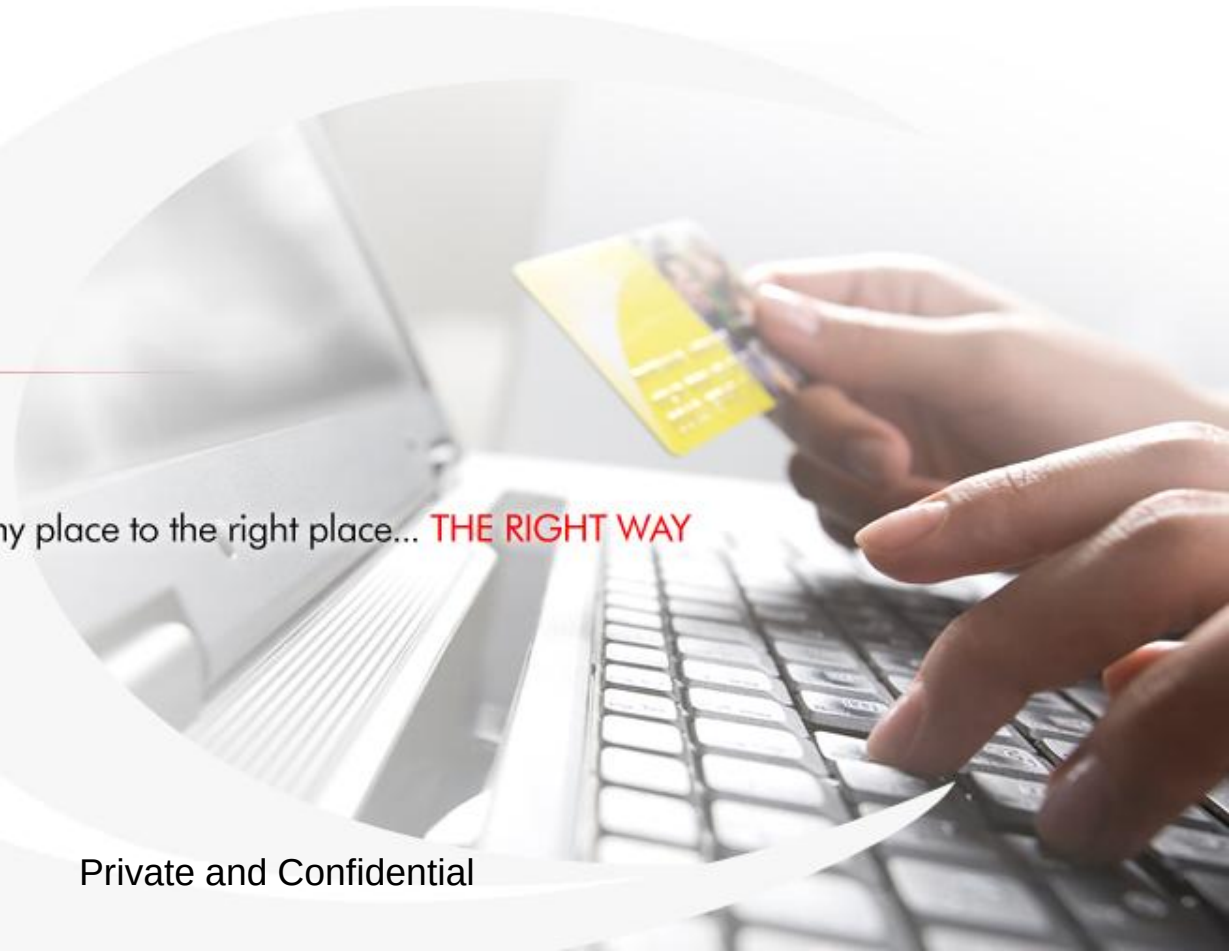
FEDERAL RESERVE BANK of CHICAGO

September 26, 2011



CARDINAL COMMERCE

moving transactions from any place to the right place... THE RIGHT WAY

www.cardinalcommerce.com

Private and Confidential

Agenda

- Thank you
- Introduction
- Authentication
- Demo
  - 3D Secure
  - PIN Debit
- Thank you

Introduction

- Authentication
  - Eliminates / reduces fraud & repudiation
  - PCI effect
  - Chip card impact – migration to CNP
- Most authenticated transactions?
- The infrastructure for authentication exists!
- Every transaction could be authenticated
- Alternative payment brands use it
- Secure Remote Payment Council - launch

3D Secure – What is it?

- Authentication protocol – technology neutral
- Centers responsibility – issuers
- Benefits
  - Lower fraud & repudiation
  - Issuers – KYC / authenticate Customers / protect their brand / Durbin – revenue source
  - Consumers - confidence / safer transactions
  - Merchants
    - Fraud liability shift – chargeback protection
    - Lower interchange ≈ 20 bps
- How many brands license the protocol?

3D Secure Brands

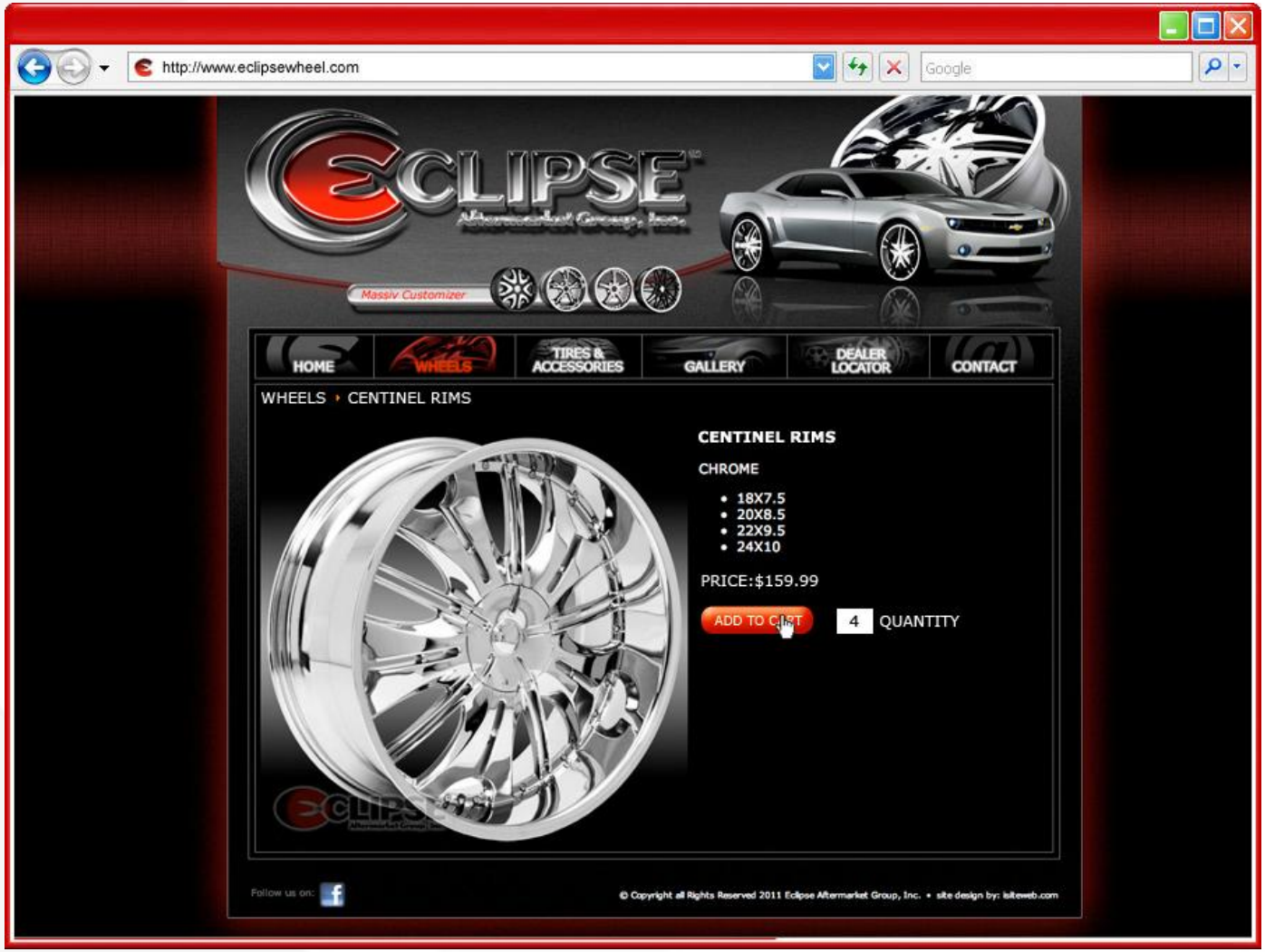
New Technology Challenges

- Issuer systems
- Centralized directory servers
- Merchant integrations – complex
- Consumer education
- User interface – rough
  - Pop-up windows
  - Limited messaging
  - Inflexible presentation

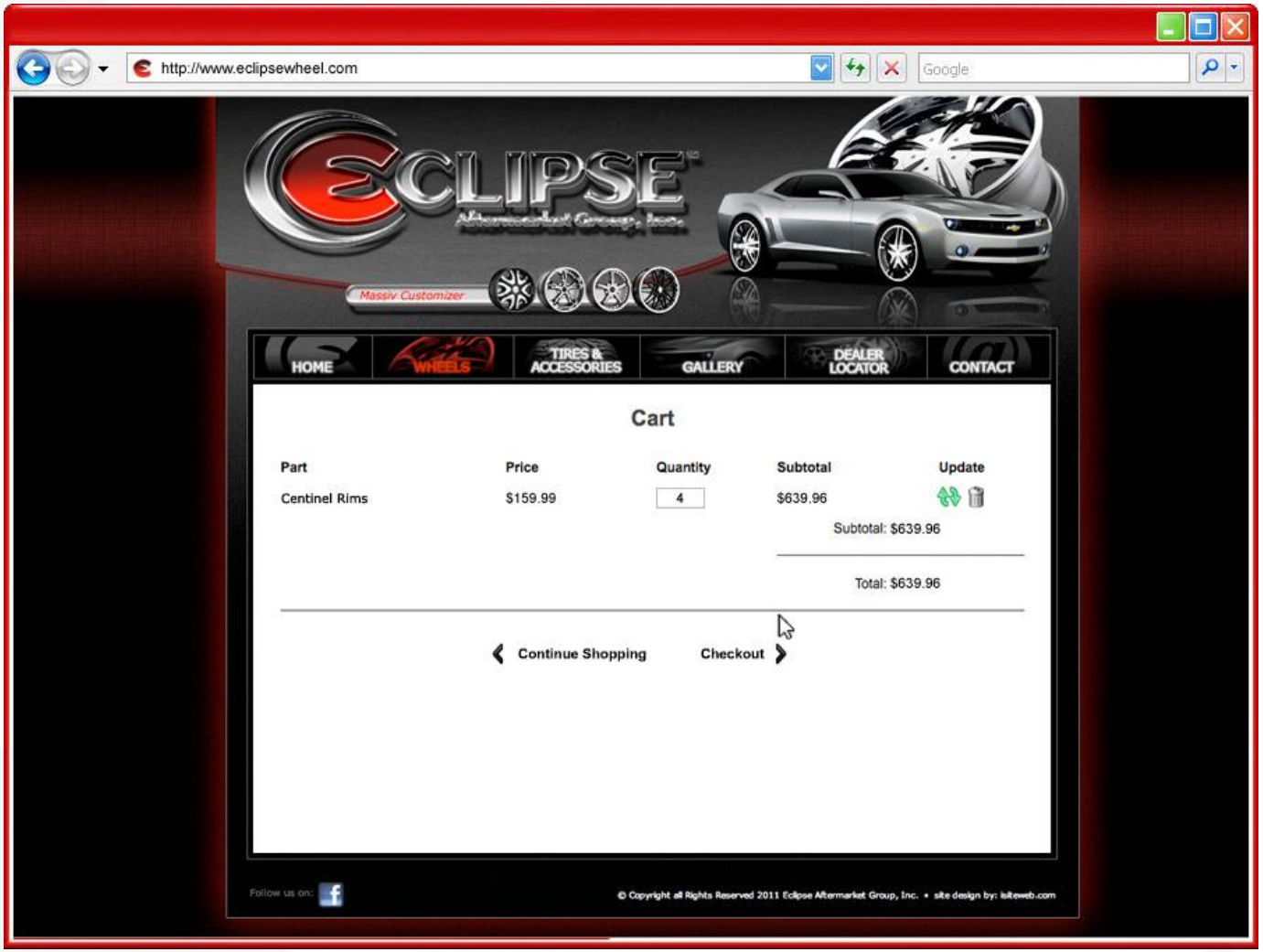
Progress

- International growth strong
  - Europe
  - APAC
  - USA…not so much
- Brand mandates – Maestro – 600 million
- Governmental / regulatory mandates
  - Reserve Bank of India
  - APAC – Australia, Japan and New Zealand
  - Brazil
  - Others in process

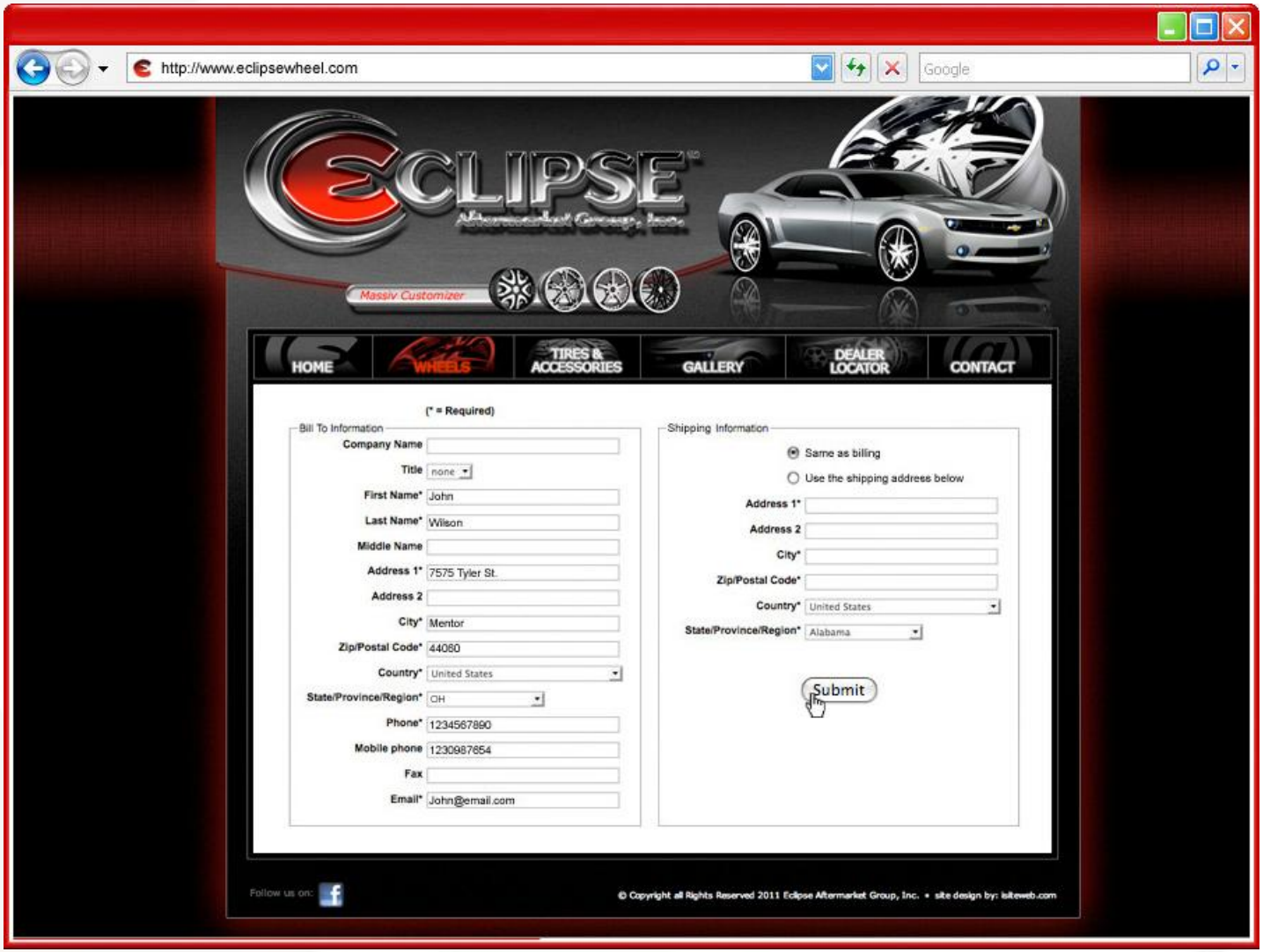
3D Secure - Demo



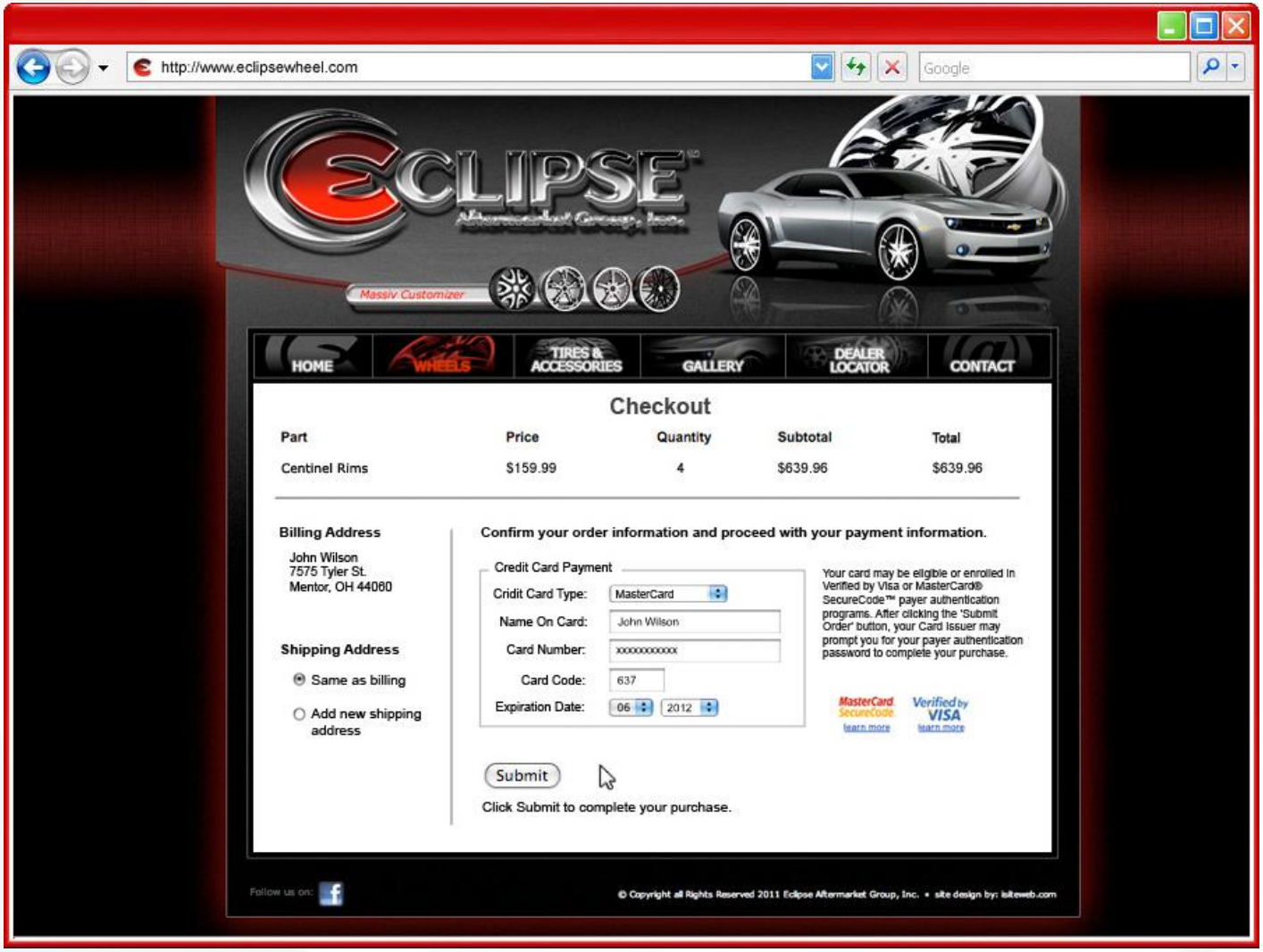
3D Secure - Demo



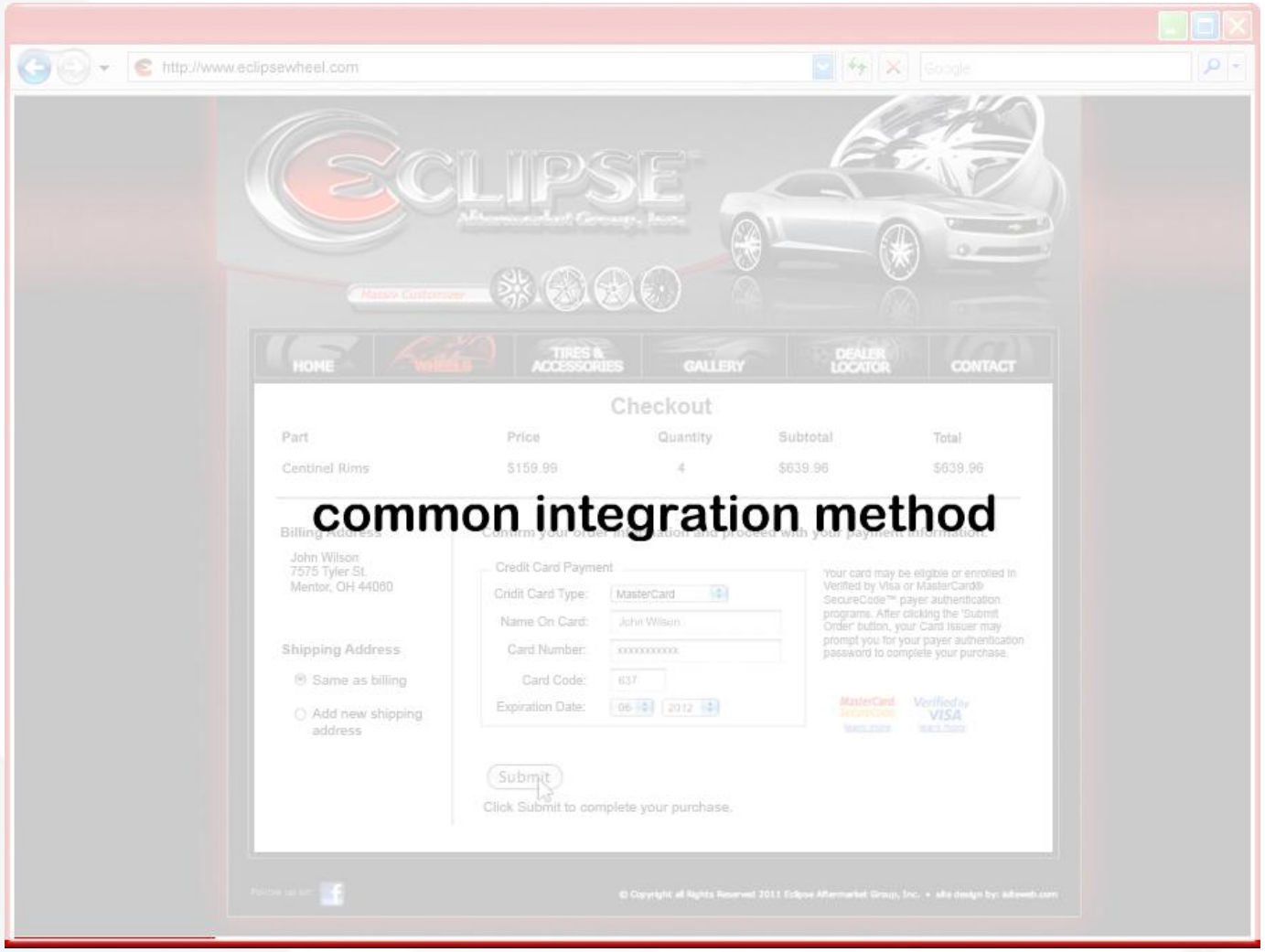
3D Secure - Demo



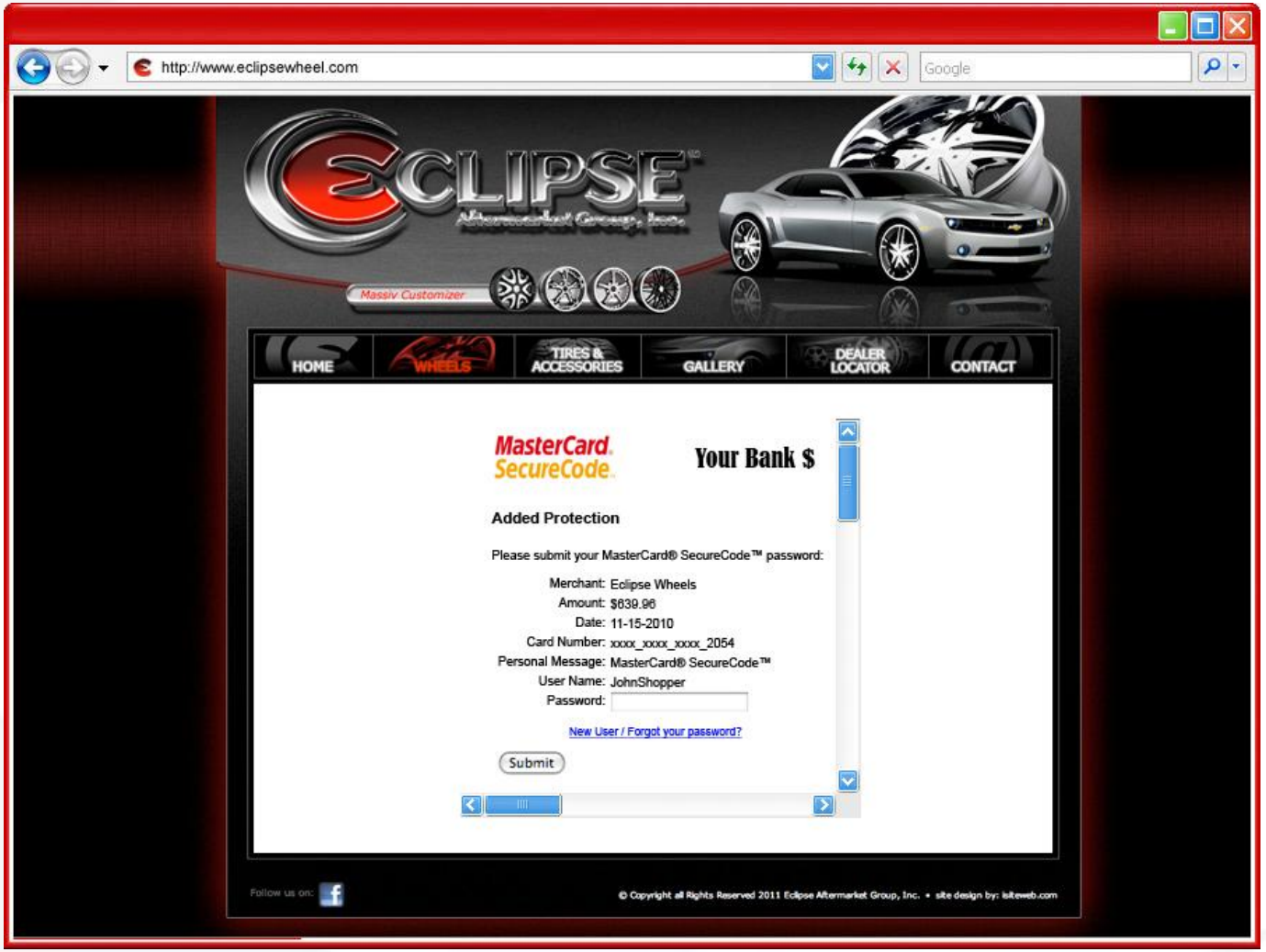
3D Secure - Demo



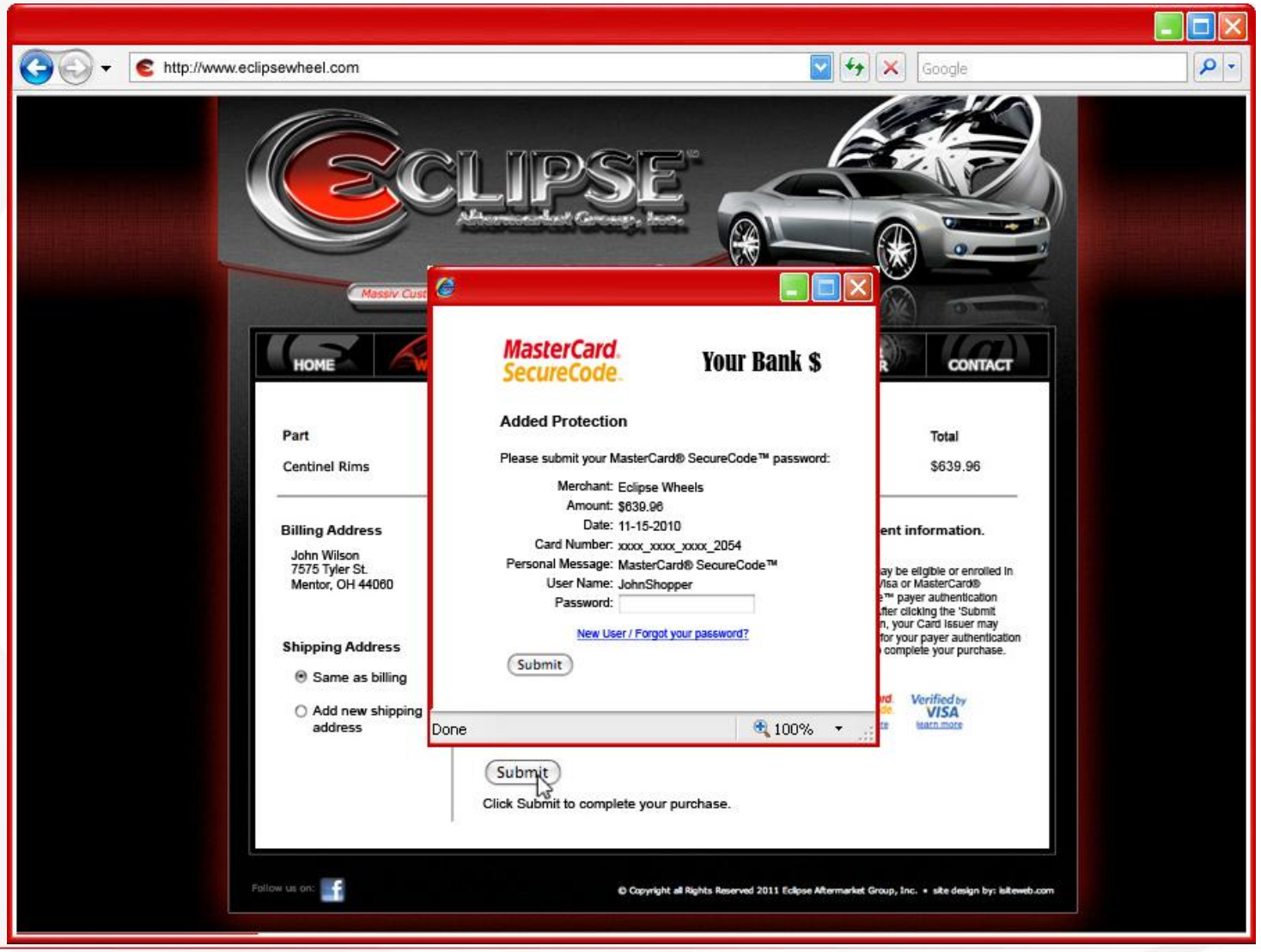
3D Secure - Demo



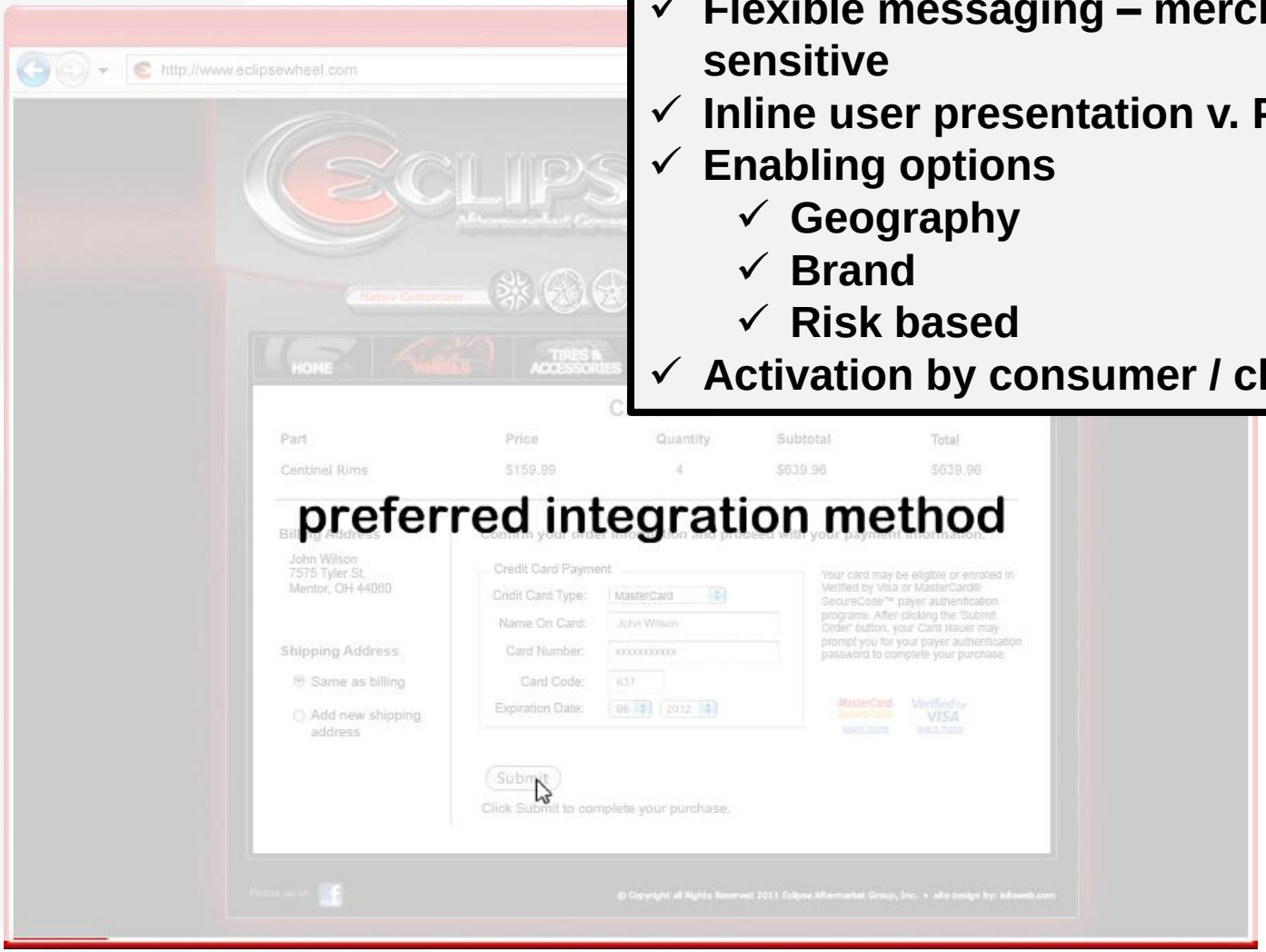
3D Secure - Demo



3D Secure - Demo

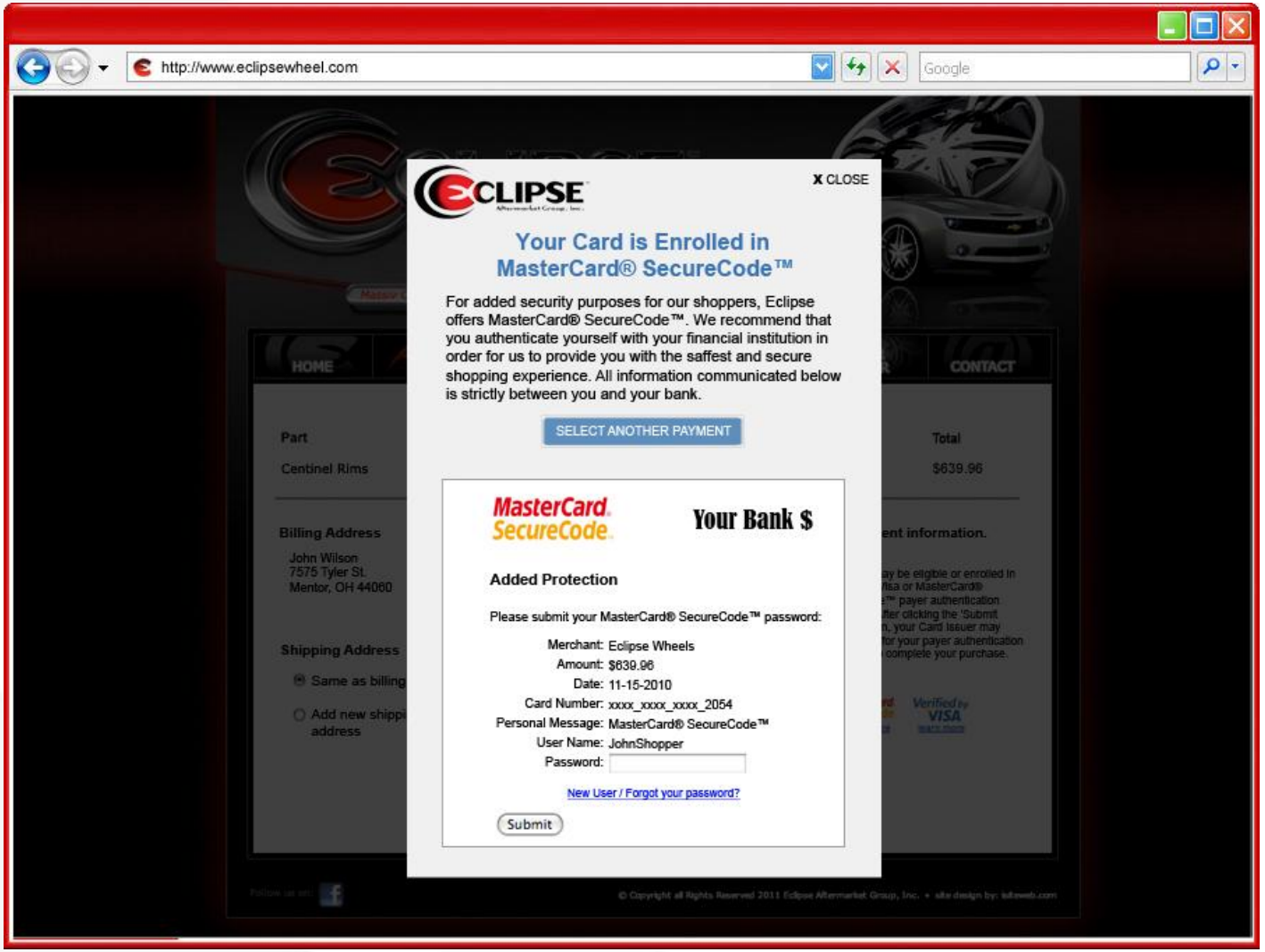


3D Secure - Demo

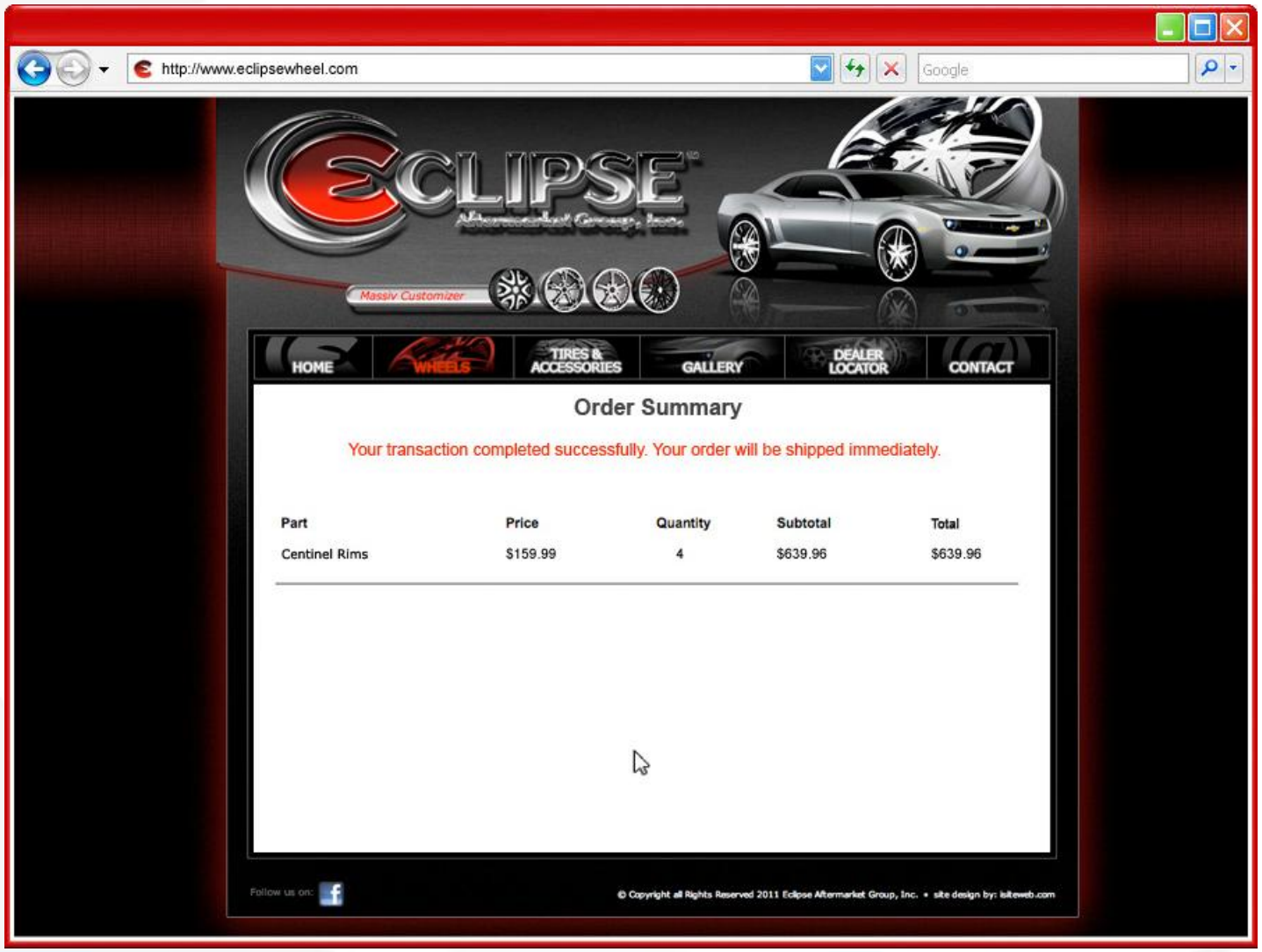


- ✓ **Flexible messaging – merchant sensitive**
- ✓ **Inline user presentation v. Pop-ups**
- ✓ **Enabling options**
  - ✓ **Geography**
  - ✓ **Brand**
  - ✓ **Risk based**
- ✓ **Activation by consumer / choices**

3D Secure - Demo

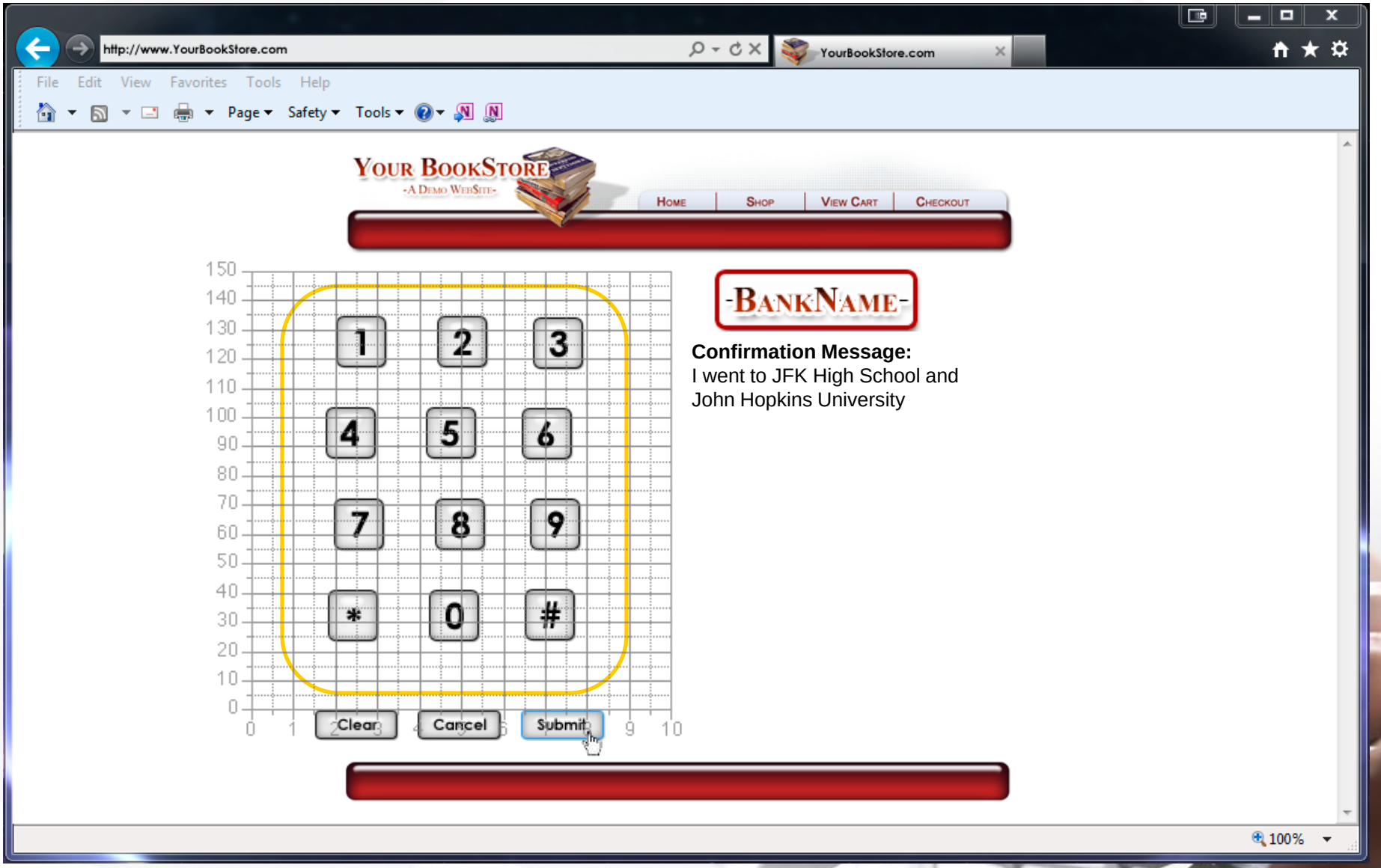


3D Secure - Demo

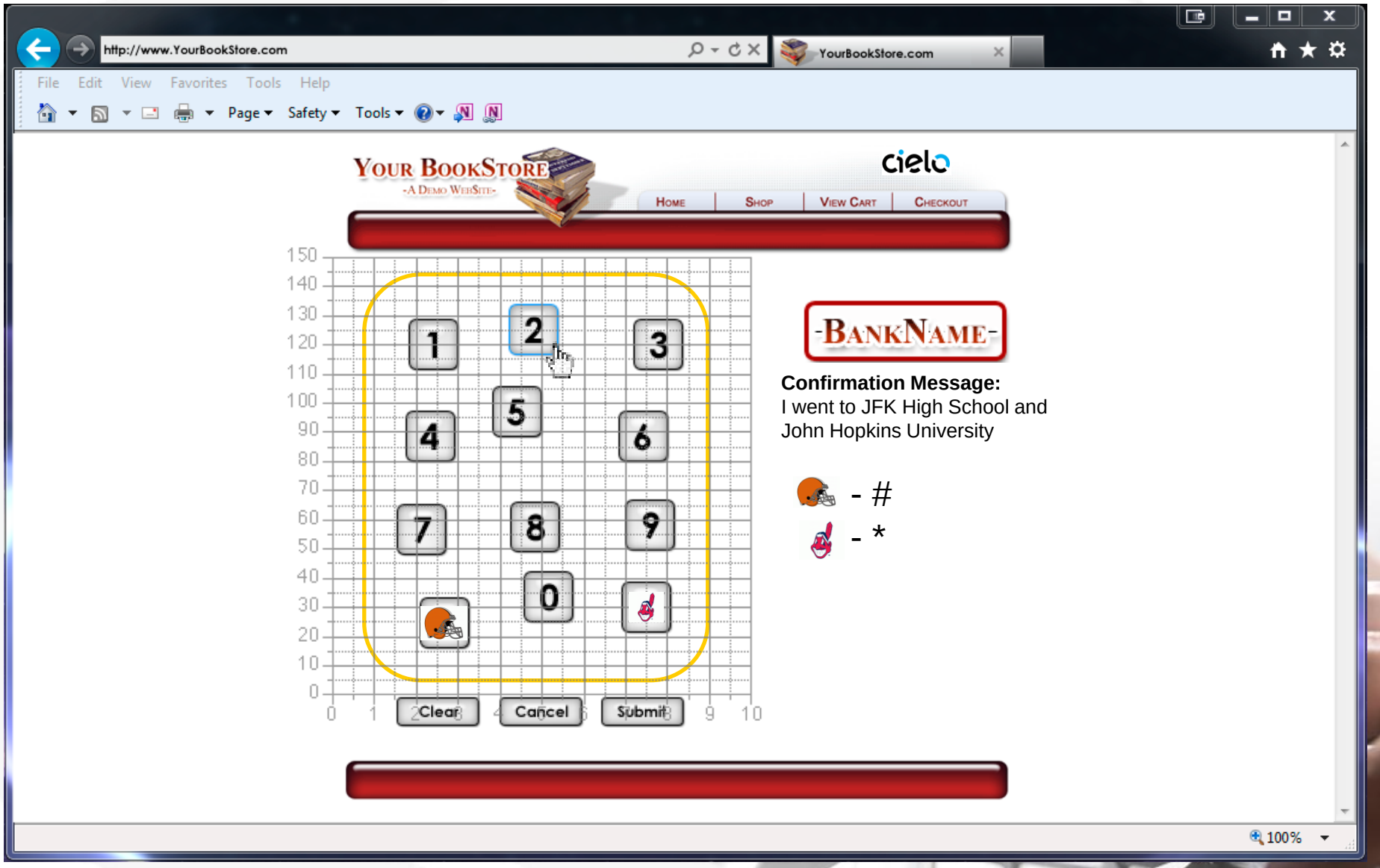


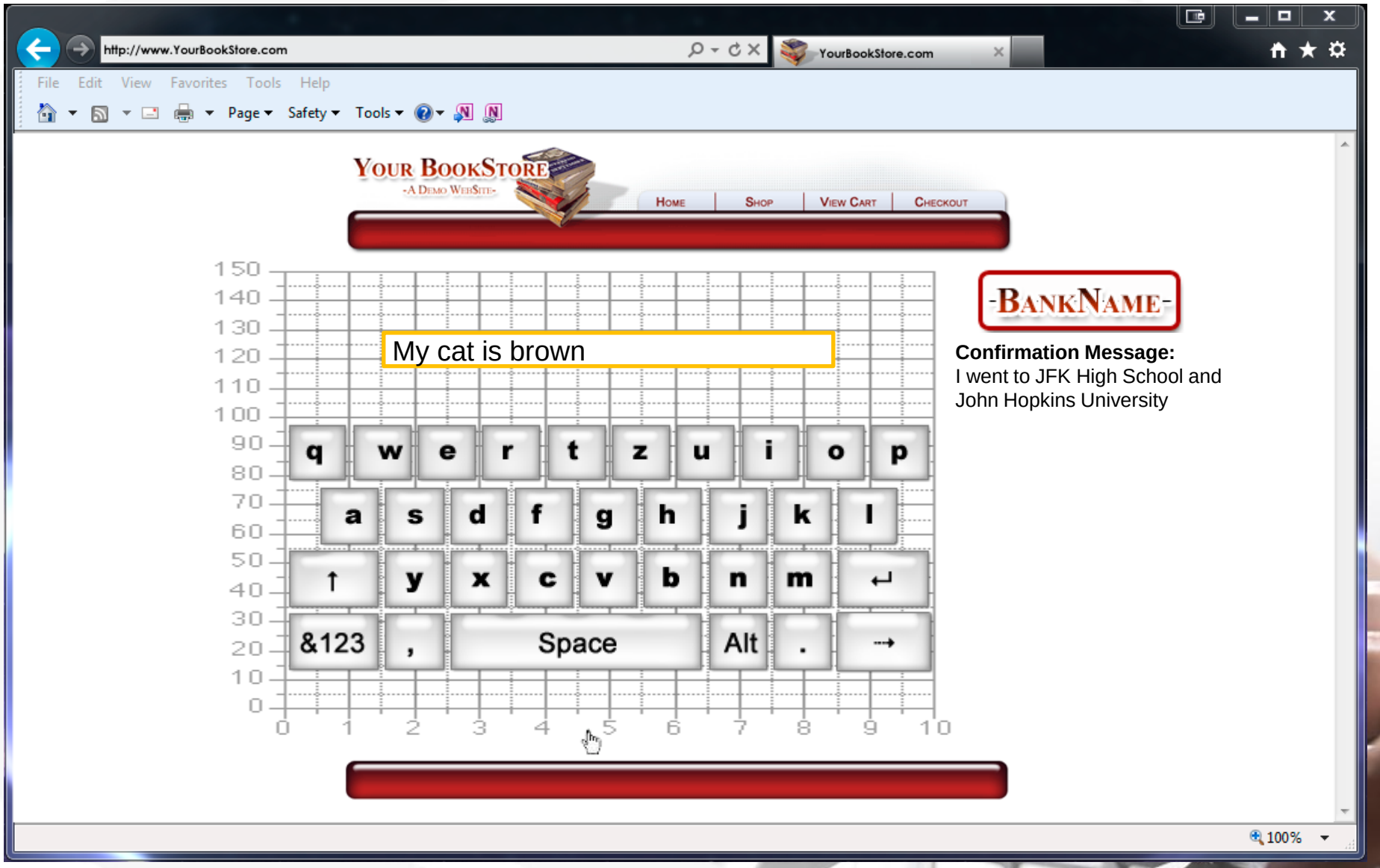
SRPc - Launch

- Early 2012
- Debit networks
- Merchants / Merchant service providers
- Secure PIN Pad
  - Credentials – alpha / numeric
  - Card / payment - information
- Location / Position / Algorithm
- Supports
  - Mobile
  - PC / laptop
  - Remote devices (tablets and other devices)


http://www.YourBookStore.com
YourBookStore.com
File Edit View Favorites Tools Help
Page Safety Tools
YOUR BOOKSTORE
-A DEMO WEBSITE-
HOME
SHOP
VIEW CART
CHECKOUT
1 2 3
4 5 6
7 8 9
* 0 #
Clear
Cancel
Submit
-BANKNAME-
Confirmation Message:
I went to JFK High School and John Hopkins University
100%

Cardinal Authenticated PIN Pad - CAPP




http://www.YourBookStore.com
YourBookStore.com
File Edit View Favorites Tools Help
Page Safety Tools
YOUR BOOKSTORE
-A DEMO WEBSITE-
HOME
SHOP
VIEW CART
CHECKOUT
My cat is brown
-BANKNAME-
Confirmation Message:
I went to JFK High School and John Hopkins University
q w e r t z u i o p
a s d f g h j k l
↑ y x c v b n m ↵
&123 , Space Alt . →
100%

Next Steps

- Add authentication!
- Questions & Answers