

Blanch, Belinda

From: Raky Pathak
Sent: Thursday, 25 July 2013 12:55 AM
To: Adjudication
Subject: Visa & MasterCard - Authorisations - A91379 & A91380

To Whom It May Concern,

I refer to the PIN@POS mandate application by VISA & MasterCard Authorisations - A91379 & A91380.

Whilst a move from signature based transactions to a PIN transaction offers added security, it is important to consider what mechanisms have been put in place to protect consumers from fraudulent PIN transactions. There are a number of vulnerabilities that have already been found in the EMV protocol and what the schemes have in place to protect the consumer from these should be outlined. At this point in time a PIN transaction has a shift of liability that is in the best interest of the merchant. There needs to be a clear indication of what rights the consumer has in the event that they are a victim of an EMV vulnerability.

Please see 2010 : Hidden hardware disables PIN checking on stolen card and 2011: CVM downgrade allows arbitrary PIN harvest. <http://en.wikipedia.org/wiki/EMV#Vulnerabilities>

I refer to the research carried out by Professor Ross Anderson from the University of Cambridge; in relation to the 2010 vulnerability above his comments were:

"We have many examples of people who have had their cards stolen and then purchases made using the chip and pin," he said. "They are adamant they didn't use it but if the banks say chip and pin has been used you have to pay. I think many of these people would have been victim of the kind of technique we have developed." -

http://en.wikinews.org/wiki/Chip_and_PIN_%27not_fit_for_purpose%27,_says_Cambridge_researcher and an example of the vulnerability and research - <http://www.cl.cam.ac.uk/research/security/banking/nopin/>

It is important that we thoroughly review the EMV protocol prior to any form of mandate being implemented. Once mandated criminals will move their focus from signatures to PIN@POS (EMV) and if security is not addressed prior to a mandate we may not achieve what we have set out to achieve, which is to reduce the number of fraudulent transactions currently taking place in the market.

I also refer to the following:

"The [Financial Services Authority \(FSA\)](#) Payment Services Regulations 2009 came into force on 1 November 2009^[5] and shifted the onus onto the banks to prove, rather than assume, that the cardholder is at fault.^[6] The [Financial Services Authority](#) said "It is for the bank, building society or credit card company to show that the transaction was made by you, and there was no breakdown in procedures or technical difficulty" before refusing liability." - http://en.wikipedia.org/wiki/Chip_and_PIN#Vulnerabilities.2C_fraud.2C_and_misuse


In relation to the above, who is responsible in the event that a new vulnerability is found in the EMV protocol and a specific merchant is a victim? Will the merchant's Bank shift the onus onto the merchant? Will the merchant therefore need to show that the transaction was made by the customer? If the merchant cannot provide this information due to being the victim of an EMV attack will the merchant have to wear the cost of the complaint/chargeback? If so, how is this any different to a chargeback originating from signature fraud? Following on from this scenario, it is important to note that whilst a vulnerability may be in circulation during 2013 it may not be discovered and recognised by the Banks until a later date and by this time there may be many merchants that could have been victims.

Whilst I do believe and support the adoption of PIN@POS over signature, I do think that before any mandates are put in place these topics need to be considered and both merchant interests and consumer protection need to be properly addressed.

Kind Regards,

Raky

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