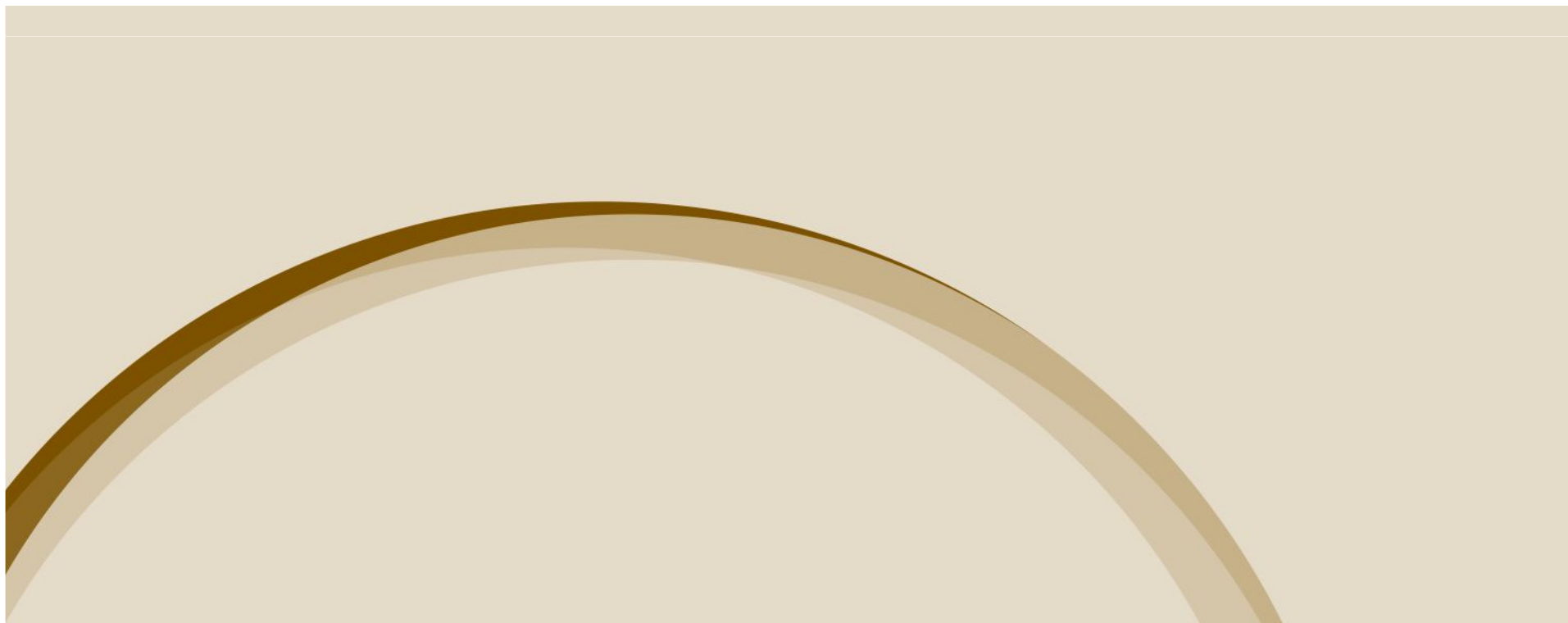




Current developments in security of retail payments

Rui Pimentel

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Contents

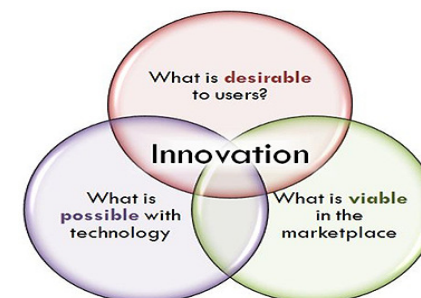
- **Security of retail payments – Current landscape in Europe**
- **Main developments in the last year**
- **Role of the SecuRe Pay Forum & other entities**
- **Next steps**





Main topics in the domain of payments security

- After the migration to SEPA, banks shifted their focus to other areas of payments, including security and risk mitigation measures
- Developments in the legislative framework in coming months
- New fraud types continuously being identified
- Information sharing among authorities and important point
- Proliferation of strong authentication procedures across channels





Main topics in the domain of payments security

- Revision process of the Payment Services Directive to include security-related aspects
- Clarification will be provided, e. g. in the domain of Third Parties
- Also the European Banking Authority (EBA) working on these issues
- Growing complexity of the payments ecosystem





From Recommendations to Guidelines

- The Recommendations for the Security of Retail Payments were produced by the SecuRe Pay forum and published by the ECB on 31 January 2013 for adoption by the market by 1 February 2015
- A stronger commitment was considered as beneficial by authorities
- As a result, the contents were used for the setting up of EBA Guidelines on internet payments security
- The Guidelines were published on 19 December 2014 for adoption by 1 August 2015

<http://www.eba.europa.eu/regulation-and-policy/consumer-protection-and-financial-innovation/guidelines-on-the-security-of-internet-payments>



From Recommendations to Guidelines

- **The Guidelines have a similar organisation of the Recommendations and now are to become part of the supervisory framework**
- **Recommendations are still used by the oversight function of payment instruments: cards, credit transfers and direct debit e-mandates**
- **This process complements the evolution of the legislative framework and should be in place until the PSD2 is transposed**
- **After that the PSD2 is to prevail**

<http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52013PC0547>



From Recommendations to Guidelines

- **The context of work of the SecuRe Pay Forum evolved in 2014**
- **This results from an enhancement of the cooperation between the ECB and the EBA**
- **A revised mandate of the forum was made public on 20 October 2014: “SecuRe Pay forum to provide input for the development of EBA regulatory and supervisory requirements, as well as ECB oversight standards for retail payments”**
- **ECB and EBA are since then co-chairs and the forum responds to requirements from both while establishing dialogue with others**





Association to cyber risks and cyber resilience – BIS report

Cyber attacks against the financial system are becoming more frequent, more sophisticated and more widespread. Given the critical role that financial market infrastructures (FMIs) play in promoting the stability of the financial system, the Committee on Payments and Market Infrastructures (CPMI) has sought to understand the current cyber risks faced by FMIs and their level of readiness to effectively deal with worst case scenarios.

In «Cyber resilience in financial market Infrastructures»
Report published by the Bank for International Settlements (Nov. 2014)



ENISA – European Agency for Network and Information Security

- Wide scope of intervention
- Focus on cyber-security
- Electronic identification and trust services
- Key activities in a world where more and more sectors are “e-dominated”
- Cooperation with other fora



<https://www.enisa.europa.eu/>



Outlook

- In a context of growing innovation, consumer protection also takes a prominent role underpinning confidence in the solutions provided

Dialogue and co-operation between authorities and with market players plays a central role, as these issues gain added complexity

Security of solutions provided is of paramount importance
Adoption of the Guidelines

Competition in the market needs to be ensured against technological developments



Outlook

- The finalisation of the PSD2 will help clarify several aspects still in a “grey zone”
- Adoption of the EBA Guidelines on internet payments security will help set common ground for remote payments
- Security to be enhanced by use of strong customer authentication mechanisms
- Deeper cooperation between the catalyst role, the overseers and supervisors
- However, in a digital economy, 100% security doesn't seem feasible!



- Technological developments deeply related to the evolution of payments «as we know them»
- Multiple solutions being launched for innovative payments will need interoperability to gain traction – raising security issues
- All these challenges need strong governance and commitment





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THANK YOU!

Rui Pimentel

Head of the Payment Systems Analysis and Development Unit

Payment Systems Department

Banco de Portugal

rpimentel@bportugal.pt