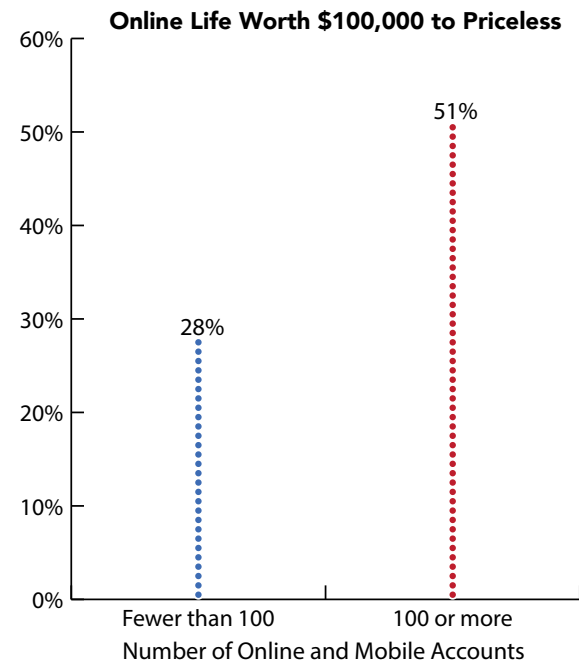
Three in ten consumers say their online life is “priceless” or worth \$100,000 to more than \$1 million.

After thinking about all their online and mobile accounts—and the assets associated with them such as personal information, bank and investment monies, photos, videos and emails—31% of consumers value their online life at \$100,000 to priceless.



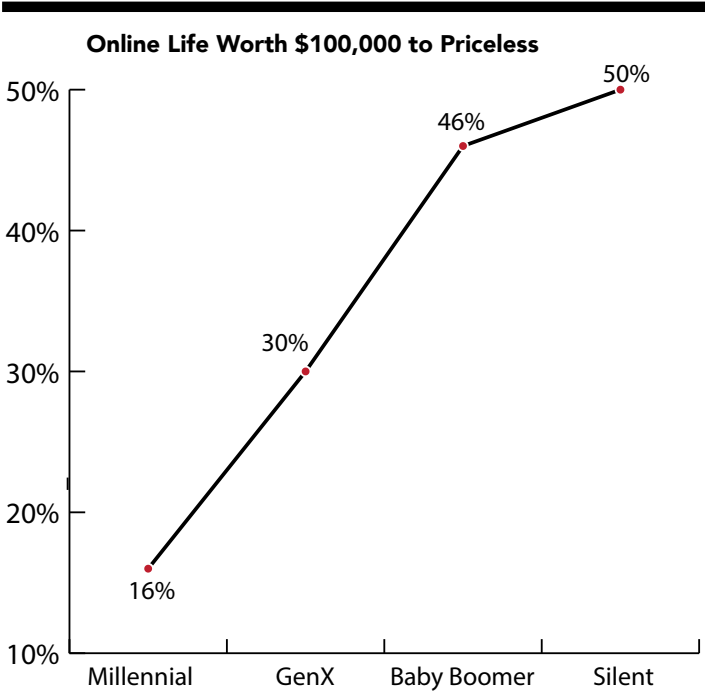
Over half of consumers who have 100 or more accounts value their online life at \$100,000 or more.

Consumers with 100 or more online and mobile accounts place a higher value on their online life: 51% vs. 28% of consumers with fewer than 100 accounts.



Almost half of Baby Boomers say their online life is worth \$100,000 or more.

The value of online life increases with age. Online accounts and their associated assets are valued at \$100,000 or more by only 16% of Millennials, almost doubling to 30% of GenXers, then jumping to 46% of Baby Boomers and 50% of Silent Generation consumers.



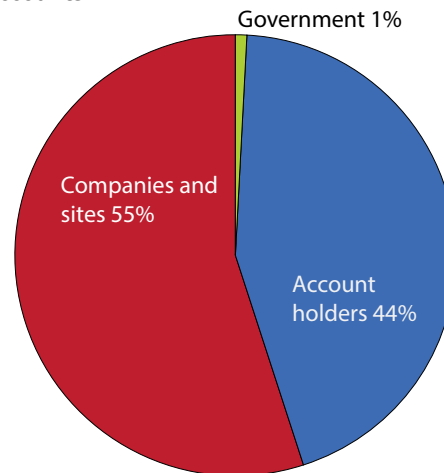


KEY FINDING 2: Majority of consumers hold businesses primarily accountable for account security and want additional security beyond passwords

55% of consumers say companies should have primary responsibility for the security of their online and mobile accounts.

The majority (55%) of consumers hold companies primarily responsible for account security. More than four in ten (44%) say account holders should have primary responsibility for security. Only 1% hold the government primarily responsible for their account security.

Who should have primary responsibility for the security of online and mobile accounts?



Companies make plenty of money with the time and money we invest in them and they should do the same to protect our accounts and personal identity.

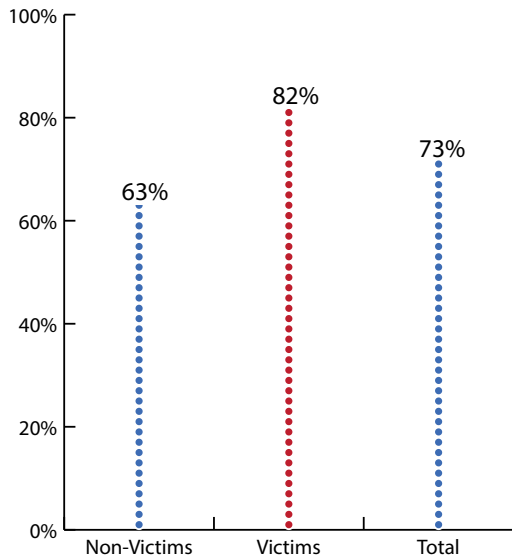
-Survey Respondent

LAWLESS RESEARCH

More than seven in ten consumers want companies to provide an extra layer of security for their accounts.

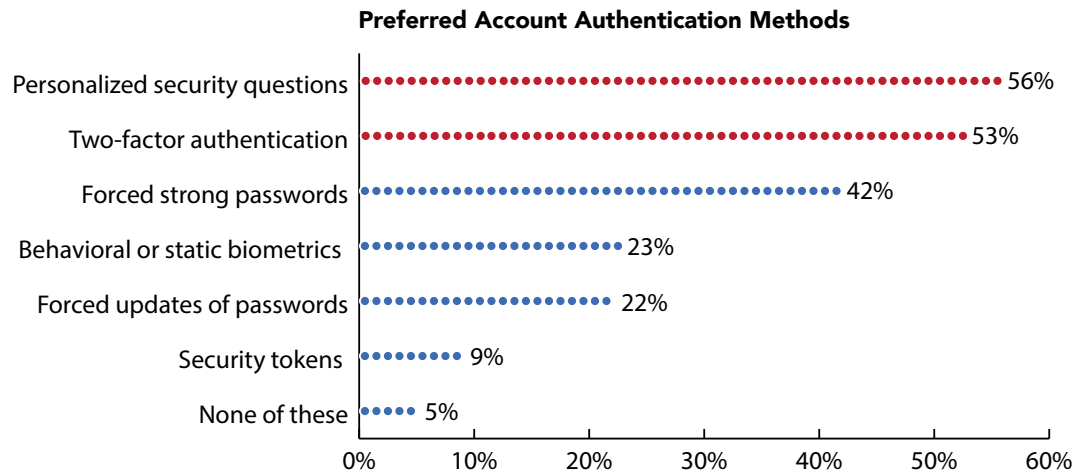
Consumers value their online lives and 73% want additional security beyond passwords to protect their accounts. Victims of account security breaches are even more emphatic, with 82% desiring that companies provide an extra layer of security beyond passwords (vs. 63% of non-victims).

Would you like online companies to provide an extra layer of security in addition to your password?



Over half of consumers prefer to use 2FA and security questions to ensure the security of their accounts.

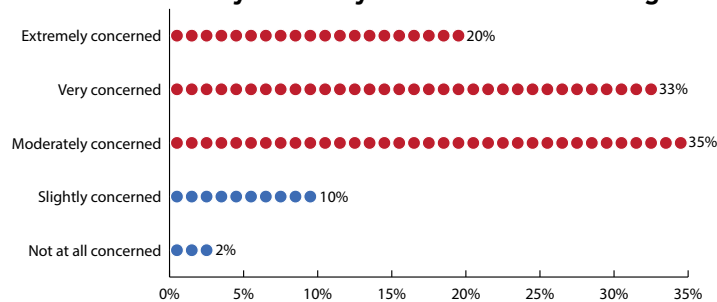
When asked what authentication methods they would most like to use to secure their accounts, the majority prefer personalized security questions (56%) and two-factor authentication (53%).



More than eight in ten consumers worry about online security and are concerned about their accounts being hacked.

The majority (82%) of consumers say they worry about their online security and 88% are extremely, very or moderately concerned about their accounts being hacked.

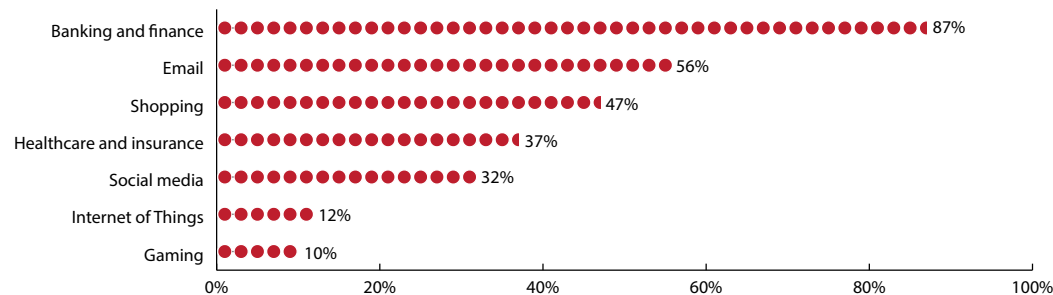
How concerned are you about your online accounts being hacked?



Nearly nine in ten (87%) consumers are most concerned about securing their financial accounts, but only 57% of them have added security beyond passwords.

Consumers who are worried about account security do not necessarily use additional security measures. Of the nearly nine in ten (87%) who say they are most concerned about securing their banking accounts, fewer than six in ten (57%) use a layer of security in addition to passwords. Only 12% are most concerned about the security of Internet of Things.

What types of accounts are you most concerned about securing?



Expanded online security is sometimes inconvenient, but overall I know that it is wise.

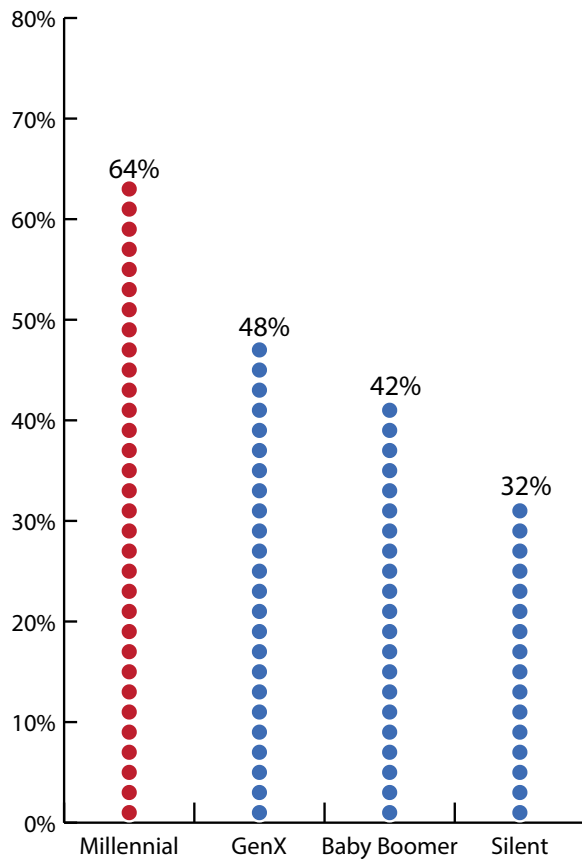
--Survey Respondent

LAWLESS RESEARCH

Millennials are at higher risk, with 64% experiencing a security incident in the past year.

Almost two-thirds (64%) of Millennials had at least one password stolen or an account compromised or hacked in the past 12 months (vs. 44% for all other generations).

Experience One or More Security Incidents in the Last Year

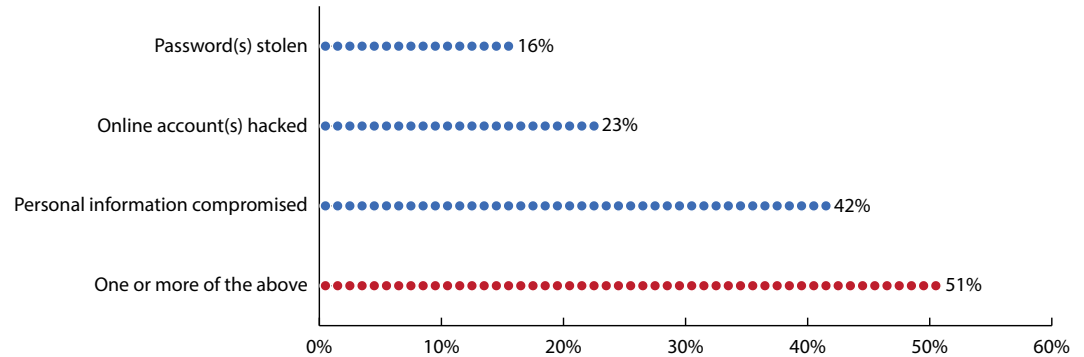


KEY FINDING 3: Over half of consumers had online and mobile accounts compromised in past year and Millennials are at highest risk

Over half of online consumers were victims of security incidents.

In the 12 months prior to September 2016, 51% of consumers experienced a security incident such as a stolen password, online account hacked or personal information compromised.

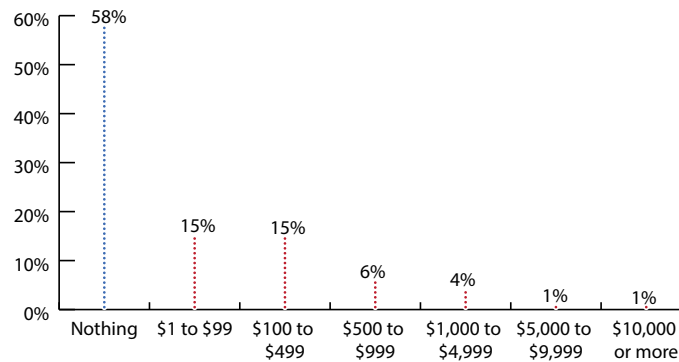
Security Incidents Experienced in the Past 12 Months



More than four in ten (42%) fraud victims say the security incidents resulted in losses.

Among consumers who had an account compromised, over one-fourth (27%) estimate that the security incidents cost them \$100 to \$10,000 or more.

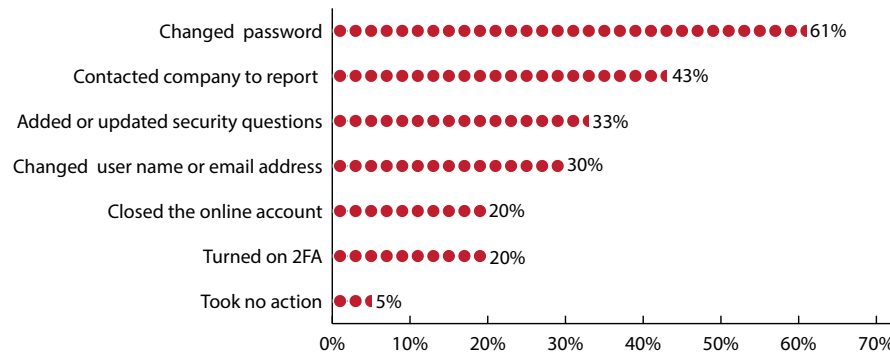
What costs and losses did you experience as a result of the account security incidents?



When accounts are compromised, only 61% of victims change their passwords.

After experiencing an account security incident, the majority (61%) of consumers changed their password, 43% contacted the company to report the problem or ask for help, and 33% added or updated their security questions. Only 20% turned on two-factor authentication. Only 20% turned on two-factor authentication. Only 20% turned on two-factor authentication.

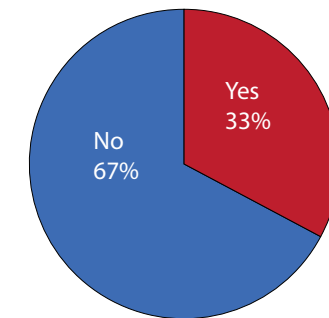
What did you do after discovering the security incident?



One in three victims of security incidents stopped doing business with the companies.

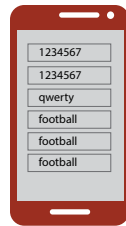
A third (33%) of victims of account compromises discontinued doing business with one or more of the companies or sites.

Did you stop doing business with any of the companies after your accounts were compromised?



It is important to change your passwords and always check the safety of a website before entering personal information.

-Survey Respondent

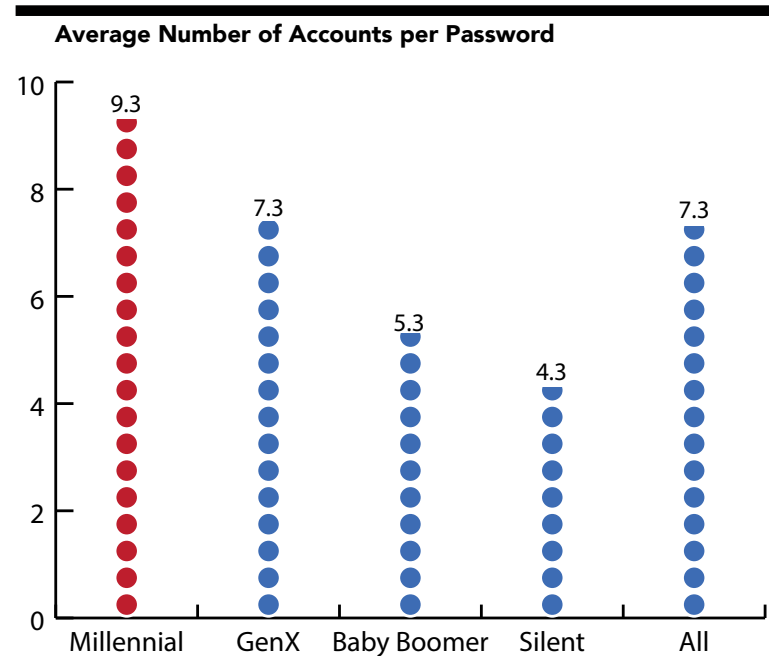


KEY FINDING 4: 71% of accounts are guarded by passwords used across multiple sites

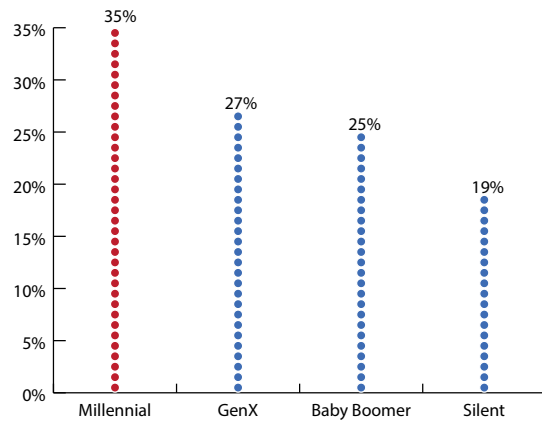
Approximately seven in ten (71%) accounts are guarded by duplicate passwords. Analysis of the number of passwords that each respondent uses to protect all their accounts reveals that 71% of online and mobile accounts are protected by duplicate passwords.

Millennials reuse passwords at a higher rate.

The average number of accounts protected by the same password is nine accounts for Millennials, six for all other generations combined and seven for all respondents.



Use Only 1 to 4 Passwords for All Accounts



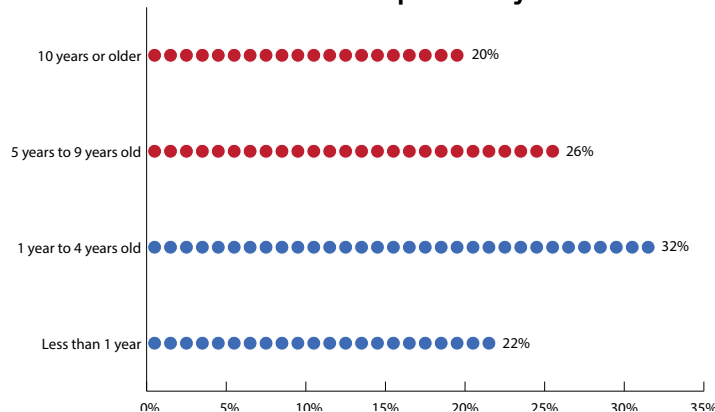
Over a third of Millennials use fewer than five passwords to protect all their accounts.

Millennials are more likely to have fewer than five passwords across all mobile and online accounts: 35% vs. 25% for all other generations combined.

Almost half of consumers have been using a password for five years or longer.

The majority (78%) of account holders have a password that has not been changed in a year or longer. Nearly half (46%) use a password that is five years or older.

How old is the oldest password you use?

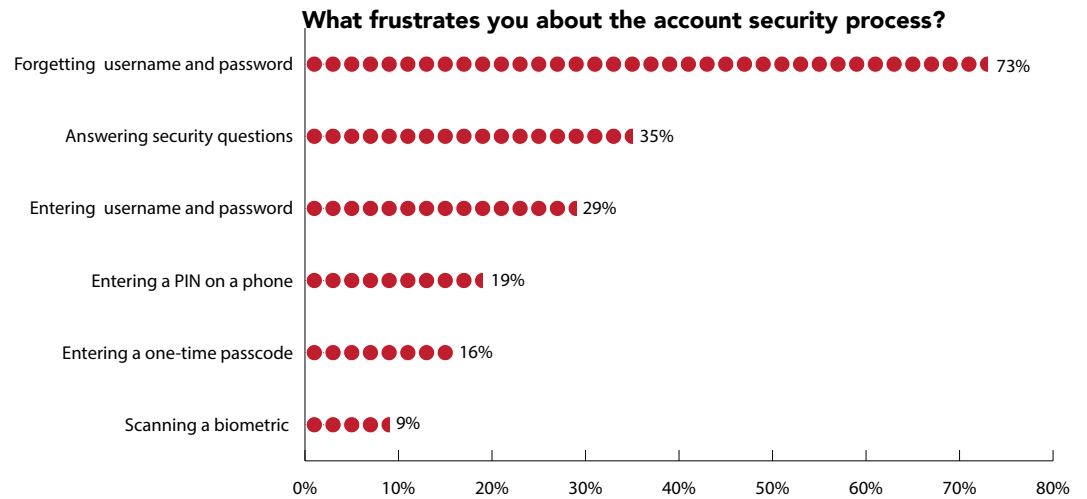


I am absolutely terrible about remembering my passwords or usernames. I like being able to have a code or other verification method sent to my cell phone to reset information.

-Survey Respondent

More than seven in ten consumers are frustrated with forgetting passwords.

The most frustrating aspects of the account security process are forgetting passwords (73%) and answering security questions (35%).



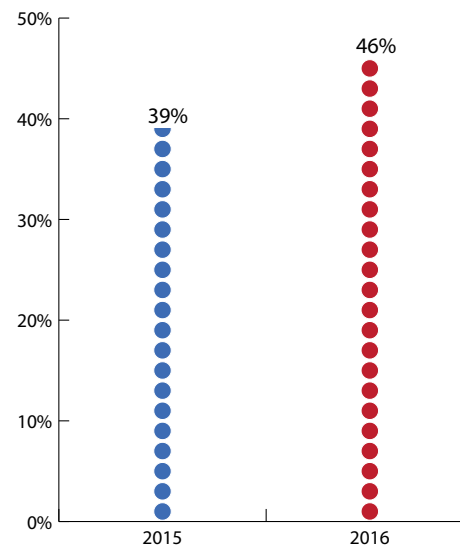


KEY FINDING 5: Use of two-factor authentication increased between 2015 and 2016.

The number of consumers using 2FA increased 18% between 2015 and 2016.

In 2016, 46% of consumers had two-factor authentication enabled for one or more accounts, up from 39% in 2015 (an 18% increase). Consumers that had at least one account compromised are almost twice as likely to enable 2FA than those that have not been victims of online fraud (60% vs. 32%).

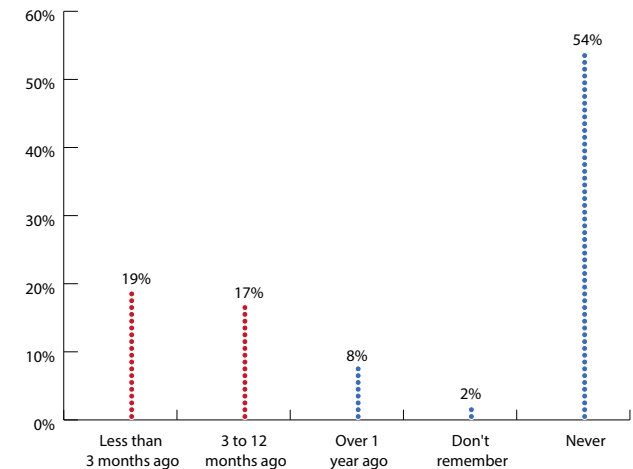
Have you ever enabled 2FA for any of your online accounts?



Over a third (36%) turned on 2FA for one or more accounts in the past 12 months.

In the last year, 36% of consumers added the protection for one or more accounts. Of the 46% who have ever enabled 2FA, 77% turned it on for at least one account in the past year.

When did you most recently turn on 2FA?



LAWLESS RESEARCH

With all the dangers we face today in our online lives, it's encouraging to see that consumers are becoming increasingly aware of how to protect themselves beyond the password alone.

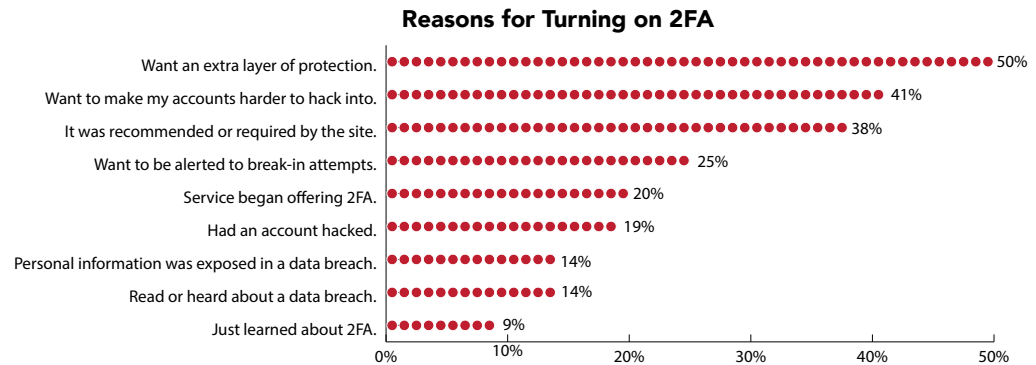
—Aled Miles, TeleSign CEO

Nearly three-fourths of consumers are familiar with two-factor authentication.

In 2016, 74% of consumers were very, somewhat or slightly familiar with two-factor authentication, with no significant change from the percentage in 2015 (78%).

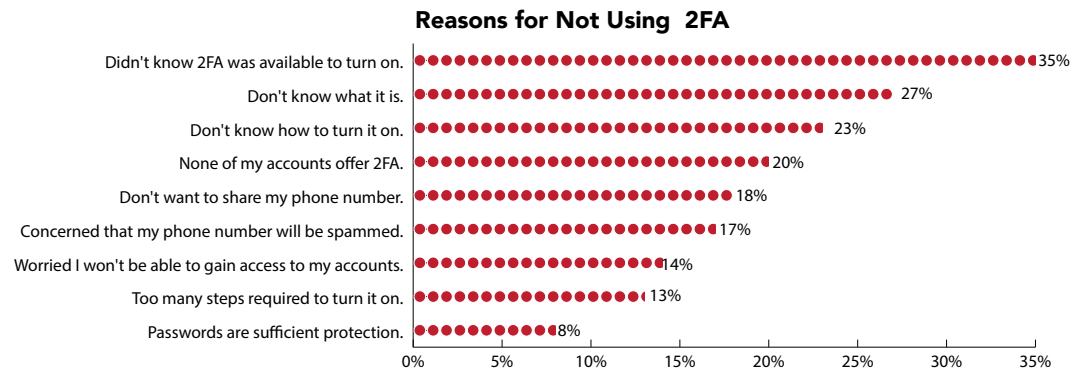
Half of those who turn on two-factor authentication do so because they want an extra layer of protection.

Increased protection (50%), wanting to make accounts harder to hack (41%) and because the site recommended it (38%) are the top three reasons consumers turn on 2FA.



Lack of knowledge about 2FA is the main reason for not enabling two-factor authentication.

Of those who haven't turned on 2FA the top reasons are not knowing it was available (35%), not knowing what it is (27%) and not knowing how to turn it on (23%).



Respondent Demographics

Percentages are based on a total sample of 1,300 respondents, and closely map to the online population of the United States.

What is your age?

18 to 24 (GenZ/Millennial)	11%
25 to 35 (Millennial)	22%
36 to 51 (GenX)	37%
52 to 70 (Baby Boomer)	18%
71 or older (Silent)	12%
Total	100%

Are you male or female?

Male	50%
Female	50%
Total	100%

Which of the following do you own and regularly use? (Choose all that apply.)

Smartphone	99%
Cell phone	5%

What is the highest level of education you have completed?

Less than High School	2%
High School / GED	18%
Some College	20%
Technical College Degree	5%
2-year College Degree	9%
4-year College Degree	28%
Master's Degree	13%
Doctoral Degree	2%
Professional Degree	3%
Total	100%

What range best describes the combined annual household income of all members of your household?

\$0 to \$24,999	15%
\$25,000 to \$49,999	28%
\$50,000 to \$74,999	19%
\$75,000 to \$99,999	16%
\$100,000 or more	20%
Prefer not to answer	2%
Total	100%

What is your primary employment status?

Full-time (employed or self-employed)	50%
Part-time (employed or self-employed)	13%
Student	4%
Full-time homemaker	8%
Retired	16%
Disabled	4%
Not currently employed	5%
Total	100%

METHODOLOGY

TeleSign commissioned Lawless Research to design and conduct a study about consumer online and mobile account security. Between August 31 and September 5, 2016, 1,300 adults who have a mobile phone and at least one online account completed the 10-minute survey. The online survey was hosted by Qualtrics and Survey Sampling International provided respondents from their online panel. Tests of significant difference were conducted at the .01 level (99% probability that the difference is real, not by chance).

ABOUT TELESIGN

TeleSign's account security platform is trusted by the world's largest brands to prevent online fraud. Combining real-time data & analytics, phone verification and two-factor authentication, TeleSign helps customers secure billions of end-user accounts from compromise. To find out more, visit www.telesign.com or follow us on Twitter - [@TeleSign](https://twitter.com/TeleSign).

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