



THE VOICE OF THE SMART SECURITY INDUSTRY

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OVERSIGHT FRAMEWORK FOR CARD PAYMENT SCHEMES – PUBLIC CONSULTATION – EUROSMART CONTRIBUTION

A public consultation was announced on 3rd May 2007 on a proposal for a **“draft Oversight Framework for card payment schemes – Requirements”** launched by the Eurosystem. Eurosmart, the Brussels based smart security industry Association, wishes to contribute to the consultation as its activities are closely associated to the implementation of SEPA.

The Eurosystem invites all interested parties to comment the proposal which defines the essential and appropriate requirements to put in place a sound Card Payment Scheme. Although, such recommendations are said to be “minimum”, it is in the interest of all actors to adopt strong and precise requirements.

Eurosmart, since 1995, has gathered all its expertise toward an essential objective: to ensure a high and effective level of security in all payment products. The Association's members are working continuously to design and manufacture products and systems to the "state of the art" security level. Appropriate actions and methodologies are developed to anticipate future attacks. Such activities have pushed the Association to be strongly involved in the main EU regulation preparation (Payment System Market Group (since 2002) and in specific expert group in the domain (Fraud Prevention Expert Group since 2001).

Eurosmart wishes to comment more specifically the **Requirement 3 stating in its point 3.2 “The design and manufacture of payment cards and of accepting and other technical devices should ensure an adequate degree of security, in line with the CPS’s security policies”**.

Looking at the requirement being detailed in the following pages of the draft document, Eurosmart feels it remains insufficient and suggests additions.

The paragraph could be completed by describing the approach towards a high level of security, avoiding accumulating several evaluations and insisting on the reference to a neutral scheme.

For Eurosmart, the reference to Common Criteria methodology is essential (Refer to Eurosmart Security Evaluation survey dated October 2004). The Eurosystem should be consistent with its previous recommendations (**European Central Bank EMSSO document** - Electronic money system Security objectives based on Common Criteria) published in May 2003.

Moreover, the **Fraud Prevention Expert Group** (chaired by DG Internal Market) has finalised in June 2007, a report on Security Evaluation and Certification of Payment Products ending with the following recommendations: “Stakeholders are generally of the view that security evaluation procedures should be aligned and mutual recognition achieved throughout the EU - A formal/neutral method to provide a sound evaluation assurance and to promote the exchange of information on attacks on payment systems to improve vulnerability analysis and penetration testing is needed. It is noted that Common Criteria provides a sound foundation on which to build security assurance, though it needs to be completed by practical implementation details for specific product ranges. Indeed, cooperation of the concerned stakeholders is key. Security evaluation is based on communication. Open and detailed discussion of attack methods fosters trusts and promotes awareness. Information exchange helps to harmonise vulnerability analysis and penetration testing. The alignment of security evaluation

procedures should result in significant cost reduction while guaranteeing a consistent high security level in the payment area. This should also facilitate meeting the SEPA objectives.”

Eurosmart members recommend:

- Agreeing on accepting a global scheme that fully covers and includes all expectations while addressing the largest scope of security requirements. Therefore the choice is to comply with a common international scheme that supersedes any proprietary scheme.**
- A product already certified against that methodology widely covering all aspects of security like the Common Criteria should be accepted by all banking institutions and associations.**

Such addition is in line with the latest progress report on SEPA published on 20th July 2007 by the Eurosystem stating: **“The security of SEPA payment instruments needs to receive more attention.** The Eurosystem would like to reiterate the urgent need for work on the security of payments, especially in the field of internet banking, card payments via the internet and e-payments. The EPC has taken primarily interbank security into account, but has not specified end-to-end security issues. Ensuring security in these domains is in the interests of the banking community, given that financial and reputational risks could ensue from a lack of security. These reputational risks should not be underestimated, as public confidence in new products will be decisive to ensure their successful adoption. The EPC is therefore requested to undertake a threat assessment encompassing the complete end-to-end process, to develop a set of best practices and to promote the use of these practices by the banks. In addition, special attention should be paid to the domain of certification and type approval, in which the current fragmentation leads to high costs for POS terminals. **A security evaluation, which is based on an open and stable methodology, is crucial to maintaining a high level of security for cards and terminals.** **Both security evaluation and functional testing should be organised in a way that allows onestop- shopping.”**

EUROSMART is an international association located in Brussels representing the Voice of the Smart Security industry for multi-sector applications.

Eurosmart represents companies with up to 25 years of experience in Smart Card technology. The Association has created a Security Working Group in 1997 with the mission to support and co-ordinate standardisation initiatives in this matter. This forum works actively on improving and implementing all security evaluation methods such as FIPS, ITSEC and Common Criteria, with clear evaluation scales to demonstrate the products security.

Eurosmart’s work is publicly available including survey on security evaluation methods, Protection Profile surveys, list of certified products...

EUROSMART gathers 26 members: Atmel, Austria Card, Datacard, FNMT, Gemalto, GIE Cartes Bancaires, Giesecke & Devrient, Infineon Technologies, Ingenico, Inside Contactless, MasterCard, NedCard, NXP Semiconductors, Oberthur Card Systems, Renesas, Sagem Orga, Samsung Semiconductors, Saqqarah International, Sitronics, Solicore, SST, STMicroelectronics, Watchdata, Wave, XPonCard Group, Zetes.

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