

Information Security, Data Breaches
and Protecting Cardholder Information:

Facing Up to the Challenges

SEPTEMBER 13-14, 2006

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PAYMENT CARDS
Center





Information Security, Data Breaches, and Protecting Card Holder Information: Facing Up to the Challenges

Data breaches and resulting compromised consumer information have become issues of growing concern to the payments industry. Protecting and safeguarding customer information has always been a cornerstone principle in financial services and a critical factor for maintaining consumer confidence in our ever-evolving payment system. Recently, the expanding list of breaches from an increasing variety of firms and industries has also become a hot button topic in Washington and in many state legislatures.

The Philadelphia Fed's Payment Cards center (PCC) and the Electronic Funds Transfer Association (EFTA) have joined together to sponsor a focused discussion among industry and policy leaders in an effort to better inform the debate on these issues. The subject of data breaches and compromised customer information has implications for all participants in the payment process. In addition to examining baseline issues and their relevance to key constituents, the conference will focus on two specific questions. First, what can be done to more effectively ensure data security throughout the entire payments chain? Second, what are the appropriate actions that should be taken to protect consumers and mitigate risks associated with any compromised data? Finally, the conference will attempt to place the various elements identified in these discussions into the emerging legal and regulatory framework.

Importantly, the conference is structured to incorporate a diverse set of perspectives. Participants and panelists include representatives from not only the payment principals: banks, merchants, and consumers, but also the rule-making bodies: networks, associations, and regulators. A conference goal is to incorporate the insights and individual perspectives of conference participants into a framework that can help to inform industry practices and public policy.

2:30 p.m.

Registration

3:00 p.m.

Welcome and Introductory Remarks

Peter P. Burns, Federal Reserve
Bank of Philadelphia
H. Kurt Helwig, Electronic Funds
Transfer Association

3:15 p.m.

Welcome and Conference Keynote

Dr. Charles I. Plosser, President,
Federal Reserve Bank of
Philadelphia

Fiduciary Responsibilities in the Era of Electronic Banking: A Central Banker's Perspective

Bruce J. Summers, Director,
Federal Reserve Information
Technology

A consideration of how the evolution of electronic banking has led to an expansion of banks' fiduciary responsibilities beyond financial assets to encompass sensitive information assets, including personal identity information. Among other themes, the comments will address the security of information assets in three states: information "at rest" and stored on the bank's computer, information "in transit" and on the move over networks, and "information traveling" on a laptop or other movable storage device.

4:00 p.m.

Baseline Issues for Payments Participants: Setting the Stage

Moderator: Lee Manfred, First Annapolis Consulting

Panelists: Tom Arnold, PSC Payments and Security Experts
Daniel Buttafogo, Barclaycard US
Avivah Litan, Gartner Research
Russell W. Schrader, Visa USA

While all parties agree on the importance of maintaining a safe and efficient infrastructure to support consumer electronic payments, individual strategies for how to best manage and mitigate risks associated with data security often differ among the various parties. In this opening panel discussion, experts representing various industry perspectives will define and discuss their own views on the key baseline issues.

- What is the problem, and where are the vulnerabilities along the payment chain?
- Why is it important to focus on these issues? What are the risks to individual market participants and more broadly to the growth in electronic payments?
- Who bears the costs of breaches and compromised consumer information? Are incentives appropriately aligned to encourage necessary investments in risk mitigation?

6:00 p.m.

Reception

7:30 p.m.

Reception ends

8:00 a.m.**Registration and continental breakfast****8:30 a.m.****Welcome**Peter P. Burns, Federal Reserve
Bank of PhiladelphiaH. Kurt Helwig, Electronic Funds
Transfer Association**8:45 a.m.****Keynote Introduction**Brenda Jones, CheckFree
Corporation**Information Security: The Sky Is
Not Falling—But It Could**Orson Swindle, Senior Policy
Advisor and Chair of
Information Security Projects,
Center for Information Policy
and Leadership, Hunton &
Williams, LLP

A discussion of business risks that may arise from improperly protecting personal data, what you should be doing and why, and what we can expect in the near future regarding legislation and enforcement actions.

9:30 a.m.**Break****10:00 a.m.****Ensuring Data Security***Moderator:* Alberto Soliño, Core
Security Technologies*Panelists:* Ronald V. Congemi,
First DataMichael Eubanks, Federal Bureau
of InvestigationPaul Tomasofsky, Two Sparrows
Consulting

Maintaining the integrity and security of data throughout the entire payment process is a critical challenge in preventing breaches that might lead to unauthorized access of sensitive consumer information. This session will explore the various factors that make this such a challenging goal and assess risk mitigation strategies.

- How has the scope of the data security challenge and the growing sophistication of perpetrators altered data management practices?
- How do system vulnerability and penetration testing need to adapt to the changing environment?
- How does law enforcement fit into a national and global mitigation strategy?
- What is the role of network rules and standards in better securing the entire payment processing chain? What needs to be done to increase adoption and create positive incentives for all parties?

11:30 a.m.**Lunch****12:30 p.m.****After A Breach: Protecting
Customers and Consumers***Moderator:* Michael Cunningham,
Chase Cardmember Services*Panelists:* Kathy Kauffman,
Capital OneSusanna Montezemolo,
Consumers Union

Brian Triplett, Visa USA

Data breaches will continue to lead to compromised personal financial information. This session will examine the key issues and potential responses to protecting the interests of affected consumers.

- How are card issuers and other payment providers responding to threats to their customer accounts? What are the appropriate roles for notifications, education, and other bank remediation approaches?
- How are consumers responding to these threats? Are behaviors changing and are there implications for electronic payments? What more can be done to isolate consumers from harm related to compromised information?
- Are there authentication or other technology solutions that may help render compromised consumer data useless to fraudulent intent? Are there lessons to be learned from chip and PIN experiences in the UK and elsewhere?

2:00 p.m.

Break

2:15 p.m.

Legal and Regulatory Perspectives

Moderator: Lynne B. Barr,
Goodwin Procter LLP

Panelists: Stacie E. McGinn, Bank of America

Stuart K. Pratt, Consumer Data Industry Association
Joel Winston, Federal Trade Commission

The issues associated with data breaches and compromised consumer information have attracted the attention of state and federal lawmakers and regulatory agencies. This session will analyze how the various factors identified in the previous panels are being incorporated into the emerging legal and regulatory debate.

- How are federal and state legislative initiatives being shaped in response to data breaches? What can be learned from already-enacted state laws?
- What is the potential direction for regulatory activity? What are the emerging trends in enforcement?
- How does the legal and regulatory environment affect payment system providers?

3:30 p.m.

Wrap-up: What Have We Learned?

Participants: panel moderators and conference organizers.

4:00 p.m.

Conference Adjourns

For more information, please visit our Web sites:

Payment Cards Center

<http://www.philadelphiafed.org/pcc/>

Electronic Funds Transfer Association

<http://www.efta.org/>

