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 IBM Security

IBM CONSUMER SURVEY: SECURITY SIDE EFFECTS OF THE PANDEMIC

JUNE 15, 2021

KEY FINDINGS

- **Global respondents shifted further into digital interactions during COVID-19** and are likely to continue digital-first interactions in life after the COVID-19 pandemic.
- **Across all categories, global consumers created about 15 new online accounts** during the pandemic. Younger respondents created more new accounts during the pandemic across categories, and created more accounts across each category than any other age group or generation.
- **Over four in five (82%) global respondents are re-using the same credentials that they have used for other accounts at least some of the time.** Younger respondents are more likely to say they always or mostly re-use the same credentials that they have used for other accounts.
- **Many would still rather place an order digitally – even if there were security/privacy concerns.** Over four in ten (44%) global respondents, and 51% of Millennials would rather place and pay for an order digitally than go to a physical location or call to place an order even if they had concerns about the website/app's safety or privacy.
- **A majority of global respondents (63%) accessed COVID related services via digital channels** – including mobile apps, websites, email and text messages.
- Nearly half (44%) of global respondents **do not plan to delete or deactivate** any of the new accounts they created during the pandemic after society returns to pre-pandemic norms.

Methodology: This study was conducted by Morning Consult on behalf of IBM from March 12-26, 2021. The study was conducted among 1000 adults in Argentina, Australia, Brazil, Canada, Chile, Colombia, France, Germany, India, Italy, Japan, Mexico, Peru, Singapore, South Korea, Spain, UK, US, Middle East, Central & Eastern Europe, Nordics, and BNL (Belgium, Netherlands, and Luxembourg). The study was conducted online and the data were stratified to match a target sample of adults in each country on age and gender, then weighted based on age, gender, race, and education level. Results for the global results have a margin of error of +/- 1% and results for each country have a margin of error of +/- 3% at a 95% confidence level.

IBM Security Introduction and Analysis:

As our daily lives shifted from the physical to the virtual realm during the pandemic, consumers rushed to adopt new applications and services that would allow them to work, play, and accomplish tasks online vs. in person. But did this growing preference for online, contactless service options cause us to prioritize convenience over cybersecurity and data privacy – and how will these habits shift once society returns to pre-pandemic norms? To find out, IBM commissioned a global study with Morning Consult, surveying the online security habits of 22,000 consumers around the world.

The results show that consumers not only increased their reliance on digital channels during the pandemic, but also that this “digital dependence” is expected to linger even after society returns to pre-pandemic norms. Consumers reported they will continue to rely on digital services at higher rates than before the pandemic, and many say they will not delete any of the new accounts they created during that time.

Methodology: This study was conducted by Morning Consult on behalf of IBM from March 12-26, 2021. The study was conducted among 1000 adults in Argentina, Australia, Brazil, Canada, Chile, Colombia, France, Germany, India, Italy, Japan, Mexico, Peru, Singapore, South Korea, Spain, UK, US, Middle East, Central & Eastern Europe, Nordics, and BNL (Belgium, Netherlands, and Luxembourg). The study was conducted online and the data were stratified to match a target sample of adults in each country on age and gender, then weighted based on age, gender, race, and education level. Results for the global results have a margin of error of +/- 1% and results for each country have a margin of error of +/- 3% at a 95% confidence level.

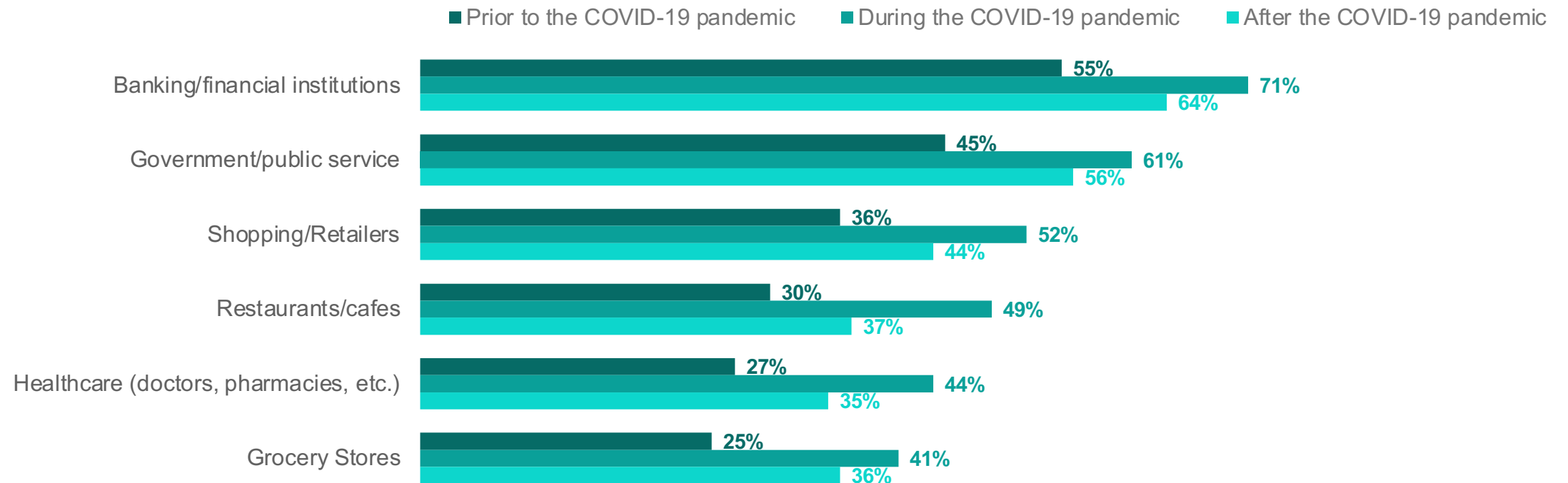
Consumers Shifting to Digital Experiences

Global respondents shifted further into digital interactions during COVID-19, and in all instances say they will continue to rely on digital interactions in life after the COVID-19 pandemic compared to prior.

Digital Interactions: Before, During, and After Pandemic

Which format did/do/will you most commonly use to interact with the following types of businesses/organizations?

[Showing: Percent of Consumers Using **Primarily Digital Formats** (phone call, website/mobile website, mobile application) vs. Physical]

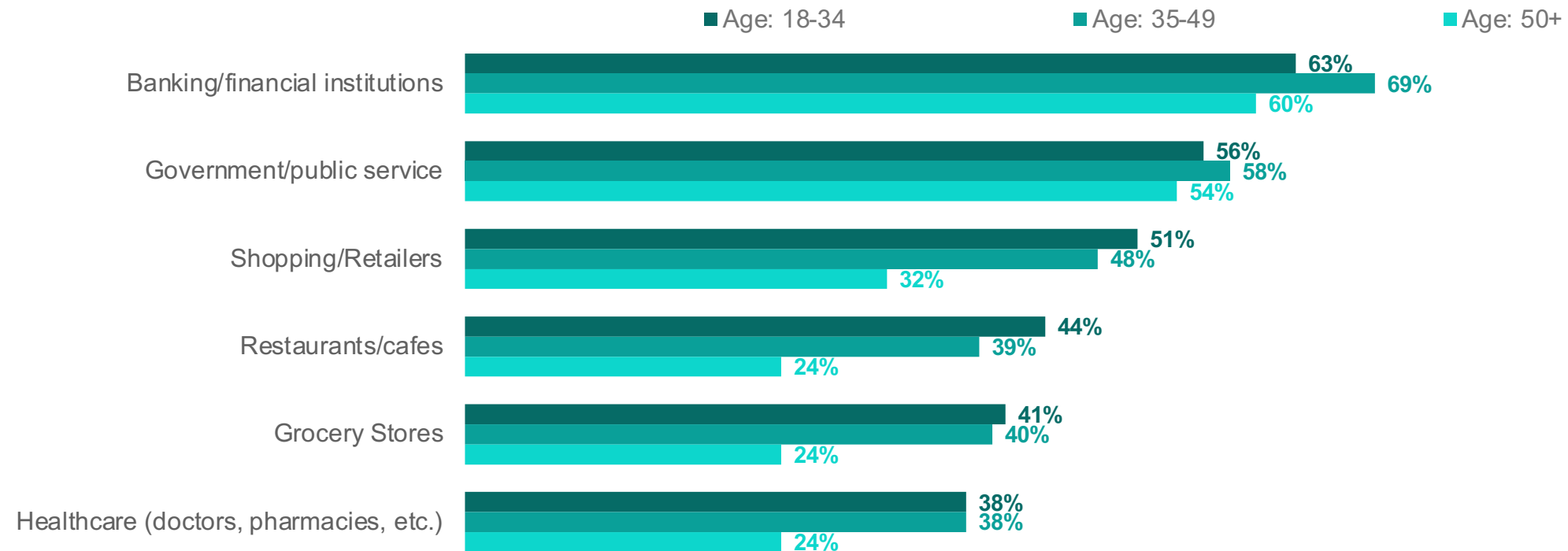


Younger Generations Most Likely to Continue Digital-First Interactions

Global respondents under 50 are most likely to predict they will interact through digital formats in life after the COVID-19 pandemic

Thinking about life after the COVID-19 pandemic, which format do you think you will prefer to use to interact with the following types of businesses/organizations?

[Showing: Percent of Consumers Using **Primarily Digital Formats** (phone call, website/mobile website, mobile application) vs. Physical]



DIGITAL FOOTPRINT

Surge in New Online Accounts

Global respondents created about **15 new online accounts** during the pandemic across all categories, and on average, created 2 new accounts for entertainment, social media, shopping/retail, video conferencing, and food service

New Online Accounts Created During The Pandemic

Approximately, how many new online accounts have you created for the following categories have you created since the beginning of the COVID-19 pandemic? [Showing Average]

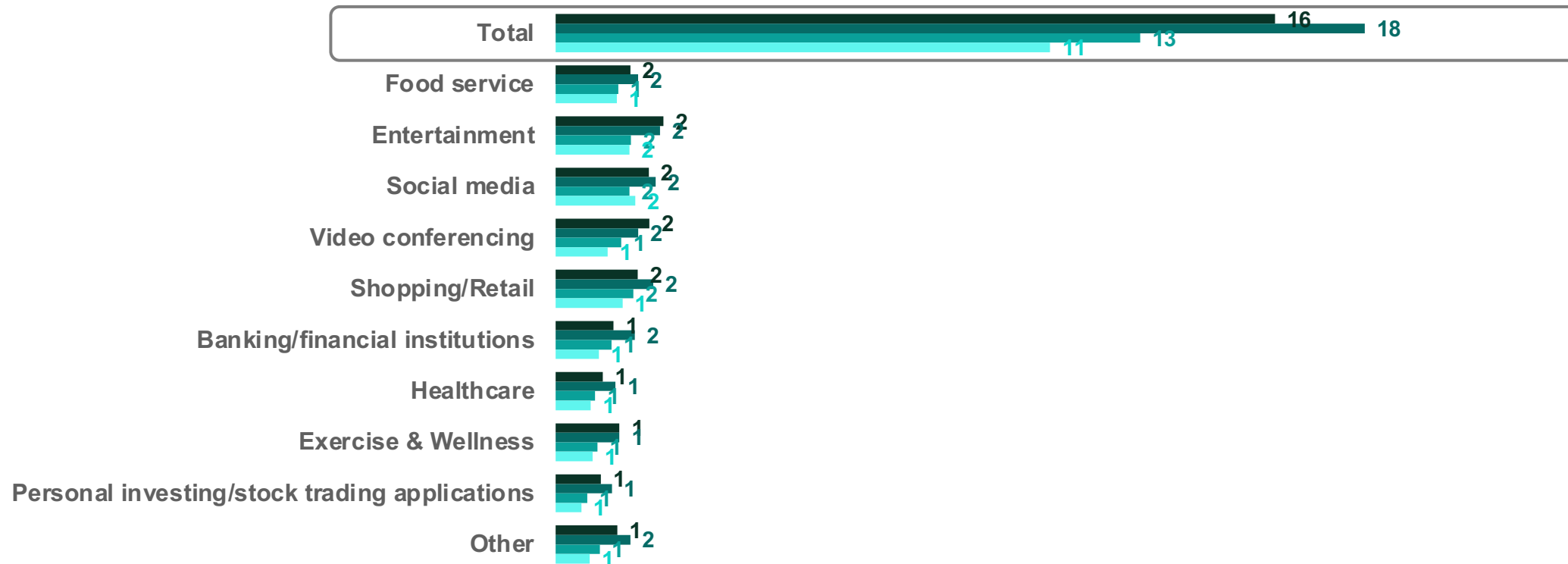


Younger generations created more new accounts

Millennials globally created over **18 new online accounts** during the pandemic across all categories, and created more accounts across each category than any other generation

Approximately, how many new online accounts have you created for the following categories have you created since the beginning of the COVID-19 pandemic? [Showing Average]

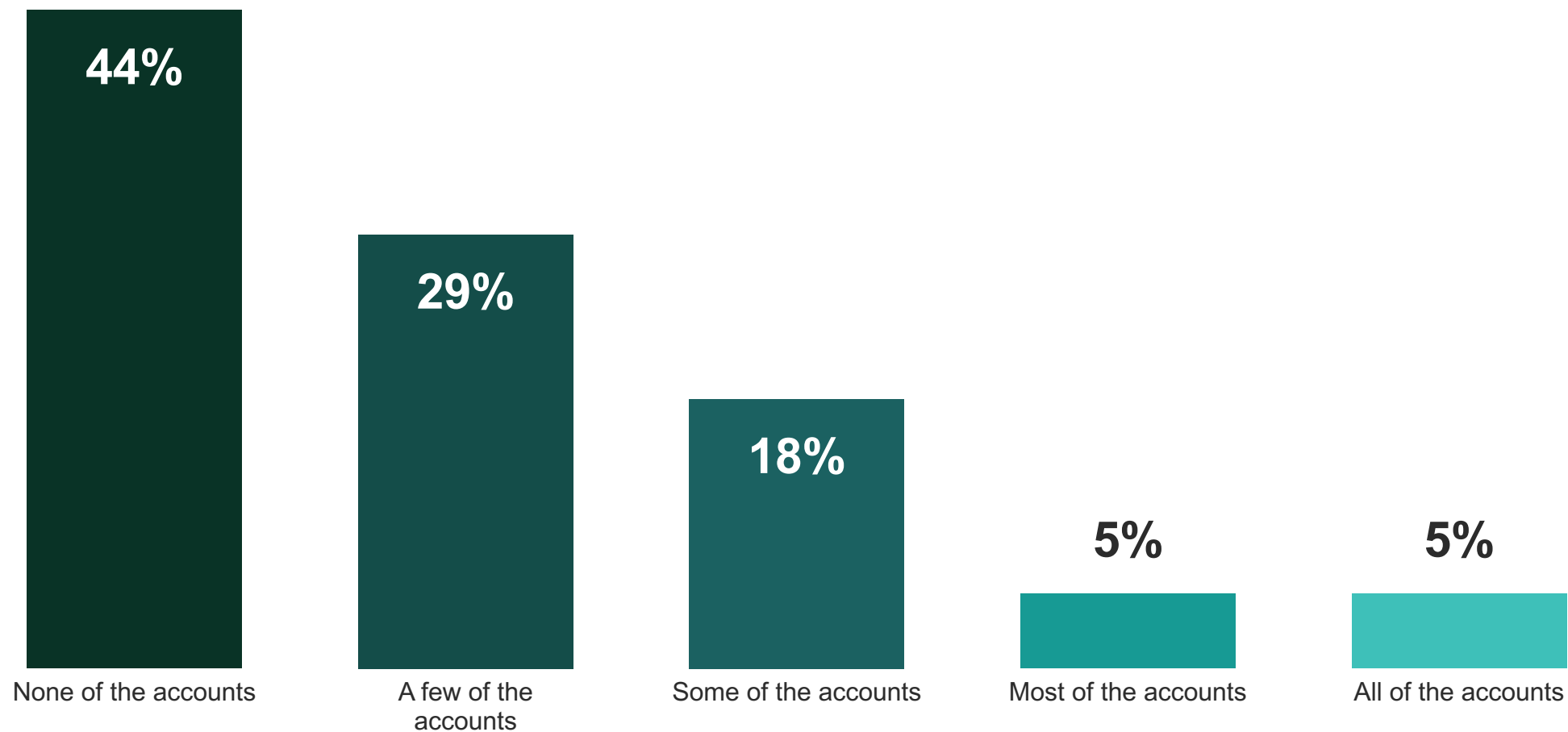
■ GenZers: 1997-2012 ■ Millennials: 1981-1996 ■ GenXers: 1965-1980 ■ Baby Boomers: 1946-1964



DIGITAL FOOTPRINT

Nearly half (44%) of global respondents **do not plan to delete or deactivate** any of the new accounts they created during the pandemic after society returns to pre-pandemic norms

After society returns to pre-pandemic norms, how many of the new accounts you created during the pandemic do you plan to delete or deactivate?



Digital Dependence: Convenience Trumps Security & Privacy

IBM Analysis & Summary:

Consumers' increased reliance on digital channels during the pandemic may have caused more lax attitudes towards security – with the convenience of digital ordering often outweighing security and privacy concerns.

Many consumers (particularly younger generations) say they would rather place an order digitally, even if there were security or privacy concerns with the application. Additionally, consumers rarely decline to use a new digital platform due to security or privacy concerns.

This surge in new accounts may also be creating password fatigue, with consumers reporting high levels of password reuse across their accounts. This means many of the new accounts created during the pandemic likely relied on reused credentials, which may have been compromised in previous data breaches.

CONVENIENCE VS PRIVACY

Many would still rather place an order digitally – even if there were security/privacy concerns.

-- Over four in ten (44%) global respondents would rather place and pay for an order digitally than go to a physical location or call to place an order even if they had concerns about the website/app's safety or privacy

Think about a time when you're trying to place an order online and it is most convenient to order online. Which of the following statements do you agree with more, even if neither perfectly applies to you?



56%

If I had concerns about the website/app's safety or privacy, **I would go to a physical location or call to place an order.**



44%

Even if I had concerns about the website/app's safety or privacy, **I would rather place and pay for an order digitally** than go to a physical location or call to place an order.

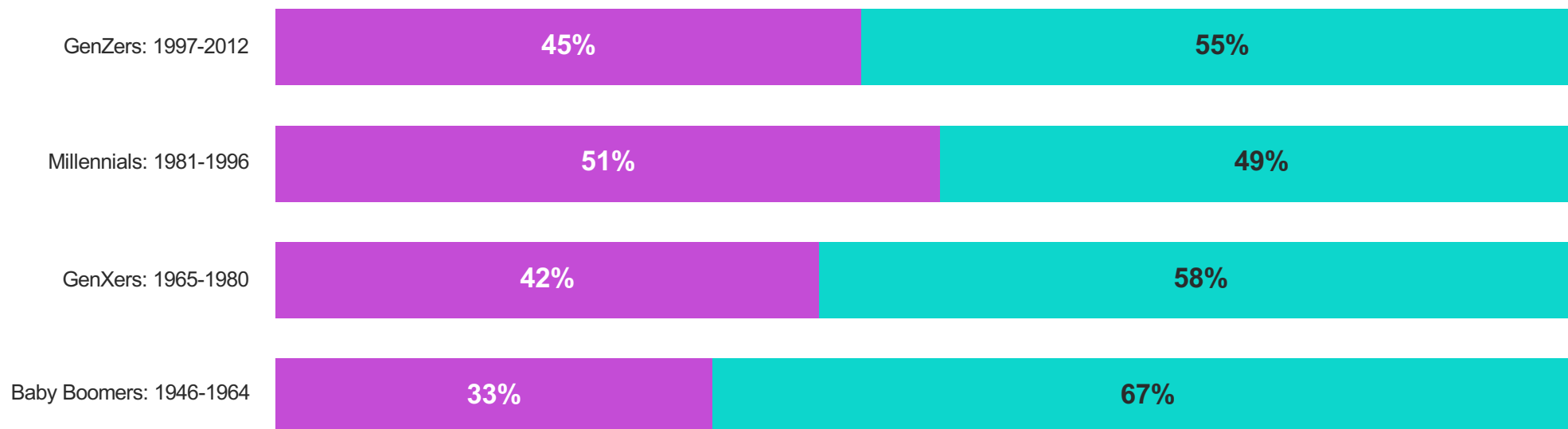
CONVENIENCE VS PRIVACY

More than half (51%) of Millennial respondents would rather use a potentially insecure app vs. call or go to a physical location in person.

Younger Generations More Likely to Overlook Security/Privacy for Digital Convenience

Think about a time when you're trying to place an order online and it is most convenient to order online. Which of the following statements do you agree with more, even if neither perfectly applies to you?

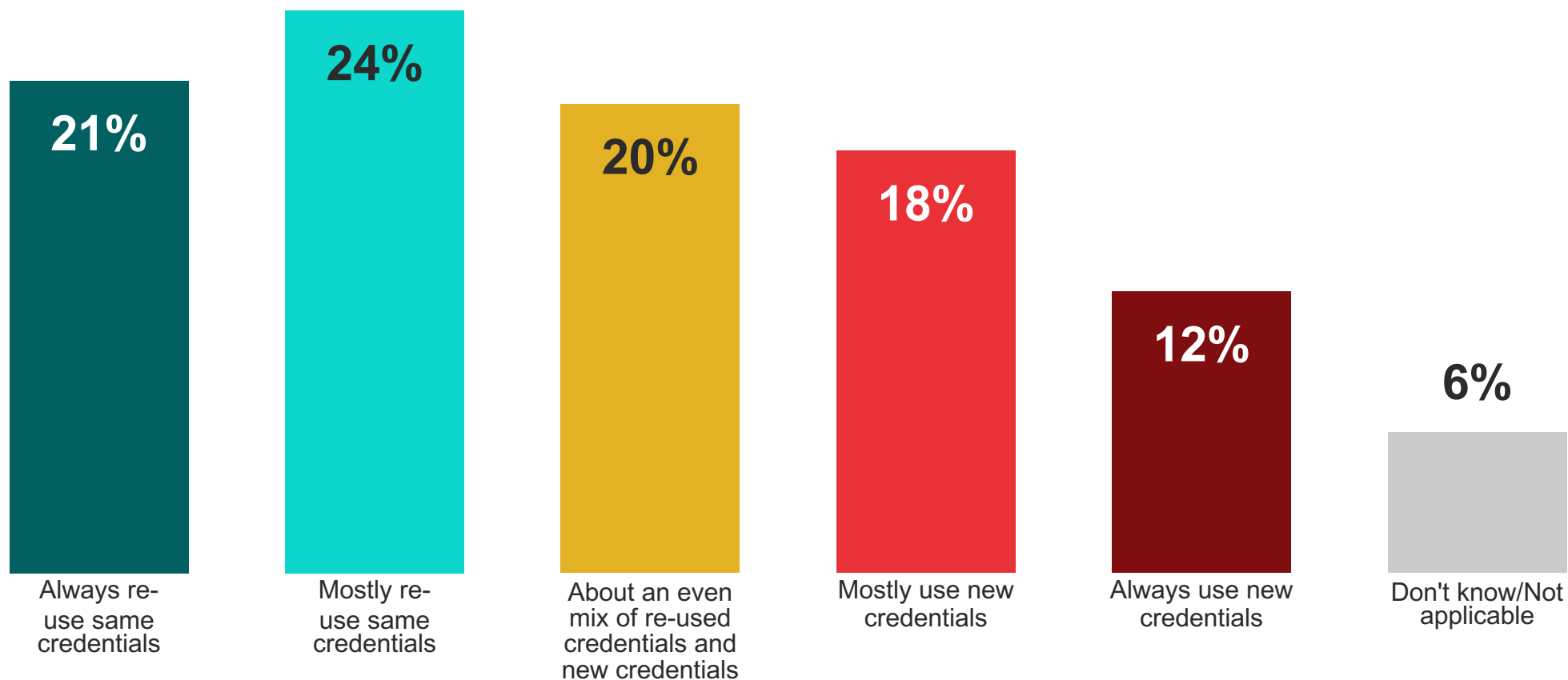
● Even if I had concerns about the website/app's safety or privacy, I would rather place and pay for an order digitally than go to a physical location or call to place an order.
 ● If I had concerns about the website/app's safety or privacy, I would go to a physical location or call to place an order.



CONVENIENCE VS PRIVACY

The majority (82%) of global respondents are re-using the same credentials that they have used for other accounts at least some of the time, with 45% always or mostly re-using the same credentials

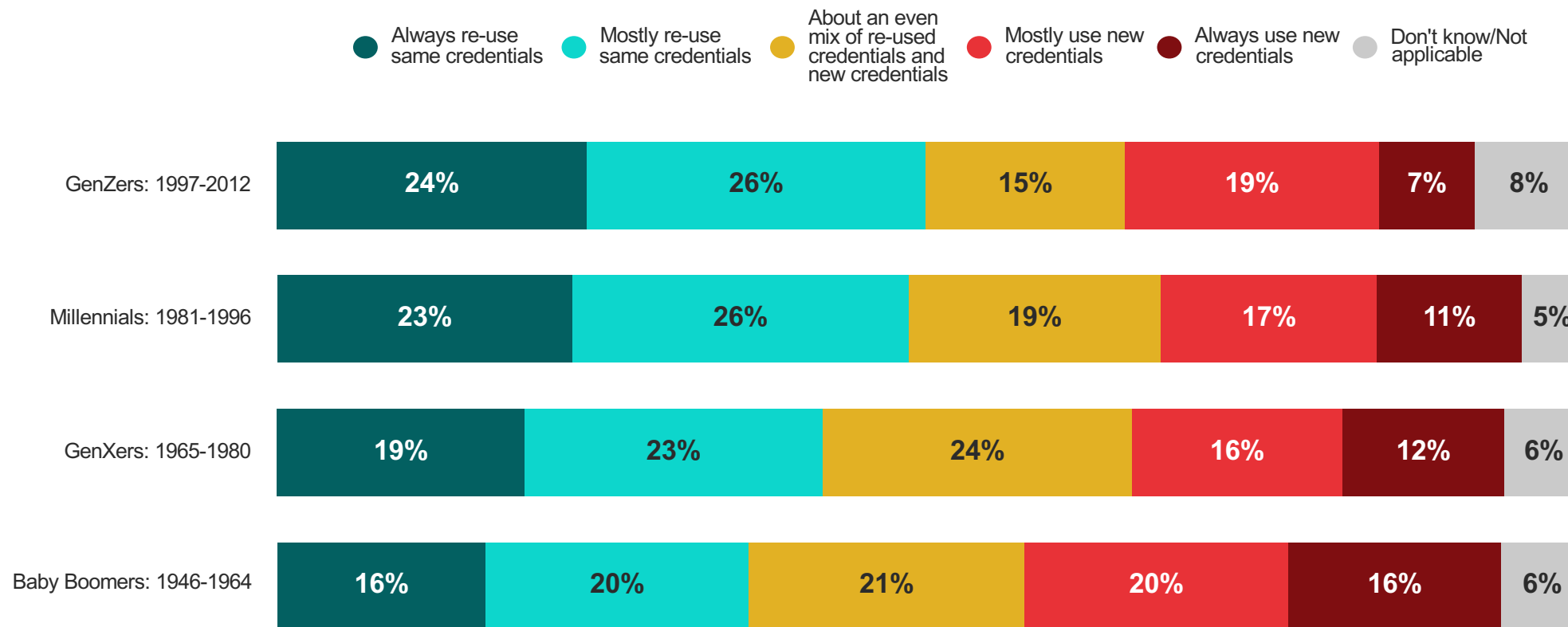
When making new online accounts, do you re-use the same credentials (usernames, passwords) that you have used for other accounts or do you create new credentials for each specific account?



CONVENIENCE VS PRIVACY

Younger respondents are more likely to say they always or mostly re-use the same credentials that they have used for other accounts

When making new online accounts, do you re-use the same credentials (usernames, passwords) that you have used for other accounts or do you create new credentials for each specific account?

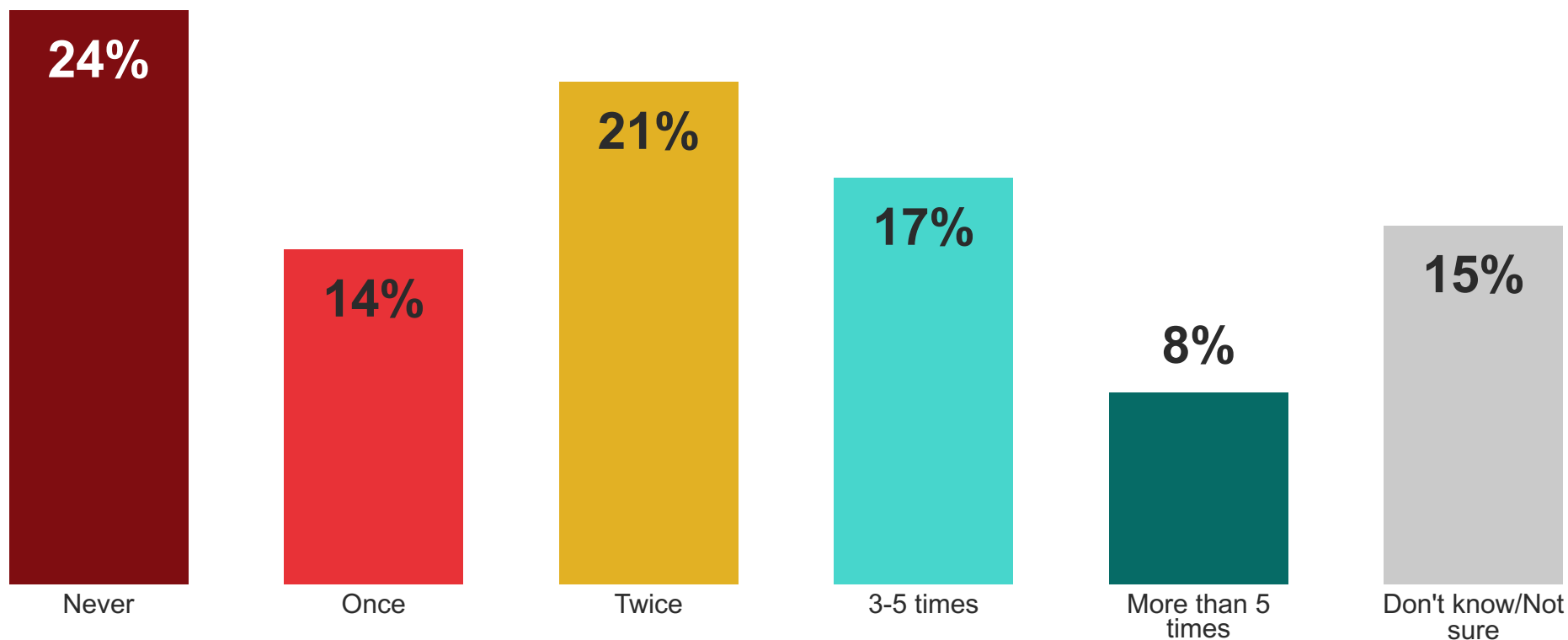


CONVENIENCE VS PRIVACY

Consumers Rarely Decline Digital Services Due to Security or Privacy Concerns

24% of global respondents report that security or privacy concerns were never a barrier against downloading an app or creating an account during the pandemic

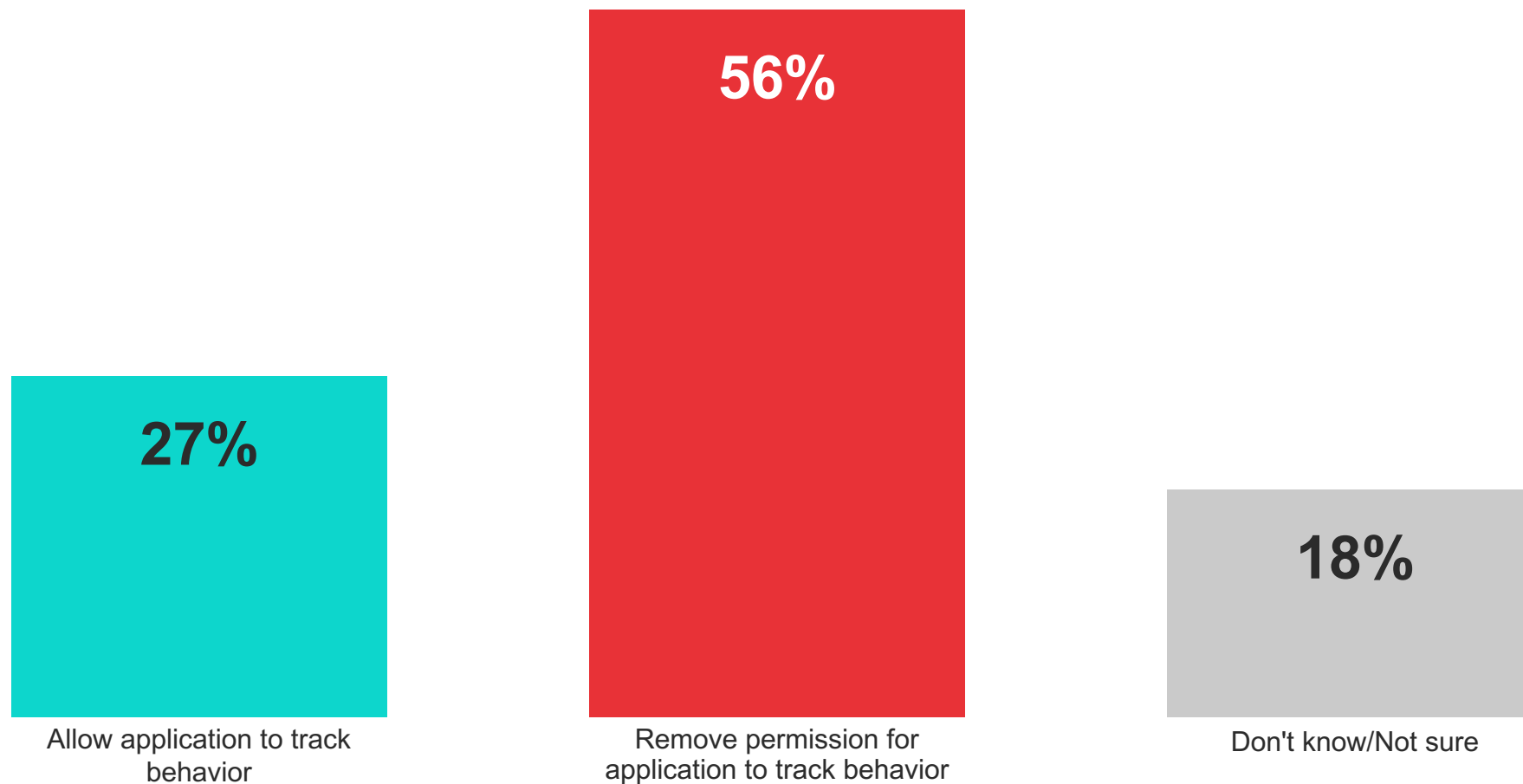
During the pandemic, how many times did you decide against downloading a new application or creating a new account due to concern over its security and privacy policies?



CONVENIENCE VS PRIVACY

However, a majority (56%) of global respondents says they would remove permission for an application to track behavior if the app requested permission to do so

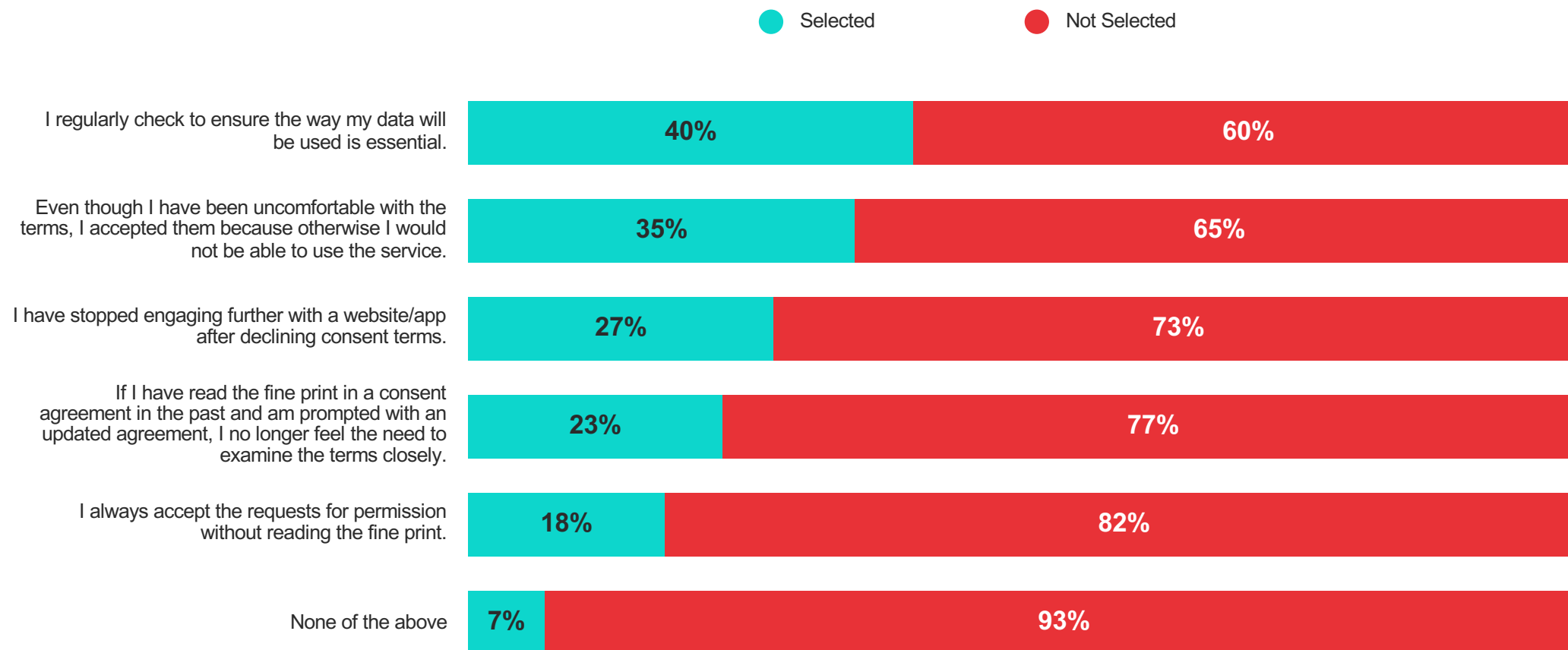
If you received a notification that an application on your phone is requesting permission to track your activity across other apps and websites, which of the following best describes how you would react?



CONVENIENCE VS PRIVACY

35% of global respondents have accepted terms they were uncomfortable with so they could use a service

Which of the following ways have you responded to requests for permission to access personal data, such as location, contact information, camera roll, etc.? Please select all that apply.

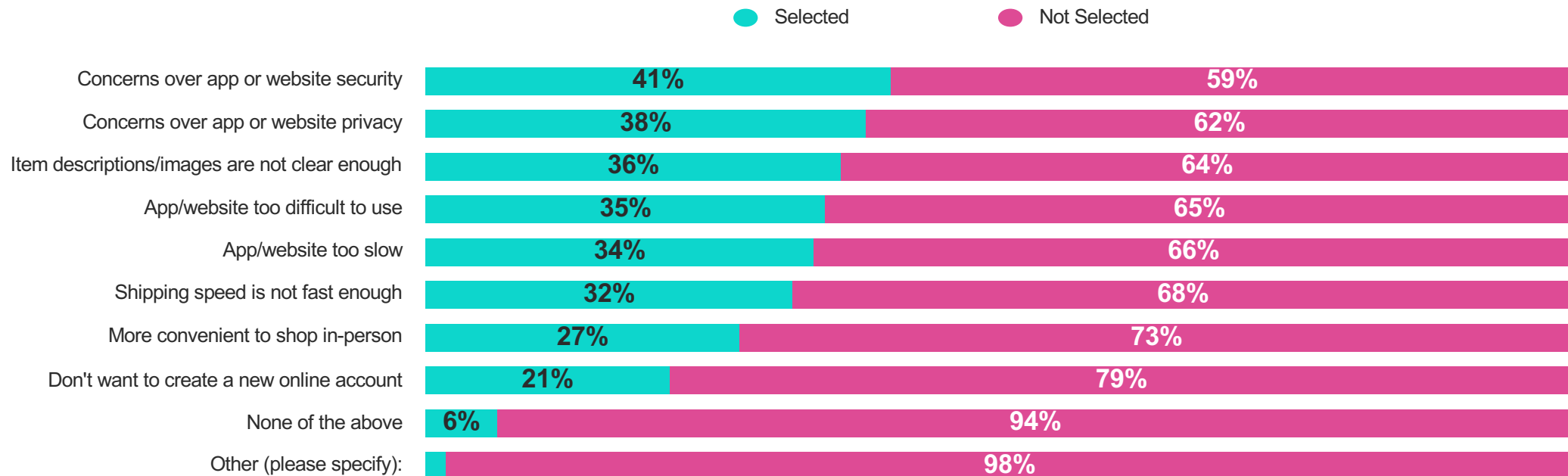


Security and Privacy were top reasons to avoid using an app – but most still choose to use either way.

About four in ten global respondents would avoid using an online platform to shop or place an order over concerns over app/website security (41%) or concerns around privacy (38%)

Which would lead you not to use an app?

Which of the following circumstances, if any, would lead you to avoid using an online platform to shop or place an order? Please select all that apply.



Evolving Demands for Digital Identity & Access

IBM Analysis & Recommendations:

Consumers' increased digital dependence also appears to be creating fatigue when it comes to the way they authenticate themselves online.

Given the increased reliance on digital channels, the proliferation of reused passwords, and consumer preferences for highly convenient digital experiences, businesses must ensure that access to their digital services are both simple and secure. Investing in a modernized Consumer Identity and Access Management (CIAM) strategy can help companies increase digital engagement – providing a frictionless user experience across digital platforms and using behavioral analytics to decrease the risk of fraudulent account use.

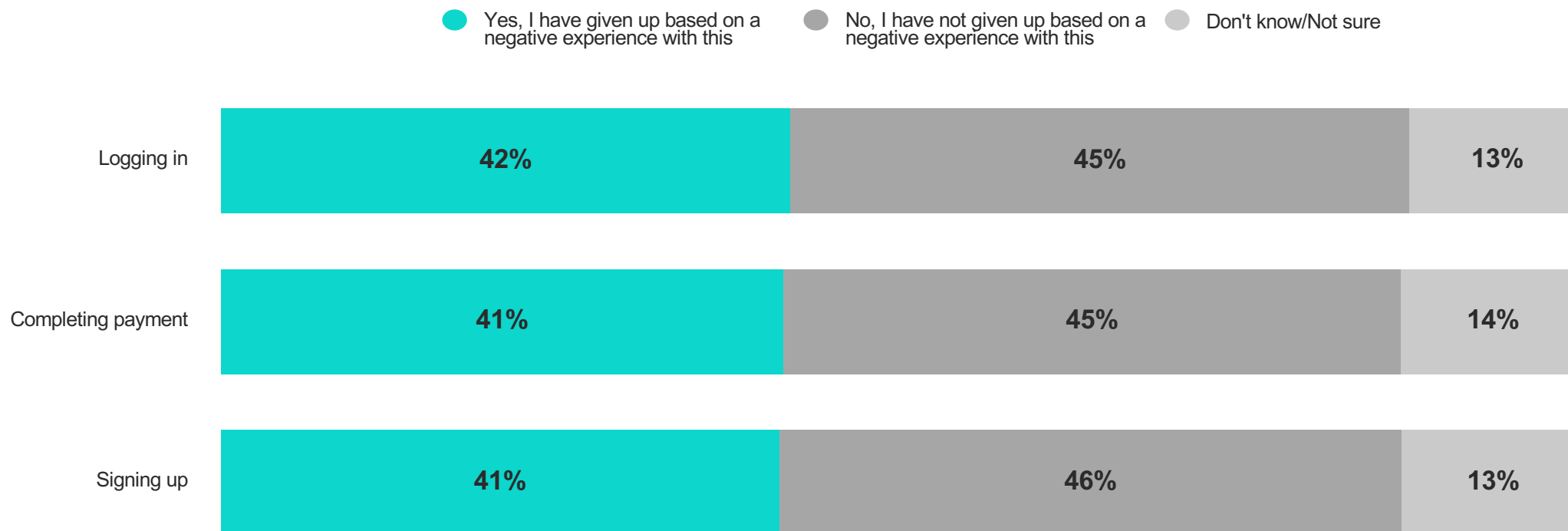
Additionally, the results show that many consumers around the world are becoming familiarized and interested in the concept of digital credentials, which offer a technology-based approach to verify specific aspects of identity and may eventually replace more traditional forms of physical identification for certain use-cases.

CONVENIENCE VS PRIVACY

Bad UX Leads to Lost Business

About 40% of global respondents have given up on an online purchase, application, or transaction based on negative experiences logging in (42%), signing up (41%), or completing payment (41%)

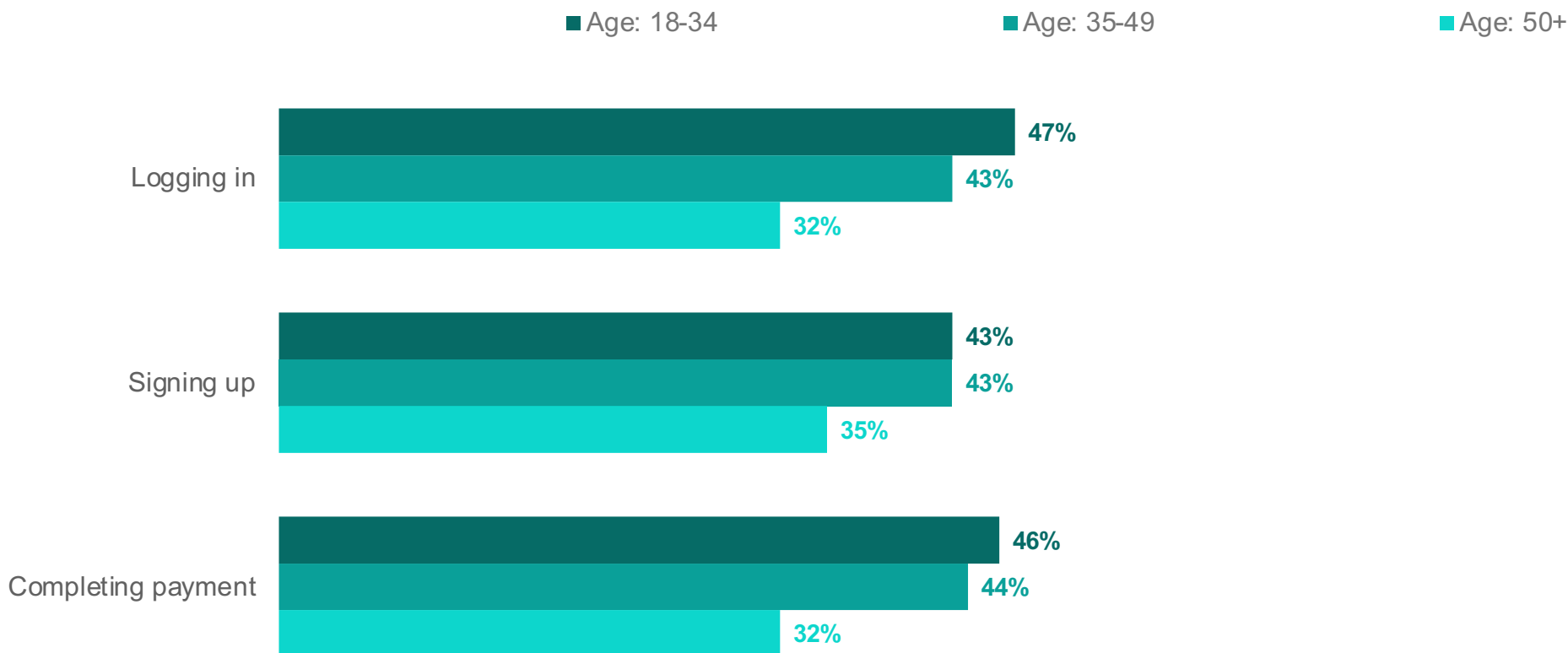
Have you ever given up on an online purchase, application, or other transaction based on negative experiences with the following interactions with a website or application?



CONVENIENCE VS PRIVACY

Younger respondents are more likely to say they have given up on an online purchase, application, or transaction based on negative experiences logging in, signing up, and completing payment

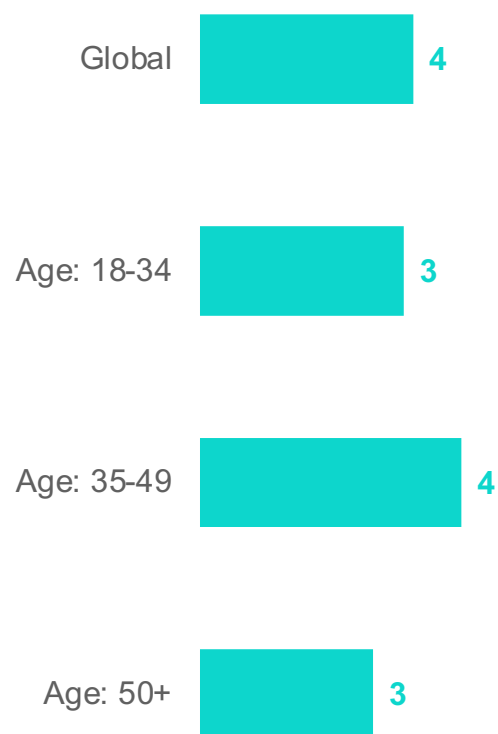
Have you ever given up on an online purchase, application, or other transaction based on negative experiences with the following interactions with a website or application? **[Showing % saying Yes, I have given up based on a negative experience with this]**



DIGITAL ACCESS TO ONLINE SERVICES

On average, global respondents across all age groups would attempt about 3-4 logins before they decided to reset their login credentials

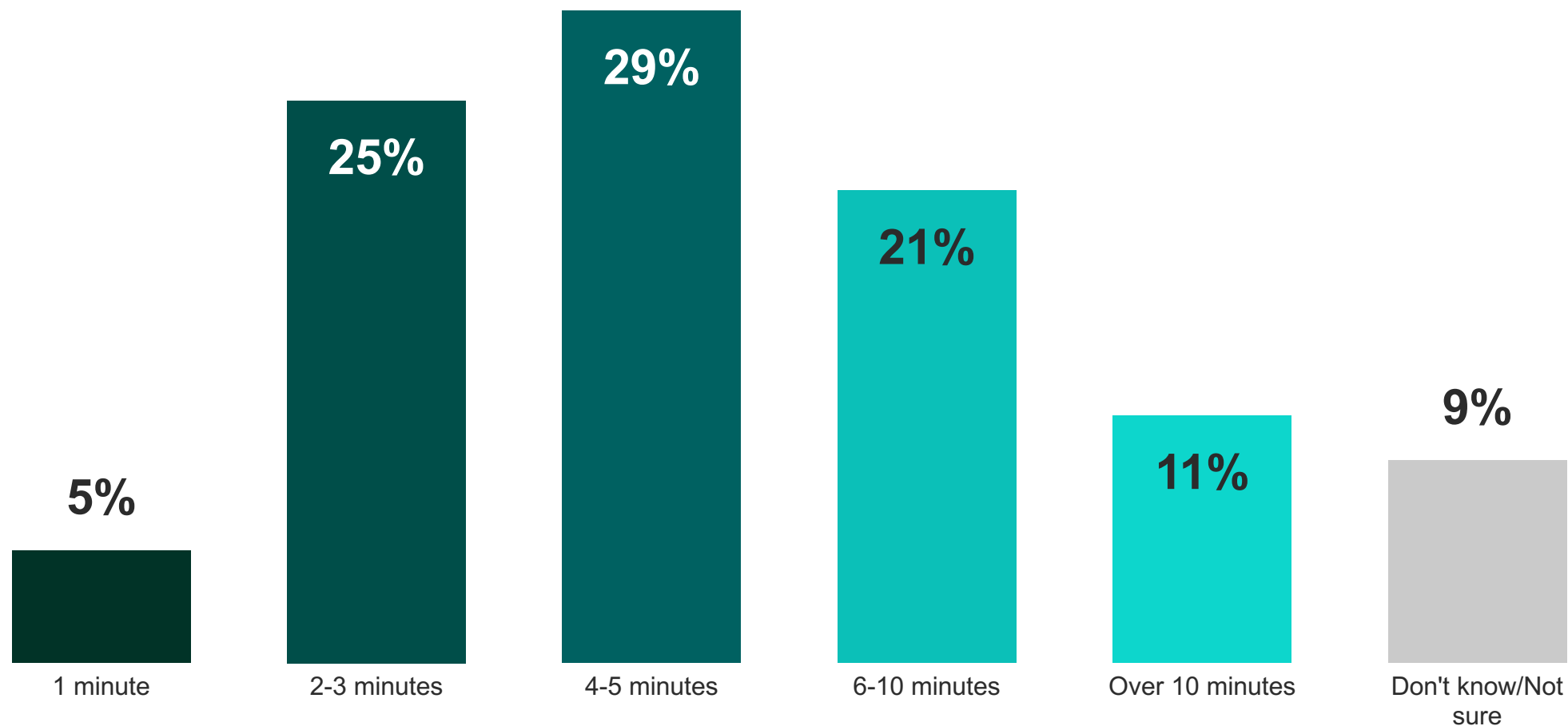
Thinking about when you're trying to log into an existing account, **how many failed logins would you attempt before you decided to reset your login credentials?** [Showing Average]



DIGITAL ACCESS TO ONLINE SERVICES

A majority (59%) of global respondents expect to spend between 1-5 minutes setting up a new digital account

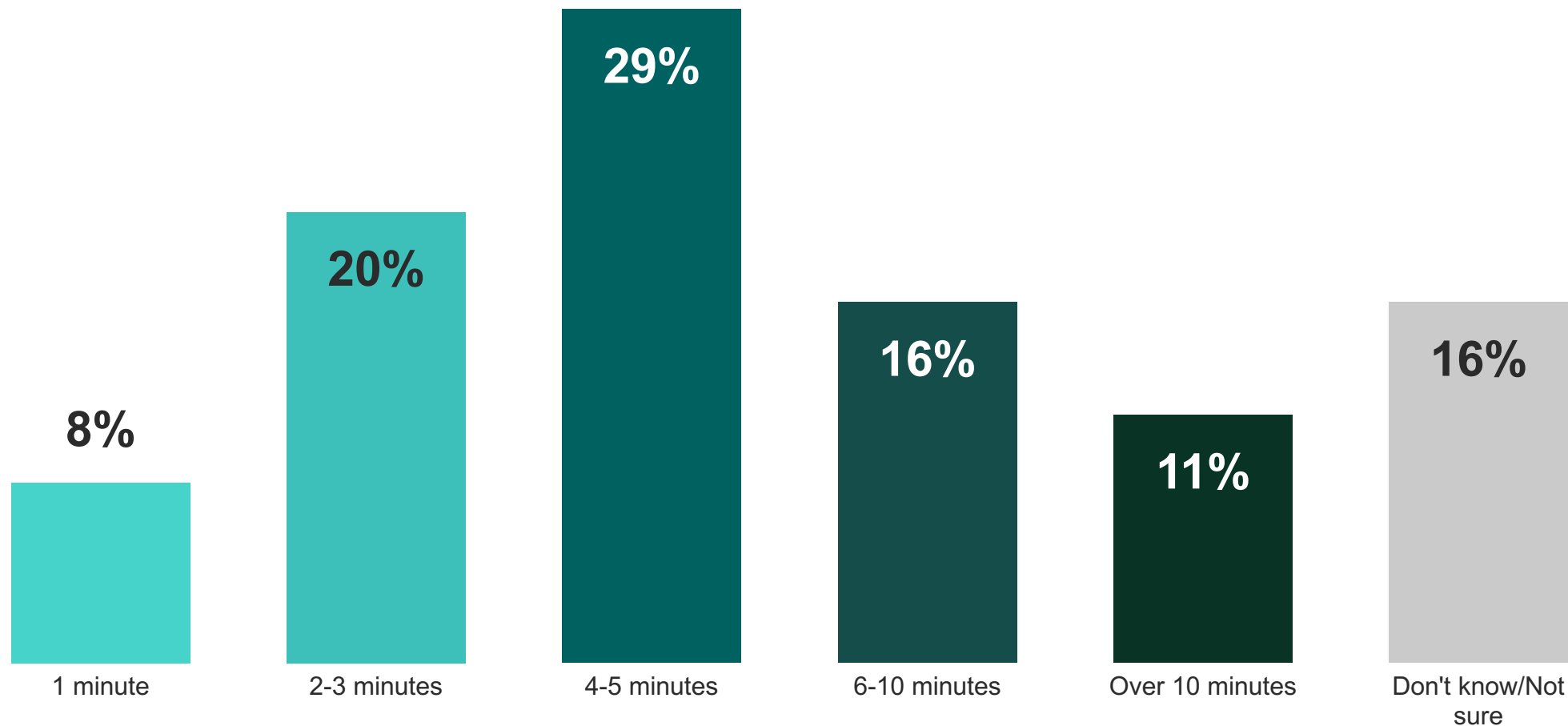
Generally, how much time would you expect to spend setting up a new digital account?



DIGITAL ACCESS TO ONLINE SERVICES

57% of global respondents would reconsider setting up a non-essential digital account after spending 1-5 minutes

How long would you spend setting up a non-essential digital account before you reconsidered if it was worth it?

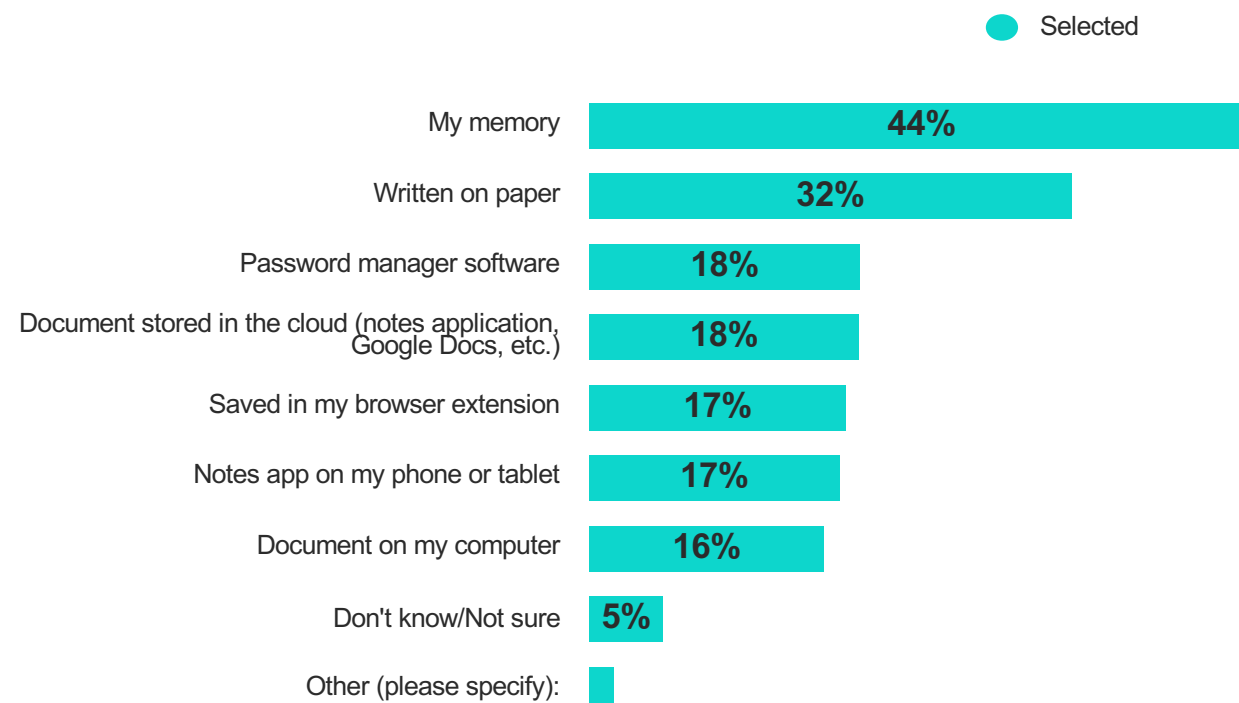


DIGITAL ACCESS TO ONLINE SERVICES

44% of global respondents store online account information in their memory, and 32% have their online account information written on paper

Where is account information stored?

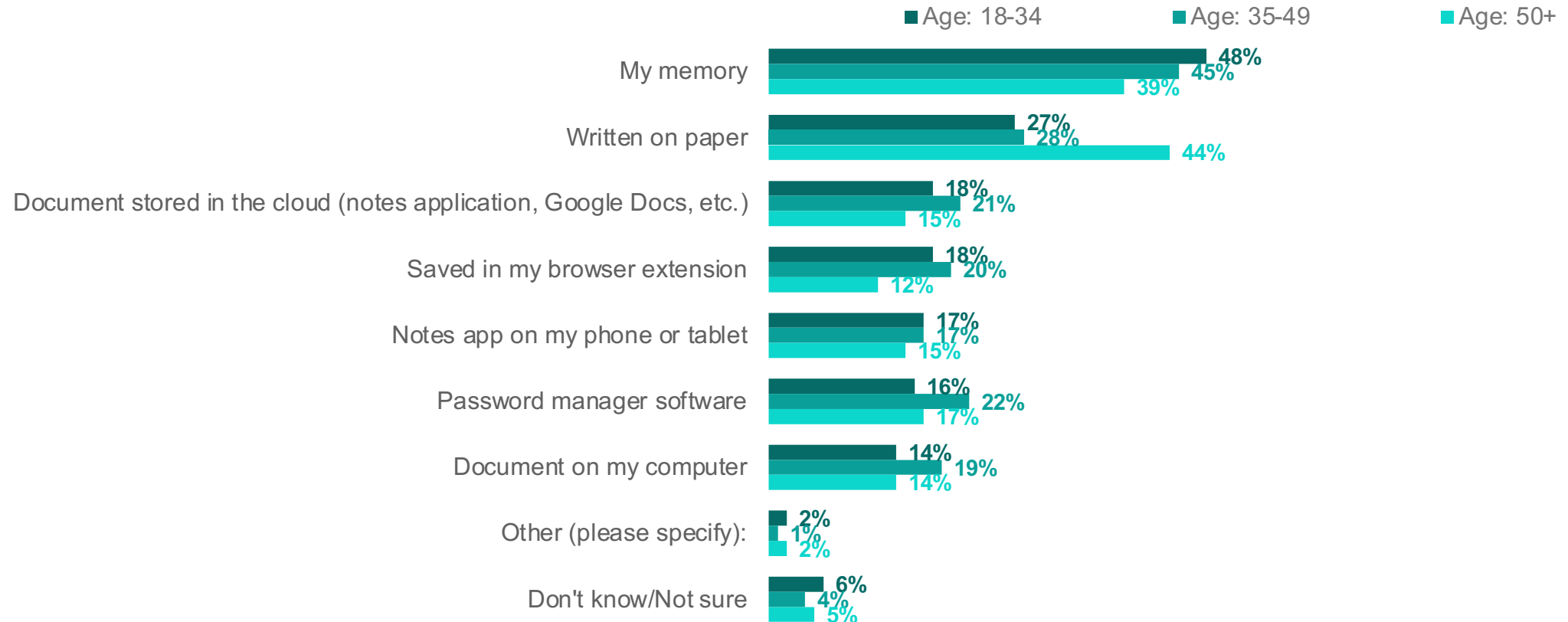
How do you store your online account information (username, passwords, account numbers, etc.)? Select all that apply.



About half of respondents under 50 store their online account information in their memory, while 44% of respondents over 50 have their online account information written on paper

Where do different age groups store their information?

How do you store your online account information (username, passwords, account numbers, etc.)? Select all that apply.

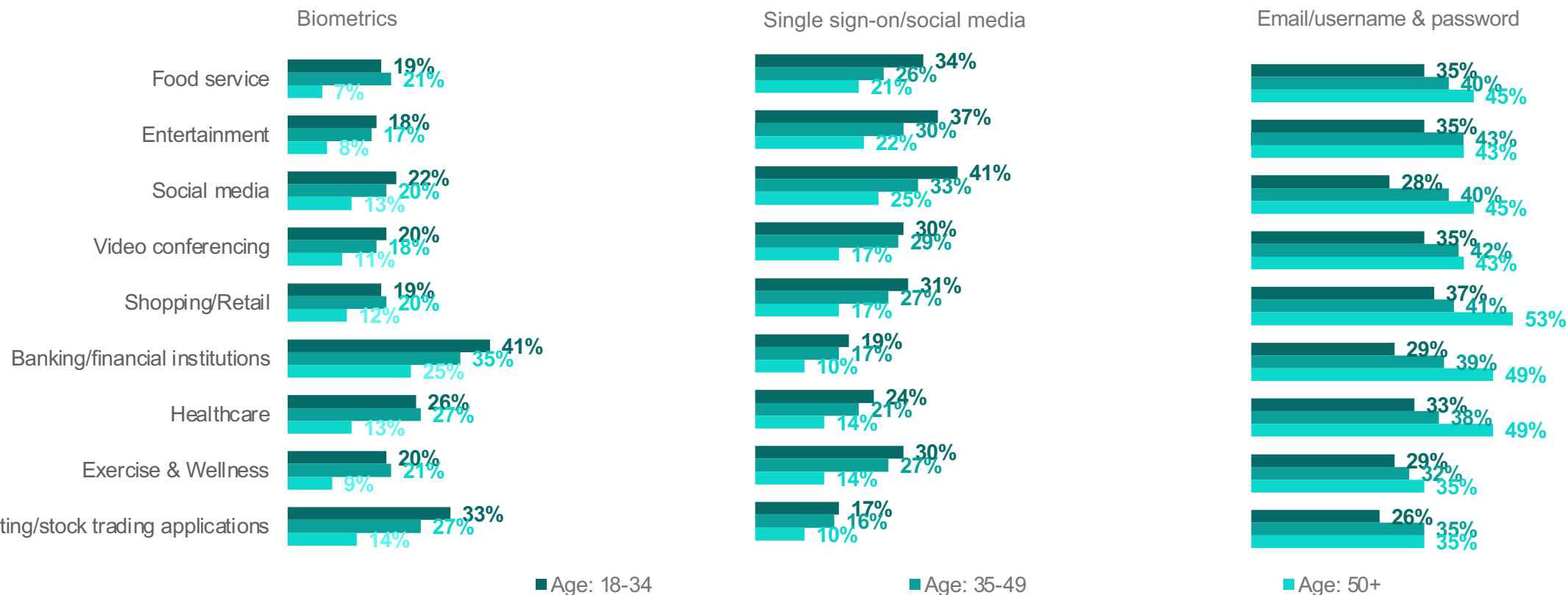


DIGITAL ACCESS TO ONLINE SERVICES

While passwords are the preferred method to log in, respondents under 35 are more likely than older generations to prefer single sign-on or biometrics

Younger generations more comfortable with biometrics and SSO

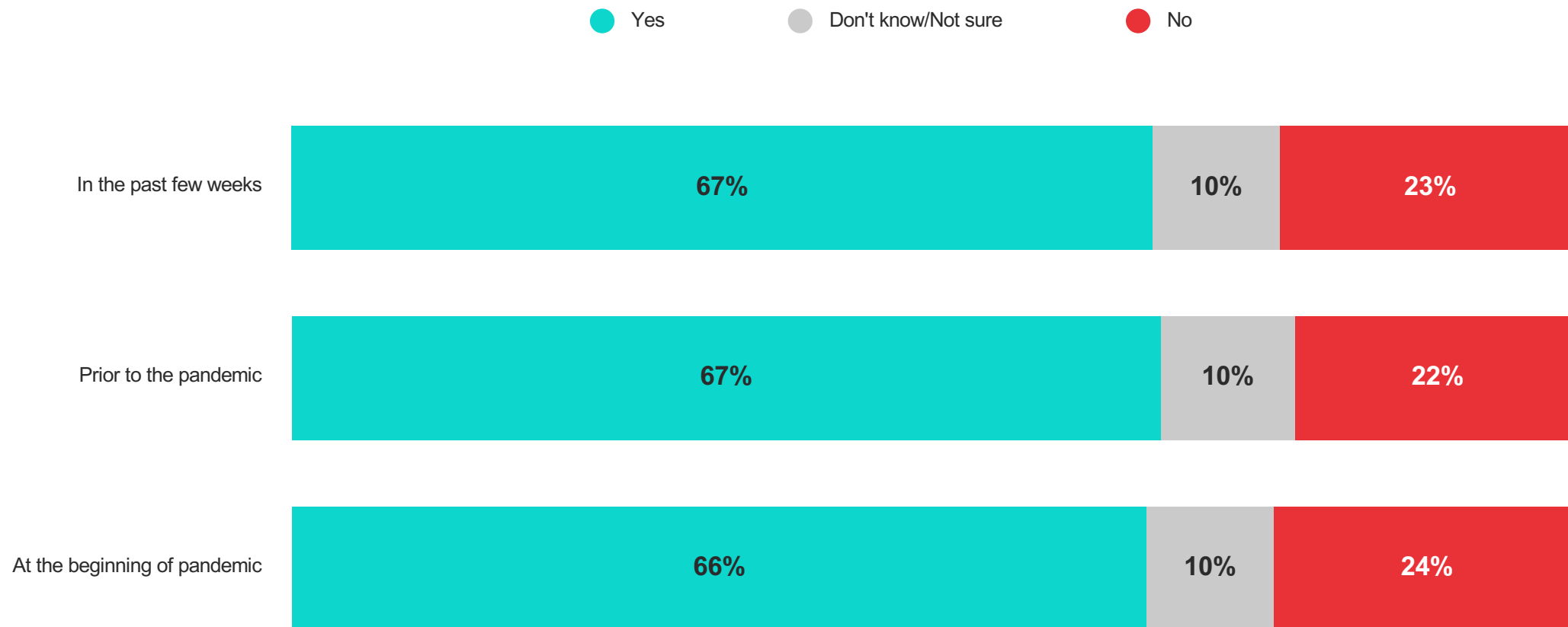
Which method do you prefer to use to log in to existing accounts for the following categories?



DIGITAL ACCESS TO ONLINE SERVICES

About two thirds of global respondents have used two-factor or multi-factor authentication to access an online account across all time periods

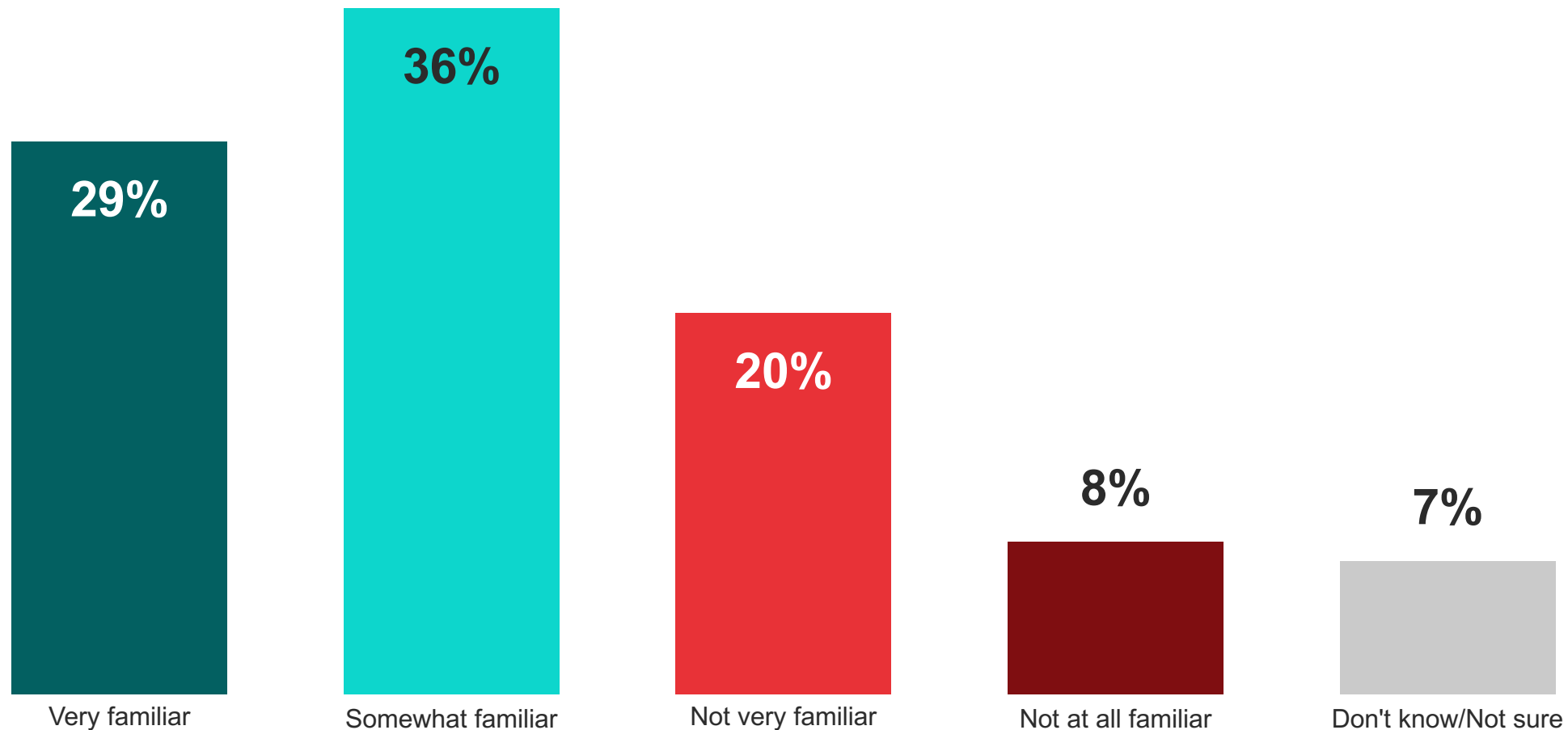
Have you used a two-factor or multi-factor authentication to access an online account (e.g. receive a code via text or email to authenticate your identity for your online account) in the following time periods?



DIGITAL ACCESS TO ONLINE SERVICES

Nearly two thirds (65%) of global respondents are very or somewhat familiar with the concept of digital credentials

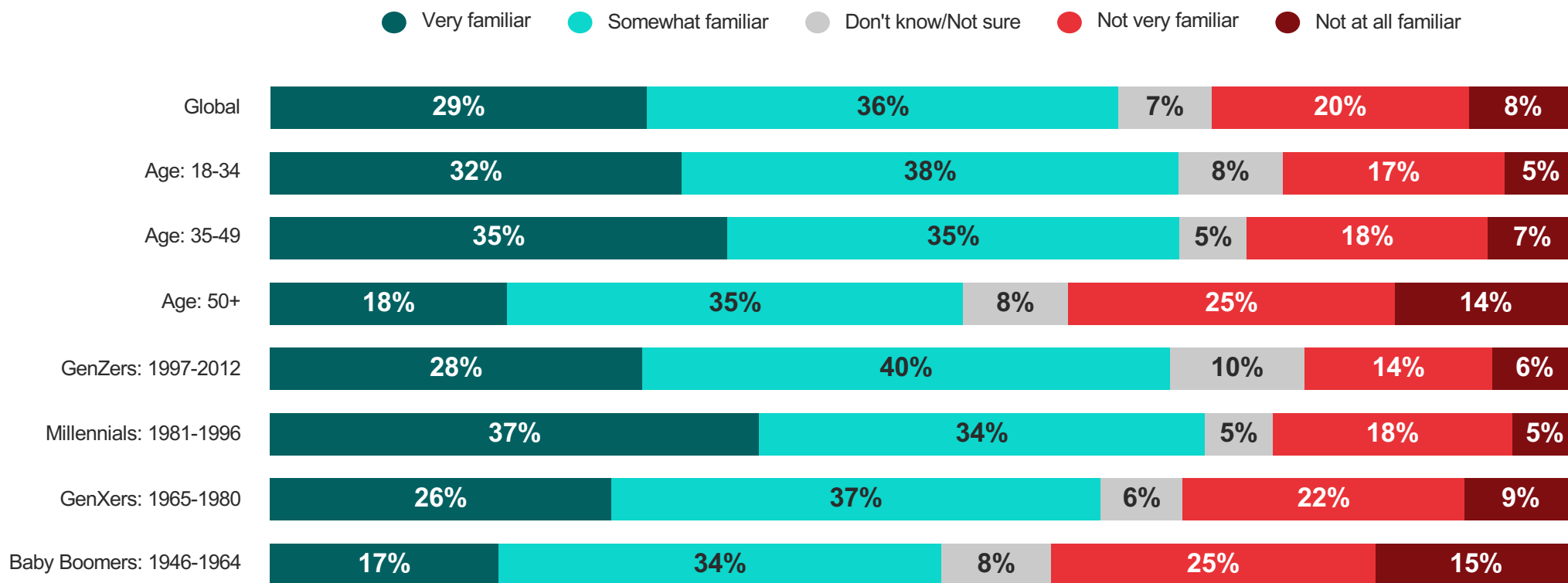
How familiar are you with the concept of digital credentials to prove your identity online? This does not refer to the use of usernames and passwords.



DIGITAL ACCESS TO ONLINE SERVICES

Younger generations are more familiar with digital credentials

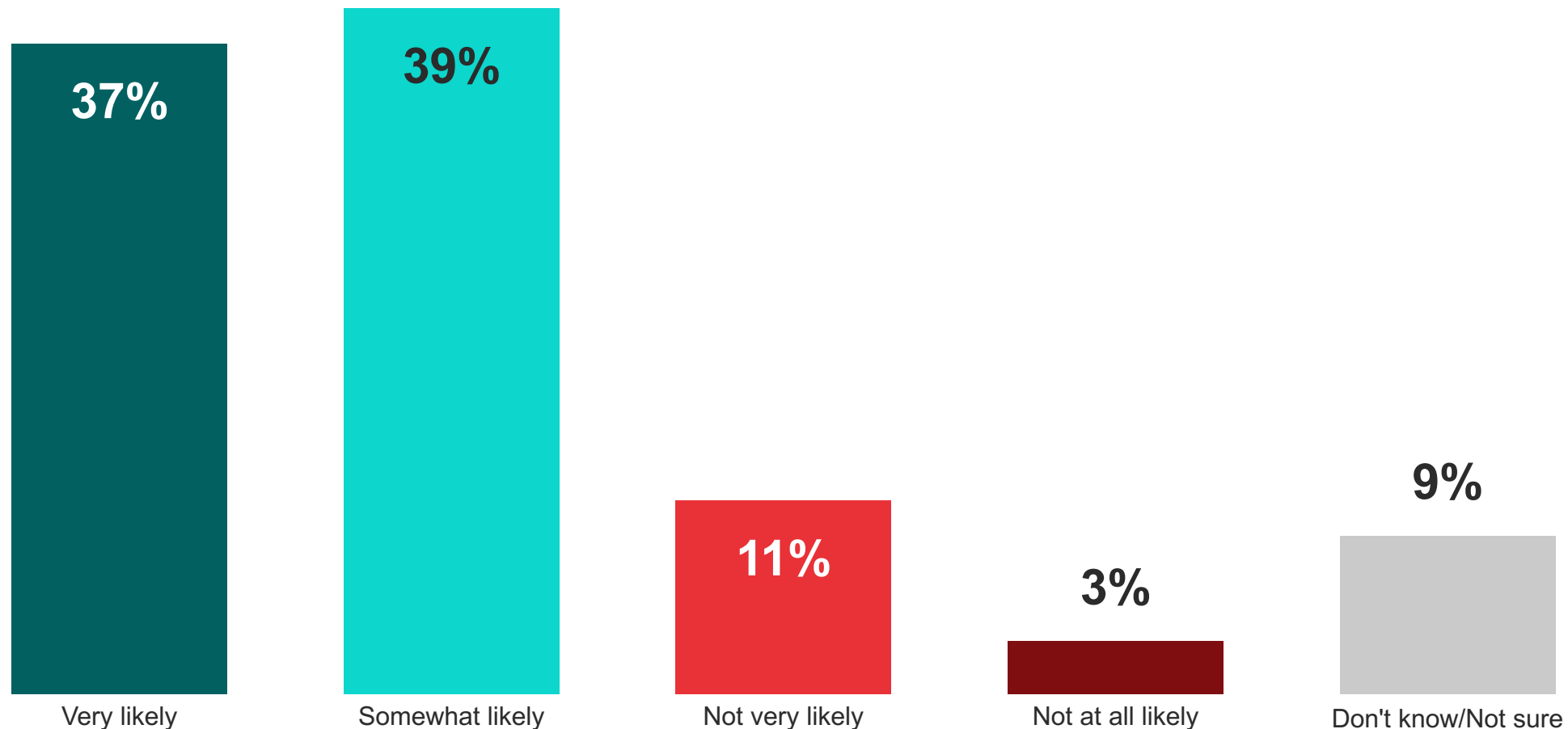
How familiar are you with the concept of digital credentials to prove your identity online? This does not refer to the use of usernames and passwords.



DIGITAL ACCESS TO ONLINE SERVICES

Over three quarters (76%) of global respondents would be very or somewhat likely to use digital credentials

As you may know, digital credentials are a way for consumers to share limited information with companies directly to prove their identity during a transaction. These credentials would replace the need for traditional forms of ID like passports and driver's licenses, and instead offer consumers a way to share only the information companies need (i.e. date of birth) rather than excess information found using traditional forms (i.e. address, height, weight, etc.). If the usage of digital credentials became commonly accepted, how likely would you be to use them?



Consumers Engaged with COVID-19-Related Services Through a Variety of Digital Channels

IBM Analysis & Recommendations:

During the pandemic, digital channels became a crucial component to address massive demands for COVID-19 vaccines, testing and treatment. Consumers' adoption of a wide variety of digital channels for COVID-19-related services may spur greater digital engagement with healthcare providers moving forward, lowering the barrier for entry amongst new users.

As healthcare providers push further into telemedicine, it will become increasingly important to ensure their security protocols are designed to withstand this shift – from keeping critical IT systems online, to protecting sensitive patient data and continued HIPAA compliance.

DIGITAL FOOTPRINT

A majority of global respondents (63%) accessed COVID related services via digital channels, and younger respondents were more likely to have accessed COVID related services digitally

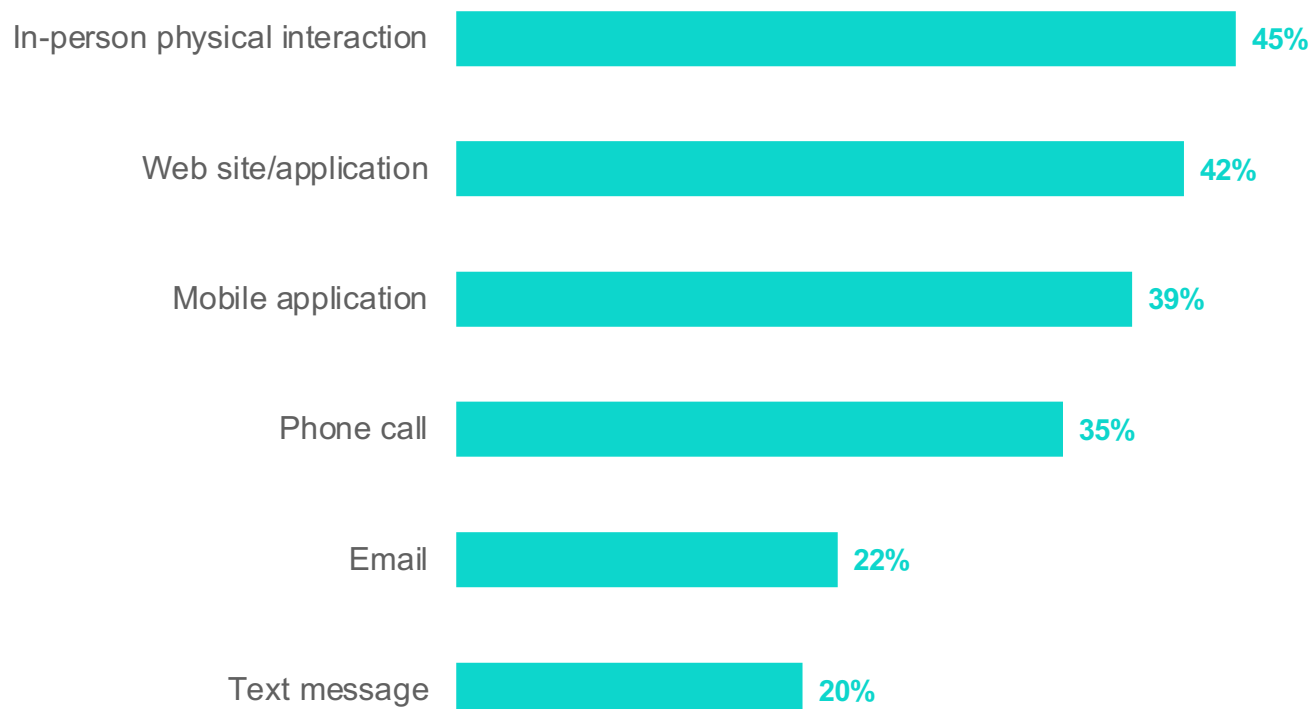
Which of the options, if any, did you use to gain access to the following? Please select all that apply. [Showing % Accessing Any Services (COVID Financial Relief, COVID Test, COVID Treatment, COVID Vaccine) Via Digital Option (Web site/application, mobile application, email, or text message)]



DIGITAL FOOTPRINT

COVID related services were accessed through a wide variety of digital channels – 42% did so via websites and web applications, while 39% used mobile applications.

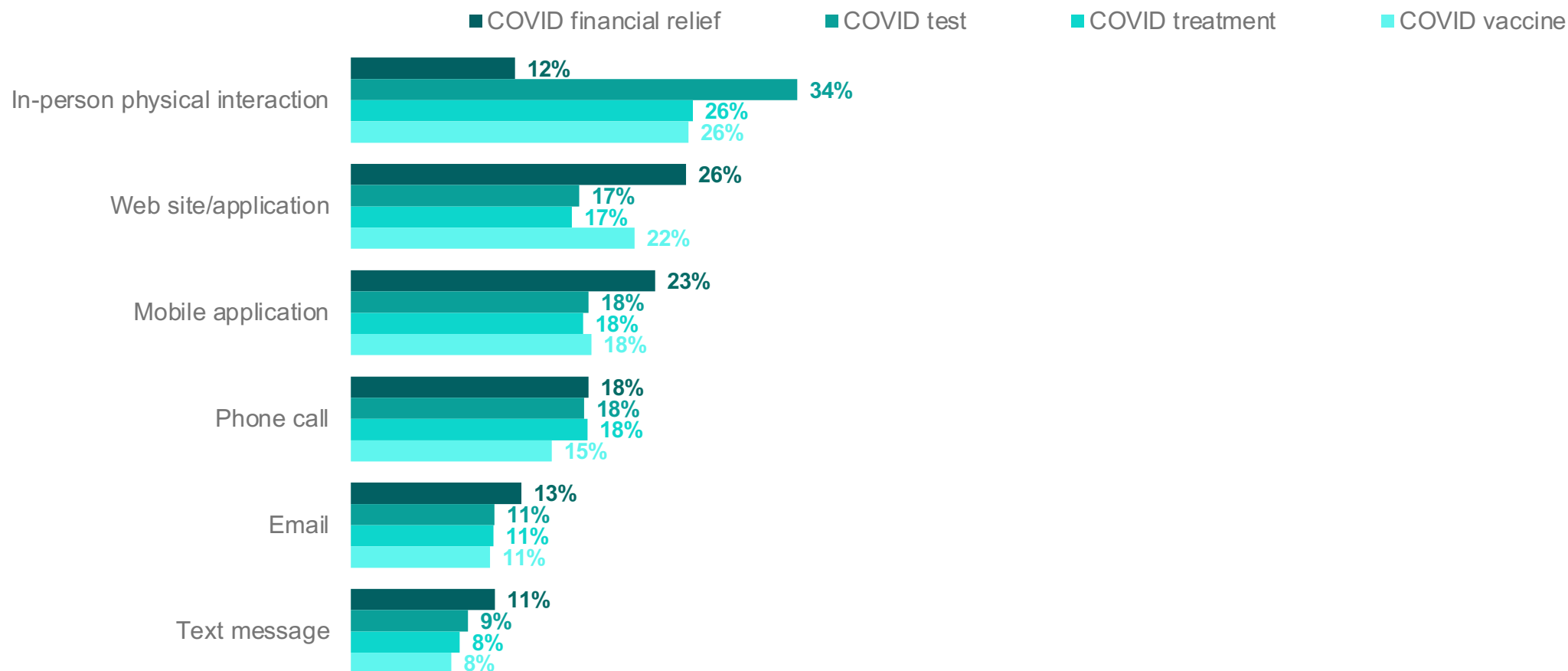
Which of the options, if any, did you use to gain access to the following? Please select all that apply. [Showing % Accessing Any Services (COVID Financial Relief, COVID Test, COVID Treatment, COVID Vaccine) Via Option]



DIGITAL FOOTPRINT

Global respondents were more likely to have accessed COVID financial relief through a web site/apps or mobile app, but accessed COVID testing and treatment through in person physical interactions and vaccines through web site/apps, mobile apps, and in-person physical interaction

Which of the options, if any, did you use to gain access to the following? Please select all that apply.



Digital Trust

IBM Summary & Recommendations:

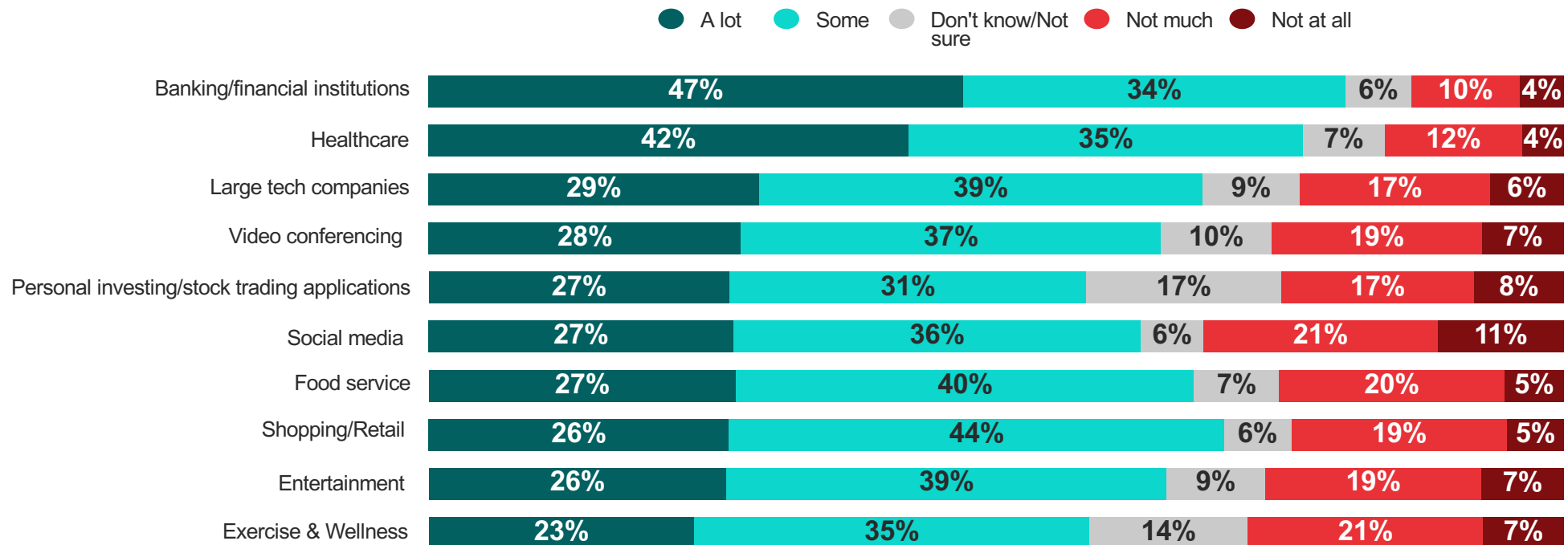
With consumers relying more on digital interactions with companies, which industries do they currently trust most to protect their security and privacy? The results found that banking and healthcare organizations were the most trusted by consumers – while social media was the most distrusted.

With digital channels being more important than ever to our daily lives, digital trust is becoming an even more critical aspect of a company's relationship with consumers. Ensuring the right policies and technologies are in place to protect consumer trust and privacy should be a crucial part of companies' business strategies moving forward.

Healthcare & Banking Most-Trusted

- Over three in four global respondents trust healthcare (77%) and banking/financial institutions (81%) to protect their personal/sensitive information – while Retail (70%) and Big Tech (68%) are Somewhat Trusted.
- Social Media is “Most Distrusted” – with 33% saying they trust “not much” or “not at all”.

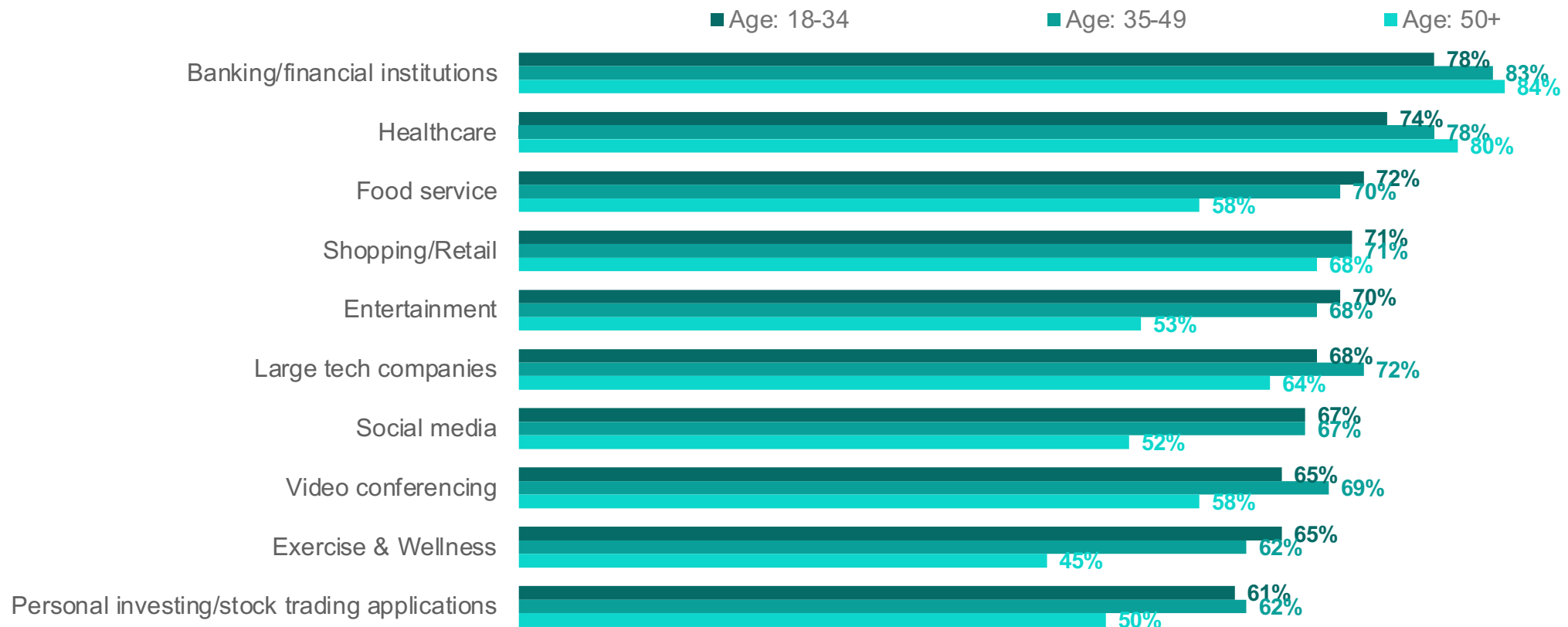
How much do you trust the following businesses/organizations to protect your personal/sensitive information?



While banks and healthcare are trusted most overall, younger generations had significantly higher trust than older generations in other types of businesses

Younger Generations Have Wider “Circle of Trust”

How much do you trust the following businesses/organizations to protect your personal/sensitive information?



IBM Security Recommendations for Companies

Businesses that have become increasingly reliant on digital engagement with consumers as a result of the pandemic should consider the impact this has on their cybersecurity risk profiles. In light of shifting consumer behaviors and preferences around digital convenience, IBM Security offers the following guidance:

- **Zero Trust Approach:** Given increasing risks, companies should consider evolving to a “zero trust” security approach, which operates under the assumption that an authenticated identity, or the network itself, may already be compromised – therefore, it continuously validates the conditions for connection between users, data, and resources to determine authorization and need. This approach requires companies to unify their security data and approach, with the goal of wrapping security context around every user, every device, and every interaction.
- **Modernizing Consumer IAM:** Investing in a modernized Consumer Identity and Access Management (CIAM) strategy can help companies increase digital engagement – providing a frictionless user experience across digital platforms and using behavioral analytics to decrease the risk of fraudulent account use.
- **Data Protection & Privacy:** Having more digital users means that companies will also have more sensitive consumer data to protect. Organizations must ensure that strong data security controls are in place to prevent unauthorized access – from monitoring data to detect suspicious activity, to encrypting sensitive data wherever it travels. Companies should also implement the right privacy policies on premise, and in the cloud, in order to maintain consumer trust.
- **Put Security to the Test:** With usage and reliance on digital platforms changing rapidly, companies should consider dedicated testing to ensure the security strategies and technologies they’ve relied on previously still hold up in this new landscape. Re-evaluating the effectiveness of incident response plans, and testing applications for security vulnerabilities, are both important components of this process.



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