



E*TRADE Financial

Leading financial services provider offers two-factor authentication to protect online customers

Acceleration

E*TRADE Financial implemented RSA SecurID® two-factor authentication to improve online security and protect their customers from the growing risk of online fraud. As a result of the increased security, many customers responded positively by moving more assets to their E*TRADE accounts. Providing more account security with RSA SecurID has helped E*TRADE greatly improve customer satisfaction and in turn, accelerate their online business as customers increase the assets they hold and add new financial products and services to their portfolio.

*"We view security as a partnership between E*TRADE Financial and our customers, involving advanced technologies, preventative measures and consumer education, providing a strong defense against electronic scams and fraudulent activity. As a partner, it is important that we provide our customers with as many options as are available to protect the connection to their online accounts. We've given retail customers the option to add Digital Security ID to their Internet security solution, to help guard against unwanted or unauthorized account access."*

Greg Framke, Chief Information Officer, E*TRADE Financial

The Call for Security

United States regulatory agencies have issued a call-to-action for financial institutions to improve their online security measures to protect their customers from the growing risk of online fraud, with the Federal Financial Institutions Examination Council (FFIEC) specifically asking banks to consider implementing stronger, two-factor authentication by the end of 2006. Online fraud is not a new issue. Many banks in the U.K. and Europe have long offered two-factor authentication options for their customers, including a variety of different one-time password solutions. In the U.S., E*TRADE Financial led the industry in early 2005 when, in conjunction with RSA, the Company announced it would be the first financial services firm to make a two-factor authentication security solution widely available to its U.S. retail customers. Branded "E*TRADE Complete™ Digital Security ID", the additional security measure incorporates an RSA SecurID® authentication "token" to help prevent unauthorized access to a customer's account.

E*TRADE refers to the Digital Security ID program as a 21st Century "padlock" for a customer's E*TRADE accounts. With the device, the Company aims to build confidence by providing an extra layer of password authentication to its customers. Offered to qualified customers as an optional service that works through the existing etrade.com customer logon, the token provides a unique six-digit code that changes every 60 seconds. The customer must enter this code along with his/her existing user ID and password in order to access account information and transact in their E*TRADE accounts. The randomly changing code makes it virtually impossible for an unintended or unauthorized person to log into an account, making phishing and key-logging viruses difficult to perpetrate.

E*TRADE Financial makes the service and token easy to order and activate, offering it free to customers with over \$50,000 in assets, or those who trade at least 10 times or more a month. All other customers can choose to enroll in the program for a one-time charge of \$25. During the first six months of the program, nearly 20,000 E*TRADE customers signed up for and activated their Digital Security ID.



The Security Division of EMC



The Company's robust web interface allows users to activate, deactivate, order another token and receive activity alerts—minimizing the expense associated with customer care. The incremental customer service costs incurred by E*TRADE Financial have been a negligible portion of overall program expenses. E*TRADE Financial cites locked accounts due to too many failed login attempts as the most frequent reason customers call their customer service center in relation to Digital Security ID.

The Solution

In addition to the distribution of the RSA SecurID hardware devices to customers, E*TRADE Financial integrated the RSA® Secure Authentication Engine, an “on-premise” solution. The Authentication Engine software is the management component of the RSA SecurID solution and is used to verify authentication requests and centrally administer authentication policies for enterprise networks. It offers companies high through-put performance and meets the load requirements of multi-million user environments, but is simple to integrate within existing consumer-facing interfaces. It supports existing user management systems and databases and reduces the need for additional server hardware.

Integration of the RSA SecurID solution was a snap for E*TRADE—with less than 90 days from technology and logistics to customer launch. After a comprehensive analysis of potential vendors, E*TRADE Financial selected RSA based on the high level of reliability of its Authentication Engine software and the fast, low cost implementation and deployment of the solution.

About E*TRADE Financial

E*TRADE Financial Corporation offers financial solutions to retail and institutional customers worldwide. It provides retail investments and trading services, interest-earning checking, money market, savings, sweep deposit, and certificates of deposit products, and a variety of loan products including mortgage, home equity, margin and credit cards, real estate loans, and other various consumer loans. E*TRADE Financial primarily provides services through its website at www.etrade.com, however, the company also offers services through its network of customer service representatives, relationship managers, and investment advisors worldwide.



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ETRAD CP 0807