

# Visa's Future of Security Roadmap: New Zealand

**VISA**



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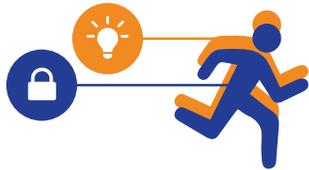
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## Executive Summary



At Visa, we believe that security must move at the speed of innovation.

For nearly 60 years, Visa has been a leader in payments security, and as technology advances and fraud moves to the weakest points in the ecosystem, our innovations have kept pace. This has helped to keep fraud rates at historic lows.

We are guided by the principle of **responsible innovation**. This means any new capabilities we develop must also be secure. It is our responsibility to balance security with the need to reduce friction in the payment experience; we can't have one and not the other. Therefore, at Visa we continue to invest to **drive security** across the payments ecosystem, while improving the payments **experience for consumers**.

To date, Visa has worked with our industry partners on delivering a 7-point security plan for New Zealand, which focused on chip technology (EMV), PIN and Payment Card Industry Data Security Standard (PCI DSS) compliance. We've come a long way since that was introduced. In just a few short years, together we have made EMV Chip technology near-ubiquitous, mandated PIN enablement and collaborated on a number of other initiatives to enhance industry-wide security.

But many of these solutions are focused on securing payments using technology specific to the environment, like chip technology in the face-to-face environment or password authentication in the e-commerce environment. It's no longer that black and white.

The boundaries between the accountholder being present or being remote to conduct a payment are now blurred. For example, remote payments are happening in the face-to-face environment through in-app purchases. As a result, payments will increasingly be based on a digital account rather than the physical card – which is why you will hear us use the term 'accountholder' instead of cardholder more and more. This blurring of boundaries introduces a new paradigm in how we must protect payments, but it's always based on the fundamentals of Visa's multiple layers of security, designed to work together to ensure payments are reliable, secure and convenient. This is critical to maintaining and strengthening consumer trust in every transaction.

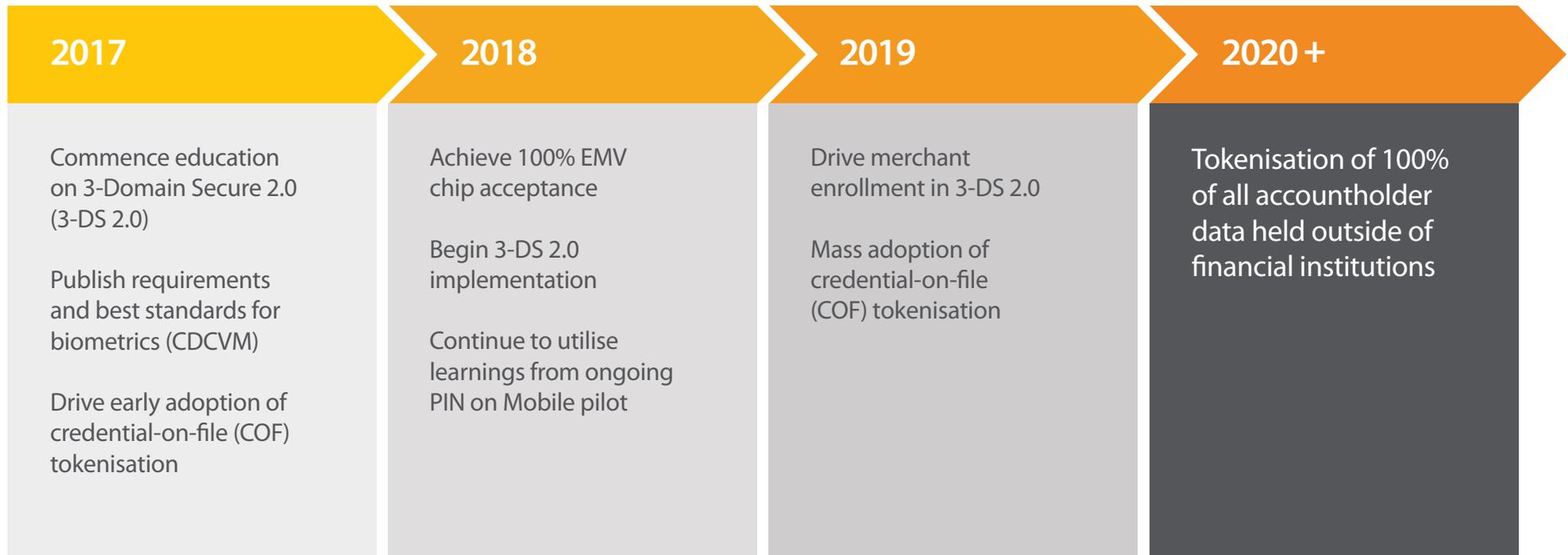
### Visa's security roadmap is focused on four strategic pillars:

-  **1. Devalue data** by removing the sensitive data from the ecosystem and making stolen account details useless.
-  **2. Protect data** by implementing safeguards to protect personal data as well as account details.
-  **3. Harness data** by identifying potential fraud before it occurs and increase confidence in approving good transactions.
-  **4. Empower everyone**, including accountholders, 3rd party providers and merchants, to play an active role in securing payments.

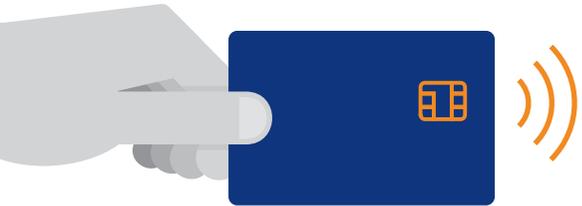
## Roadmap

### Visa's Future of Security Roadmap: New Zealand

**Objective:** Drive security across the payments ecosystem. We are guided by the principle of responsible innovation: optimising the balance between risk and innovation.



# \* Devalue Data



## EMV Chip Technology

### 📍 Where we are now

The introduction of chip technology (EMV) enhanced security and paved the way for innovations like contactless and mobile payments. Chip cards generate a unique one-time code each time they're used in-store at a chip-activated terminal. This feature is virtually impossible to duplicate thereby preventing counterfeit fraud.

### 🚧 Where we're going

We are working with our financial institution and merchant partners to achieve 100% EMV-enabled terminals, ATMs and accounts issued in New Zealand.

**2018:** Achieve 100% EMV chip acceptance



### 🔖 Visa's Zero Liability Policy

All Visa transactions today are safeguarded through Visa's Zero Liability Policy,<sup>1</sup> which protects Visa accountholders from being liable in the event of fraud.

<sup>1</sup> Visa's Zero Liability policy covers Australia and New Zealand-issued cards and does not apply to ATM transactions, transactions not processed by Visa or certain commercial card transactions. Cardholders should notify their issuer promptly of any unauthorized Visa use. Please consult your issuer for additional details.



## Devalue Data



### Tokenisation

#### Where we are now

In 2013, Visa helped to lead the global industry collaboration on payment tokenisation and was integral to the development of the EMV® Payment Tokenisation Specifications. Tokenisation is an industry-wide initiative that brings an added layer of security to mobile and digital payments – taking sensitive data out of the commerce ecosystem, preventing cross channel fraud without adding friction to the shopping experience. The security objective of any tokenisation process is to replace account holder information such as account numbers and expiration dates with a unique digital identifier (a “token”). Such a token can be unique to a device, wallet provider or use case, such as credential-on-file.

#### Where we're going

Visa has deployed token services in New Zealand supporting mobile banking wallets, Apple Pay and Google Pay. We also have a roadmap to support credential-on-file, wearables and the internet of things. In 2017, we enabled tokenisation on the Visa Checkout platform – Visa’s credential-on-file checkout solution. We have also made Visa Token Service Application Programming Interfaces (APIs) available in Visa Developer – a platform of APIs that anyone can access: <https://developer.visa.com/>

Tokenisation is part of Visa’s long-term strategy of securing digital payments with the aim of ensuring all account data held outside of financial institutions is tokenised by 2020.

**2017:** Drive early adoption of credential-on-file (COF) tokenisation

**2019:** Mass adoption of COF tokenisation

**2020+:** Tokenisation of 100% of all account holder data held outside of financial institutions



#### Credential-on-file

Growth in digital commerce and the emergence of new business models have led to an increase in consumer transactions where account holders’ payment credentials (e.g. account number or token) are held on file with a merchant, digital wallet provider or other service provider, so that those credentials can be used seamlessly for future transactions.



#### Visa Digital Commerce Program

Visa has launched the Visa Digital Commerce Program (VDCP) to bring the benefits of common acceptance standards at the physical point of sale to the digital environment. Built on the EMVCo Secure Remote Commerce (SRC) technical framework, VDCP will enable secure and consistent digital commerce transactions across devices, optimising the customer experience. VDCP is interoperable with the 3-D Secure and tokenisation specifications also included in this Roadmap and together they are foundational to Visa’s strategy to devalue sensitive data across browser and in-app based payments.



## Protect Data



### PCI DSS Version 3.2



#### Where we are now

PCI DSS compliance is the foundation of Visa's Data Security and Compliance programs and is critical to protecting sensitive accountholder data from compromise. PCI DSS set the technical and operational requirements to help organisations - merchants, financial institutions, payment processors, service providers and technology providers – keep their cyber defences primed against attacks aimed at stealing accountholder data.



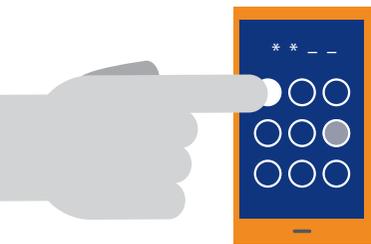
#### Where we're going

The PCI DSS is routinely updated to provide clarifications on new requirements and address emerging threats to payment information. Companies that store, process or transmit accountholder information should ensure compliance with the most current version of PCI DSS to prevent, detect and respond to cyber-attacks that can lead to breaches.

**2016:** PCI SSC publishes version 3.2 of DSS



## Protect Data



### Expanding Mobile Acceptance

#### Where we are now

Mobile devices, including smartphones and tablets, with specialised attachments (e.g. dongles) are available to accept payments in the market. This technology is known as mobile point of sale or 'mPOS'.

mPOS helps extend the benefits of electronic payments to small and micro merchants by providing secure, low cost payments acceptance infrastructure. As mPOS has evolved, new solutions have emerged supporting the entry of PINs directly onto the smartphone or tablet. These solutions are referred to as Software-Based PIN Entry on Consumer-Off-The Shelf devices.

Globally, and in New Zealand, mPOS devices are growing in popularity and as such, Software-Based PIN Entry is becoming more widely accepted.

#### Where we're going

Software-Based PIN Entry necessitates a change in how PIN security is managed. Traditionally, PIN security has been governed via hardware, but with new technology such as mPOS, we need to also consider software-based security standards for PIN.

In 2015, Visa developed standards for Software-Based PIN Entry and in 2016 launched a pilot with partners in Australia to monitor the security performance of this technology. As a member of the Payment Card Industry Security Standards Council (PCI SSC), we shared these standards and learnings for industry review and use.

Recently PCI SSC released global standards for Software-based PIN Entry on commercial off-the-shelf (COTS) device.



### Visa Ready

The Visa Ready Program paves the way for non-traditional payment partners — such as mobile payments platform providers, mobile device manufacturers, technology partners, wallet providers and software vendors — to easily navigate the complexities of the payments ecosystem. The program provides innovators with a path for the certification of devices, software and solutions used to initiate or accept Visa payments as well as guidance and best practices on how to access the power of the Visa network.

**2015:** Visa Software Pin Entry Pilot Standards published

**2016:** Pilot launched

**2018:** PCI published Software-based PIN Entry on COTS standards, program guide, security and testing requirements.



## Harness Data



### 3-Domain Secure 2.0

#### Where we are now

3-Domain Secure (3-DS) is a tool that enables consumers to directly authenticate their account with their financial institution when shopping online. The objective of 3-DS is to improve security by preventing unauthorised use of Visa accounts online.

To date, 3-DS has had a very low rate of merchant adoption in New Zealand due to friction in the online shopping experience. Addressing this is a good example of what we mean by responsible innovation: Enhancing security but in a way that empowers consumers and improves the overall payment experience.

#### Where we're going

To achieve this, a new version of the 3-DS specifications has been published by EMVCo. The new version enables account holders to more easily authenticate their identity in real-time, offering a balance of greater data exchange between merchants and financial institutions, and convenience for consumers.

**2017:** Commence education

**2018:** Begin implementation

**2019:** Drive merchant enrollment



#### EMVCo

EMVCo exists to facilitate worldwide interoperability and acceptance of secure payment transactions. EMVCo's work is overseen by its six member organisations including Visa and is supported by dozens of banks, merchants, processors, vendors and other industry stakeholders.

## Harness Data



### Biometrics

#### Where we are now

Mobile-initiated payments are ideal for incorporating a wide range of biometrics (e.g. voice, face, fingerprint), given the ubiquity of smartphones and the ease of implementation for both in-store and in-app payments. The promise of eliminating passwords in exchange for a more convenient biometric solution addresses a universal problem shared by nearly all consumers.

#### Where we're going

The consumer device cardholder verification method (CDCVM) supports this innovation, allowing account holders to self-validate transactions using their mobile phone or other device. CDCVM captures the cardholder verification method (CVM) on a mobile payment device, allowing a customer to verify quickly and securely that they are the legitimate user.

This is an exciting addition to secure the future of commerce. Visa is not selecting or actively promoting a single type of biometric, but we are working with industry associations such as the Fast Identity Online (FIDO) Alliance and EMVCo to certify products for biometric authentication.

**2017:** CDCVM Requirements and Standards for third party wallet providers published

**2018 onwards:** Continued collaboration with financial institutions and third party wallet providers to enable CDCVM in New Zealand



## Empower Everyone

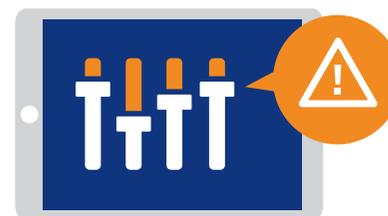
### Additional Tools for Enhancing Security



#### Mobile Geo-location

Suspicious transactions are normally declined in order to prevent fraud, however not all these transactions are fraudulent. To prevent fraud but also unnecessary declines, **Visa's Mobile Location Confirmation** provides geo-location intelligence in near-real time<sup>2</sup> about accountholders who enroll in the service. It makes it possible to determine if the accountholder's device is proximate to the merchant location. With this technology, financial institutions can more confidently approve good transactions, helping to provide a seamless consumer experience as well as save operational costs associated with incorrect declines and pre-travel notification calls. Mobile Location Confirmation APIs are available in Visa Developer.

<sup>2</sup> Actual time to receive a transaction alert depends on wireless service and coverage within area.



#### Transaction Controls and Alerts

Growing consumer preference for self-service banking and control over the way they pay has led to the creation of **Visa Transaction Controls**, where accountholders can define spending limits, impose channel restrictions (e.g. no e-commerce), prohibit international transactions or temporarily suspend their account if their card is ever misplaced, lost or stolen. Transaction Controls increase account security and help customers to better manage their account spending, while building trust and account preference. It is made available to customers through their financial institutions.

Visa's financial institution partners can also enable consumers to improve control and management of their expenses through **Visa Transaction Alerts**. Transaction alerts give accountholders a near real-time view of the transactions conducted on their enrolled Visa accounts, allowing them to catch fraudulent activity early. Accountholders can select the types of alerts and the threshold settings that will trigger personalised notifications to them via email and SMS. Visa's Transaction Controls and Transaction Alerts APIs are available in Visa Developer.



## Call to Action

Visa collaborates with its partners, industry stakeholders, policymakers, law enforcement and consumers to keep payments secure and prevent fraud. We deploy a multi-layered security approach that has kept fraud rates low, despite significant growth in electronic payment volumes. However, we all have a shared responsibility to continue to secure the commerce ecosystem.

### Here's how you can help.



#### Consumers

- Make use of security features from your financial institution such as alerts and mobile location controls. Read all security tips available
- Monitor your accounts frequently and report suspicious activity as soon as possible
- Do not respond to emails, texts or voice calls from your bank or Visa requesting personal information and report any suspicious activity to your financial institution



#### Third Party Providers

- Ensure validation of compliance with PCI DSS across all environments storing, processing or transmitting Visa account data
- Work with acquirers to register with Visa as a Third Party Agent. Compliant providers are included on Visa's Global Registry of Service Providers at [www.visa.com/onthelist](http://www.visa.com/onthelist)



#### Merchants

- Ensure 100% of terminals are EMV chip enabled terminals
- Speak to your providers about tokenisation
- Implement risk-based solutions to manage fraud, such as 3-DS 2.0
- Comply with current versions of PCI DSS and all other applicable security requirements
- Use Visa-registered providers for payments acceptance and fraud management
- Get educated and act on security tips to protect from fraud



#### Acquirer Bank

- Provide guidance and education to merchants on best practice payment security measures
- Enable credential-on-file tokenisation and processing
- Work with merchants to eliminate sensitive data and move to tokenised transactions
- Register all Third Party Providers handling Visa account data on their or their merchants' behalf



#### Issuer Bank

- Protect accountholder data with tokenisation and 100% EMV chip cards
- Provide guidance and education to accountholders on best practice payment security measures
- Provide banking apps with optional security features (e.g. alerts, transaction controls, mobile location)
- Enrol accountholders in the latest version of 3-DS and leverage dynamic data for authentication when possible
- Ensure minimum requirements for innovation in payments



#### Law Enforcement

- Work with the industry to combat fraud
- Drive awareness of new fraud trends in the payments industry



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