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Recommendations for the Security of Internet Payments

Nets

Nets is a Nordic group with business activities in financial acquiring, transaction processing for national and international card schemes and solutions for POS, e- and m-payments. Nets is scheme owner of Dankort, the domestic Danish payment card, and other domestic brands. Nets is also working with risk and security issues regarding payments and authentication.

Implementation of new requirements by Schemes

We believe, that a sufficient level of security is a necessary part of a business concept. It is therefore the responsibility of a scheme, including card schemes, that sufficient security requirements are implemented and adopted by all players in the market. In this context, the card industry has developed the PCI program, including the PCI DSS requirements. Also requirements regarding 3D Secure etc. is developed. Our general opinion is, that new requirements should be implemented by the Schemes and not by the authorities.

However Nets recognise, that the Recommendations is a serious contribute to the efforts being made by many parties with the purpose of rising the general level of security concerning e-commerce in Europe. Only if the user/cardholder is convinced, that the level of payment security is sufficient, the expected growth in services on the internet can be effected.

Concern that implementation will take place at different paces

Our concern is that an implementation through national central banks and supervisors can have the effect, that the implementation is taking place at a different pace in each country, even if follow-up activities will be initiated by ECB and the Forum to equalise the differences.

As mentioned in our remarks to the Green Paper from the Commission it is not our opinion that lack of payment security is a main barrier to the full growth of e-commerce, as other factors such as consumer rights, none or difficult complaint and redress procedures etc. is of importance

The Recommendations have also been discussed with representatives from the majority of Danish banks in a Cards Forum, hosted by Nets, at a general level. The banks – and Nets as well - appreciate the good intentions and also consider it as a valuable catalogue over security issues regarding internet payments. We also agree on the focus on strong authentication, as the general authentication method, even if possible exceptions is also needed (small amounts etc.)

If mandatory, a longer period for implementation is needed

If the recommendations will be mandatory to implement, it is the general opinion by the Card Forum, that a longer period is needed to analyse and evaluate possible consequences. It is also the opinion that the timeframe until 1. July 2014 is too short if requirements is published in the beginning of 2013.

The commercial perspective

Finally it is the general approach that investing in further security must be considered from a commercial perspective. Otherwise, there is a risk, that the requirements will result in more expensive and less convenient payment solutions, which will slow down the pace in the development of internet payments. This can be avoided by letting the payment scheme industry issue the security requirements and follow up on the consequences. If the requirements issued by public authorities there is a risk, that they will not reflect the actual market needs and will not be regulated, when market conditions change.