

Hardware OTP Token Authentication - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Hardware OTP Token Authentication Market is expected to register a CAGR of 7.5% during the forecast period.

Key Highlights

- The portability factor associated with these hardware devices further eliminates the need for external software and hardware for identity management. The enhanced level of security provided by these tokens is a significant factor reinforcing their demand across the various end-user industries worldwide.
- Enterprises, BFSI, government, healthcare, and other segments (gaming, service providers, etc.) are a few of the end-user industry segments requiring multi-factor authentication for granting access to information or usage of services. The mandatory regulations from many government bodies make it necessary to use OTP.
- Software OTP, SMS, email, biometrics, etc., substitute hardware OTP tokens. Still, hardware tokens are considered more secure as they do not require a network to access the passcode or PIN and are not susceptible to hacks, among other threats.
- Hardware multi-factor authentication (MFA) typically comes in the form of smart cards, USB security keys, and OTP generators. Many organizations have leveraged hardware-based security for the most high-risk users and events. Still, the rollout was often entirely focused due to cost, complexity, impact, and likelihood calculations performed during risk management.
- The online resources offered by financial services organizations are their primary competitive advantage in a highly crowded market, motivating businesses to provide more online features and functions to outperform the competition. The market's expansion will be aided by these organizations' search for safe authentication solutions like OTP token authentication.
- The COVID-19 pandemic impacted multiple global markets. The banking, financial services & insurance, government, enterprise security, and healthcare industries have suffered drastically, though in very different ways. Moreover, the pandemic has changed the perception of the global supply chain in manufacturing, where more localized value chains and regionalization have come into the picture. These are primarily done to minimize similar future risks posed by the pandemic. However, post-COVID-19, the

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demand for the market remained constant, and vendors have been introducing new services.

Hardware OTP Token Authentication Market Trends

Disconnected Hardware OTP Token Authentication to Hold Significant Market Share

- A disconnected hardware OTP token requires manually copying the number into the passcode field. A separate path has no physical or logical connection to the client's computer. Disconnected tokens do not need a specific input device, instead using a built-in screen to display generated authentication credentials. This is manually entered by the user using the keyboard or keypad.
- Disconnected type tokens are the most common type of security token and are typically used in combination with passwords in two-factor authentication for online identities. These devices have been in use for over 30 years and have undergone various evolutions to prevent access by criminals. to avoid miscreants getting access to it. According to Thales Group, the Public sector was the heaviest adopter of encryption solutions, with 69%of respondents indicating that their enterprise was employing enterprise-wide encryption.
- The disconnected hardware OTP token authentication segment has the largest market share due to its ease of use and the increased security against connected or networked devices. Due to the rise in phishing and cyberattacks, organizations are using OTP hardware devices isolated from the network and inaccessible from the surface world. This step is often among the key factors driving market expansion. Additionally, these devices have an extended battery life and offer maximum security, so they are widely used to support the operation, maintenance, and management of varied end-user industries.

North America to Witness Considerable Growth

- The United States is the most significant contributor to breach activity, with 2,330 breaches reported. As per the White House Council of Economic Advisers, the U.S. economy loses approximately USD 57 billion to USD 109 billion per year to dangerous cyber activity. The increase in data breaches is pushing many organizations to adopt hardware OTP devices that provide another layer of security for the user to secure themselves.
- A robust authentication system addresses static password limitations by incorporating additional security credentials, such as temporary one-time passwords (OTPs), to protect network access and end-user digital identities. The advanced hardware tokens use microprocessor-based smart cards to calculate one-time passwords. Smart cards offer several substantial authentication advantages, including processing power, data storage capacity, portability, and ease of use.
- Enterprises are operating globally, and their employees travel to various offices worldwide. The OTP token authentication allows access and provides an additional layer of security to the organizations to secure their employee's information. One-time passwords (also known as One-time passcodes (OTP)) are a form of strong authentication, providing much better protection to corporate networks, eBanking, and other systems containing sensitive data.
- Several enterprise networks, e-commerce sites, and online communities require only a username and password for login and access to personal and sensitive data. According to U.S. Census Bureau, from July to September 2022, U.S. retail e-commerce sales amounted to nearly USD 266 billion, marking a three-percent increase compared to the previous quarter.

Hardware OTP Token Authentication Industry Overview

The Hardware OTP Token Authentication Market is highly consolidated and consists of several major players. Several companies in

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this sphere are leveraging strategic collaborative initiatives to increase their profitability. The key players have formed strategic collaborations, expansions, partnerships, joint ventures, acquisitions, and others to increase their footprints in this market. Key players in the market are One Identity LLC, Entrust Datacard Corporation, RSA Security LLC, Thales Group (Gemalto NV), SurepassID Corp., Authenex Inc., Dell Technologies Inc., Microcosm Ltd, Broadcom Inc. (Symantec Corporation), and many more.

In May 2022, SecurID, a trusted identity platform and an RSA company announced that the FedRAMP (Federal Risk and Authorization Management Program) had approved SecurID Federal cybersecurity solutions for use by government agencies. The public sector trusts our multi-factor authentication (MFA) and identity management solutions to enable employees, partners, and contractors to do more without compromising security or convenience increase. RSA Federal is uniquely positioned to support the needs of government agencies with a cybersecurity strategy that meets evolving needs and defends against evolving threat vectors. In April 2022, many organizations in the banking sector use RSA SecurID in hardware tokens for multi-factor authentication (MFA). However, employees may need to remember their hardware tokens and be able to log in. This step results in higher support costs, poor user experience, and lost productivity. This step is precisely the challenge one of her clients in the banking industry is trying to tackle. As such, RSA and Twilio have teamed up to explore ways to leverage the Twilio Verify Service as his alternative MFA. This step allows employees to log into the secure system using a one-time password (OTP) sent to their mobile phones.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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