

FSTC Monthly Highlights – March 2008

Don't forget to reserve June 17-19, 2008, to attend the FSTC Annual Conference at the Hyatt Vineyard Creek, Santa Rosa, California. The conference theme is **On the Innovative Edge: Successful Strategies for Financial Services**. Registration and hotel details can be found on our website www.fstc.org.

If you are interested in sponsorship, contact Betsy Love, betsyl@truenorthintl.com.

PROJECT INITIATIVE UPDATE (summarized below):

A call for participation has been issued for the Resilient Enterprise: Benchmarking for Maturity Project targeted to launch in late March/April. Review the prospectus at http://www.fstc.org/projects/current/rmm.benchmark_home.php?id=13 or Contact Charles Wallen for more details.

The Resiliency Engineering Framework (REF) embodies proven techniques and methodologies developed over the last 20+ years by industry and government in collaboration with Carnegie Mellon to help organizations deal with and manage operational risk. Organizations now have a roadmap specifically designed to be flexible and straightforward to implement across all sizes of enterprises. The REF consists of over 20 capability modules, giving organizations the flexibility to implement as few or as many as their needs and strategies require.

Benefits of the Framework:

- Simplify measuring and managing security and continuity activities
- Understand how key resiliency competencies map to leading international practice standards, i.e., ISO 27000 Series, NFPA1600, BS 25999, COSO, COBIT etc.
- Improve compliance efficiency – streamline and simplify regulatory efforts
- Provides an appraisal methodology to benchmark an organization's resiliency and those of third party suppliers. A sharable common measurement of risk and resiliency
- Establishes a roadmap for implementing a mature resiliency program

The Project which will begin in March/April 2008 will allow participant organizations to collaborate with their peers and REF experts to prioritize, benchmark and improve their resiliency activities guided by the framework. Participation in the project is a low-cost way to quickly derive benefit from REF. See the project prospectus in the Projects in Formation section of the FSTC.org main page.

Contact Charles Wallen for details – Charles.Wallen@fstc.org.

*A call for participation has been issued for the **Mobile Payments Project** targeted to launch in April. Review the prospectus at http://fstc.org/docs/projects/02.24.08_FSTC%20-%20Mobile%20Technology%20Project%20Proposal%20v2.pdf or Contact Jim Pitt, jim.pitts@fstc.org s for more details.*

The project goal is to work collaboratively with financial institutions, wireless carriers and technology providers to develop desired mobile infrastructure services and standards that will aid the growth and success of U.S. mobile payments. Provide a process that allows customers of one institution to pay customers of another institution using the mobile phone of their choice on any carrier and that transaction would be more private and secure than an ACH or check transaction is today.

Deliverables planned include:

- Describe and document the current US wireless networks with regards to their transmission technologies, interoperability (and barriers to interoperability) among the major carriers.
 - Describe and document handset capabilities in current and near-term future models with regard to their functionality and the extent to which each network restricts their capabilities.
 - Describe the modes of accessing content using mobile phones.
 - Describe barriers to open access, whether they derive from the mobile phone or the network carriers.
 - Propose open access standards and principles relating to technology deployment that will further efficient and effective network operation for content providers, consumers and carriers
 - Discuss the possible mobile banking and payment services that can be offered, their advantages and disadvantages, possible revenue opportunities, and the cost of developing and maintaining them.
 - Review current security features and what is needed to protect the privacy of customer transactions, end to end.
 - Review how security works when multiple phone devices or different carriers are involved in the transaction.
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- The mobile project's steering committee was formed made up of leaders from TCH, The Federal Reserve, PaymentsNation, the Financial Services Round Table (BITS), NACHA, the American Bankers Association, KPMG project management, DigitalThinking, and of course, the FSTC.

 - The face to face kick-off meeting is planned for April 24th at the offices of the ABA.

*A call for participation has been issued for Phase 2 of the **Fraud Project** targeted to launch in April. Review the prospectus at http://fstc.org/docs/projects/02.24.08_FSTC%20-%20Mobile%20Technology%20Project%20Proposal%20v2.pdf or Contact Jim Pitts for more details, jim.pitts@fstc.org*

- The wrap up (final Phase 1) meeting is occurred on March 6th to discuss the conclusion and recognize the successes associated with the project.
- Interested parties will be able to view the Taxonomy Model created in Phase 1 at www.stopcheckfraud.org in the near future.
- Completion announcements and documents have been posted to the FSTC web site

Project Goals:

- 1) Demonstrate the value in collaborating on a Shared Fraud Pattern Database and its real-time use in combating fraud.
- 2) Identify the needed infrastructure and standards (standard incident and event message report formats, and fraud pattern database elements) needed to make maintaining and using a Shared Fraud Pattern database a reality (note that this shared Fraud Pattern database can be distributed across various entities with defined rules of sharing).

Phase 2 Deliverables:

- 1) Update and release the survey developed in Phase 1 to gather the necessary data to catalog potential industry fraud initiatives and solutions. Determine which products detect which taxonomy. Update the taxonomy with the results.
- 2) Define how we could agree to report fraud pattern incidents by taxonomy and seek the support of reporting organizations. This will probably include reporting standards.
- 3) Define the lowest level individual fraud patterns of each fraud taxonomy (see the 'Check Alteration' example)
- 4) Define how and what to share real-time – new fraud schemes, investigative information, etcetera and what use could be made of this real-time sharing to prevent or mitigate fraud.
- 5) Develop a plan to communicate the value of the taxonomy and reporting standards to engage the industry in its use.

Projects soon to be launched

Federated Identity Assurance, “New ID”

In cooperation with The Clearing House, Citi, Wells Fargo, and a number of other members and associate members, FSTC is launching a project this spring, to design a new federated platform for identity assurance. The services offered by this platform will enable consumers, businesses, and public agencies to manage identity-based transactions and events by leveraging the Liberty

Alliance Framework and assurance levels established by accredited agencies and other standards bodies. The services will be built on market leading technology, open standards, and a resilient infrastructure, designed to support the required business models, and owned and regulated by the financial industry.

Contact Roger Lang, Roger.Lang@fstc.org for details.

Records Management Compliance-Centric Architecture (CCA-RM) for unstructured data

In cooperation with the ABA, Citi, Goldman Sachs, JP Morgan Chase, and other members and associate members, FSTC is launching a project to collect best practices, use cases, and leading edge architectural concepts to support the functional and technical requirements for a compliance-centric enterprise-wide architecture, primarily for unstructured content. The project, which is planned to launch with Price Waterhouse Coopers as the project manager in April, will also evaluate the suitability of new XML schemas for the e-discovery requirements of the architecture. For details on the project and how you may participate, contact Roger Lang, Roger.Lang@fstc.org for details.

Completing Projects

Capture Calibration

- The Capture Calibration Team held an open call for the Payments SCOM on March 19th to share the results of the recently completed mini project and discuss next steps.
- A survey has been posted online for interested parties to share their input.
- Contact: Jim Pitts, Jim.Pitts@fstc.org for details

Usability SIG

- The usability white paper, FSTC Field Usability Tests – Presence and Legibility, has been completed and posted to the FSTC web site for downloads.
- The next step will be to draft the submission of 3 metrics to the X9 Image Test Registry

Authenticating the FI to Consumer (AFIC)

Testing has been completed and the project summary has been presented to participants with a final report. We plan to share results as well as the software “test harness” developed by Columbia University with our members at an upcoming meeting. Potential follow-on projects include further development and testing of the Safe Web Browsing concept. Please contact Roger.Lang@fstc.org.

WE CONTINUE TO DEVELOP AND SHARE IDEAS ON:

Pandemic Preparedness – The Financial Banking Information Infrastructure Committee (FBIIC) and the Financial Services Sector Coordinating Council (FSSCC) released an After Action Report on the FBIIC/FSSCC Pandemic Flu Exercise of 2007. The report is available for download on the exercise website at www.fspanfluexercise.com.

Voluntary Preparedness Certification, Title IX component of H.R. 1 (Public Law 110-53) “Implementing 9/11 Commission Recommendations Act of 2007” - DHS/FEMA are still developing their plan for the roll-out of the Voluntary Preparedness Standard and Certification. We anticipate having more information on the next steps DHS will be taking on Title IX over the next several weeks. FSTC’s Annual Meeting will provide opportunities to learn more about this key topic, including sessions with speakers from DHS and ANSI. Currently, the specifics on preparedness standards and the certification process are still being considered by DHS.

Below is a short highlight of activities in our Standing Committees:

Business Continuity Standing Committee (BCSCOM)

The BCSCOM regular monthly meeting held on March 17th. The special topic for the meeting was “The Role of Measurement and Metrics for Management of BC Processes”. Citi, MasterCard and Alliance Data subject matter experts discussed their respective metrics and reporting programs. Each panelist provided a number of examples of the metrics they use to manage business continuity at their organization.

The next BSCOM teleconference meeting will be held at 1 ET on April 21, conference bridge, 512-225-3050, ID 42623. The focus of the meeting will be on information sharing on topics of interest in business continuity, resiliency, compliance etc.

Other March BCSCOM activities included:

- Charles Wallen/FSTC and Dave White/Carnegie Mellon CERT presented at the Gartner BC Management Conference in Chicago, “Case Study: Managing Operational Resiliency”
- JPMC, FSTC and Carnegie Mellon CERT hosted a Resiliency Information Session in New York at One Chase Manhattan Plaza

Security and Infrastructure Standing Committee

The February Security and Infrastructure Committee agenda included host speakers from the NSF-Funded security consortium “TRUST”

<http://www.news.cornell.edu/stories/April05/TRUST.ws.html> .

Fred Schneider from Cornell, John Mitchell from Stanford, and Doug Tygar, Kristen Gates and Larry Rohrbough from UC Berkeley described ongoing programs and research, including a

Security Enhanced Browser and Predictive Security for Web Attacks. Kristen Gates also described a university summer internship program focused on students majoring in IT and security and the importance of industry support for this program. Please contact Roger.Lang@fstc.org for additional information.

The March 13 Security Committee agenda included:

Peter Cassidy, Secretary General of APWG discussed the development of a global data sharing infrastructure by counter electronic crime stakeholders from industry and law enforcement focusing initially on phishing. (see att.)

Andrew Jaquith, Yankee Group - Single Site Browser Research:

Clever web developers have invented 'single-site browsers' that can only visit one website (e.g., iTunes). Although only a nascent technology today, single-site browsers (SSBs) will deliver significant branding and security benefits as they mature. For these reasons, Yankee Group recommends that financial and e-commerce enterprises begin investigating SSBs now.

Dan Schutzer is soliciting comments on ANSI DRAFT X9.49, 2000x, Mutual Authentication standard, to incorporate recommendations of the FSTC Better Mutual Authentication 2007 project.

Monthly Security SCOM calls are now always scheduled for the second Thursday of the month at 1pm EDT. The next call will be on Thursday April 10th, 2008 and the call in number is 512 225 3050, 272373#. Subject will be the Security of Applications – what's wrong with the current approaches, how can we do better.

For more information, as well as for presentation slides from the February and March meetings, please contact Roger Lang at Roger.Lang@fstc.org

Payments Standing Committee

The payments SCOM held its regular monthly meeting on March 27th.

- Jim Pitts and John Fricke delivered updates on the Mobile Payments Project. Covered the two Conference Calls for Participation, Steering Committee meetings and announced the official kick-off meeting to be held April 24th in Washington DC.
- John Fricke updated the group on the fraud project, stating that we would be ramping up a 2nd phase in the near future. He described a project term estimated to be four months which would be spent developing further detail on the taxonomy, defining benefits of collaboration, and standard setting. The group offered several comments and suggestions.

- Jim Pitts announced that the Fraud Collaboration Project Phase II prospectus would be out in the next two to five working days, with final rewrites left to be completed, some based on the group's suggestions in the meeting.
- Jim Pitts recapped the recent meeting to discuss next steps relative to Capture Calibration and determine the possible need for related activities or project organization. It was also shared that a survey was available online so interested parties could input their opinions on the subject.
- Jim shared highlights from a recent speaking engagement at the AFT (Association for Financial Technology) and introduced David O'Malley, vice president of the AFT board who provided background on the organization and the value it provides to the industry
- Boris Kusovski of IBM was the featured speaker. He presented a viewpoint on fraud, the client experience and a vision of how to get to the next level of prevention.

The next monthly Payments Standing Committee meeting will be held Thursday, April 24th at 2pm ET. The dial in number is 512-225-3050 with participant code #272373.

Banking Technology Operations Standing Committee (BTOSCOM)

The Banking Technology Operations Committee held its regular meeting on March 20 at 3pm ET and discussed TopCoder, an open collaborative code development approach, with an element of competition. Several Financial Service firms are now engaging Top Coder for their applications development. It is reported to produce applications faster and better coded. We also discussed the emerging concepts of Software as a Service, and Cloud Computing. We tackled the following four questions:

1. How would you define it?
2. Are you aware of companies using or contemplating using this?
3. What do you feel are its benefits and drawbacks?
4. Please discuss what you feel are the obstacles and deterrents

preventing its widespread adoption.

The next monthly Banking Technology and Operations Standing Committee meeting will be held April 17 at 3pm ET. Please join us as the dialogue concerning the future of Bank Technology Operations and innovations such as Software as a Service, and Cloud Computing continues.

The dial in number is 512-225-3050 with participant code #272373. Contact Dan Schutzer, dan.schutzer@fstc.org or John Fricke, john.fricke@fstc.org for more information.

RFID Tags and Asset Tracking Special Interest Group

On the last call we discuss security concerns regarding RFID tag technology for asset tracking.

The April 16 call will focus on the use of this technology in the retail branch

If you are interested in joining this RFID SIG, you can contact Dan Schutzer at dan.schutzer@fstc.org or join us on our next call, scheduled for April 16 at 4pm ET. Call in number is 512 225 3050, 272373#