



FEDERAL
RESERVE
BANK
of ATLANTA

Panel: State of the Industry – Where Is the U.S. with Online Authentication and Fraud?

October 29, 2013

Presented By:

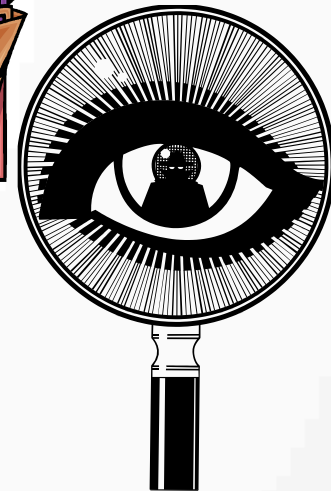
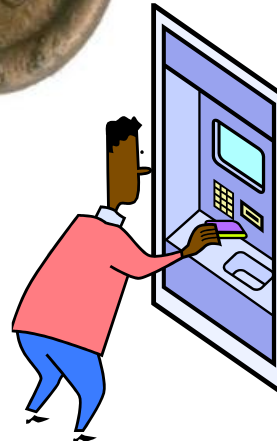
Retail Payments
Risk Forum

Secure Remote
Payment Council

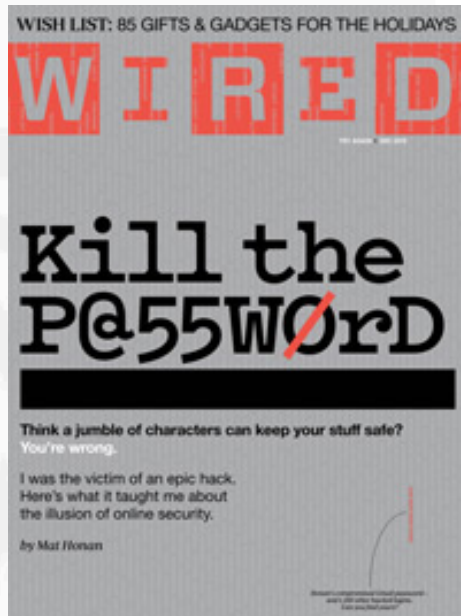
- **Mike Keresman, CEO, President & Chairman
– Cardinal Commerce**
- **Tom Ruback, Vice President – Pennsylvania
State Employees CU**
- **Rick Van Luvender, Vice President – First
Data**
- **Moderator: Dave Lott – FRB-Atlanta, Retail
Payments Risk Forum**

IDENTITY AUTHENTICATION

A Need As Old as Time



- Accepted authentication factors:
 - Something you know
 - ID/Passwords, PINs, KBAs
 - Something you have
 - Card, phone, token
 - Something you are
 - Biometrics, gesture, keystroke
- Recent European Payment Service Directive requires robust customer authentication methods for CNP transactions



Passwords aren't dead, though maybe yours should be

Despite all those "death to passwords" chants, some say it's still a solid form of authentication -- when users aren't being stupid about theirs.

-CSO Online, By Taylor Armerding

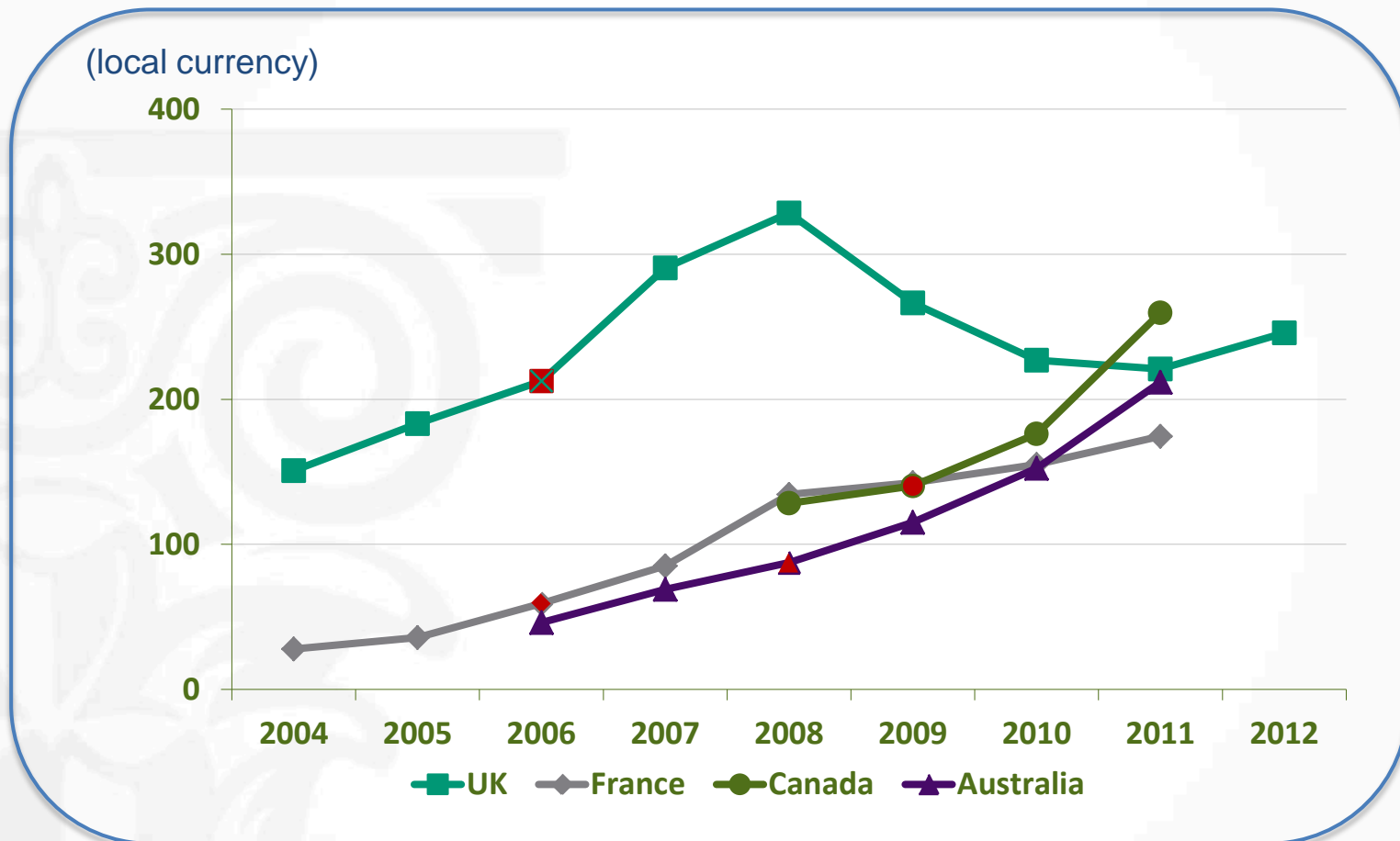
January 09, 2012



- According to CyberSource's 2013 annual fraud report, online fraud in the U.S. and Canada was an estimated \$3.5 billion in 2012
 - Up from \$3.4 Bn in 2011, but down from high of \$4.0 Bn in 2008
- Average fraud rate of .9% of online revenue
 - Mobile commerce fraud rate overall of 1.4%
 - Fraud rate on international orders was 1.6%

CARD-NOT-PRESENT FRAUD AFTER EMV

CARD FRAUD SHIFTED TO REMOTE MERCHANTS (ONLINE, MOTO)



Sources: Financial Fraud Action UK, The Observatory for Payment Card Security, Canadian Bankers Association, Australian Payments Clearing Association.

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AUTHENTICATION SOLUTIONS

