



DATA SHEET



FFIEC Authentication Risk Assessment

VeriSign® Global Security Consulting

+ Overview

The risk of consumer fraud in today's digital economy is greater than ever. "Phishing," "pharming," malicious code, and identity theft have grown exponentially. In an effort to address the aforementioned threats, the Federal Financial Institutions Examination Council ("FFIEC") has recently updated its consumer authentication guidance with the release of FIL-103-2005 entitled, "Authentication in an Internet Banking Environment."¹ The new guidance mandates a risk-based approach be taken to evaluate if an institution's present authentication controls are sufficient, or if stronger authentication is required for the protection of customers. According to the FFIEC, "Financial Institutions will be expected to achieve compliance with the guidance no later than year-end 2006."²

The FFIEC specifically states that "the agencies consider single-factor authentication, as the only control mechanism, to be inadequate for high-risk transactions involving access to customer information or the movement of funds to other parties"¹ Technologies and processes employed to provide authentication should map to the risks associated with the financial institution, its customers, and the transaction types in order to determine what level of authentication is required. According to the FFIEC guidance, "the risk assessment process should:

- Identify all transactions and levels of access associated with Internet-based customer products and services;
- Identify and assess the risk mitigation techniques, including authentication methodologies, employed for each transaction type and level of access; and
- Include the ability to gauge the effectiveness of risk mitigation techniques for current and changing risk factors for each transaction type and level of access"¹

+ VeriSign Solution

The VeriSign Global Security Consulting (GSC) team can perform a focused risk assessment on the authentication infrastructure surrounding your critical Internet banking applications. VeriSign consultants are all certified security and IT audit professionals averaging over ten years experience and perform hundreds of assessments annually for financial institutions and other regulated entities.



Where it all comes together.™

WHY VERISIGN

VeriSign® Global Security Consulting leverages exceptional regulatory knowledge, training, experience; best-of-breed solutions; and a global network of proven technology. We use open standards to guide our assessments in a transparent way. In addition, we have been deeply routed in authentication since the company's inception 10 years ago. VeriSign has a history of stability and trust, and can deliver compliance and auditing solutions that are not only effective, but also make the best use of existing in-house personnel, technology, and processes.

ABOUT VERISIGN

VeriSign, Inc. (Nasdaq: VRSN), delivers intelligent infrastructure services that make the Internet and telecommunications networks more intelligent, reliable, and secure. Every day VeriSign helps thousands of businesses and millions of consumers connect, communicate, and transact with confidence. Additional news and information about the company is available at www.verisign.com.

SOURCES

1 http://www.ffiec.gov/pdf/authentication_guidance.pdf

2 <http://www.fdic.gov/news/news/financial/2005/fil10305.html>

+ The Assessment Process

The following is an overview of the assessment process and associated tasks.



VeriSign reviews all relevant documentation supporting your authentication infrastructure. This may include product offering documentation and collateral; application descriptions and diagrams; customer demographics; security policies and procedures, and awareness materials. We then interview key personnel within both the business and functional support areas around authentication.

Utilizing the information provided, we do an analysis of your customer base, the types of transactions that are made, and their associated risks. We also look to understand the existing controls you have in place to protect your customers. After we review the business processes, we conduct a focused review of your existing authentication technology and strategies. VeriSign's risk modeling approach is designed to address the FFIEC guidance which states that "the risk should be evaluated in light of the type of customer (e.g., retail or commercial); the customer transactional capabilities (e.g., bill payment, wire transfer, loan origination); the sensitivity of customer information being communicated to both the institution and the customer; the ease of using the communication method; and the volume of transactions."¹

+ Assessment Focus Areas

While conducting the assessment, VeriSign focuses on the following core areas.

- **Authentication Risks and Controls** - We must understand both the customers as well as what products and services the financial institution provides online and associated level of risk due to fraud. The authentication and supporting technologies in place need to map to the risk profile of the business.
- **Account Origination and Customer Verification** - According to the FFIEC, "the success of a particular authentication method depends on more than the technology. It also depends on appropriate policies, procedures, and controls"¹ Key within this is customer account origination and verification.
- **Monitoring and Reporting** - Auditing and monitoring is a key component to any compliance initiative. This includes available logging capabilities within the authentication solution and what type of ongoing monitoring is being performed.
- **Customer Awareness** - What type of awareness programs has the company put in place for educating their customers about security? What types of customer communications have been sent to educate customers about attacks such as "phishing" and "pharming"? What about the next attack? Having an ongoing dialogue with our customers is key to an effective fraud prevention program.

+ For More Information

For more information about VeriSign® Global Security Consulting, please call 650-426-5310 or email enterprise_security@verisign.com.