





IFSF Conference 2017 Payment Systems Compliance

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SEAMLESS PAYMENT

Ingenico at a glance

Ingenico Group has a unique portfolio of payment acceptance solutions across all sales channels. This sets the Group apart from the competition and has helped to make it the leading player in omnichannel payments. The Group now employs more than 7,500 people worldwide and generated over €2.3 billion in sales in 2016.

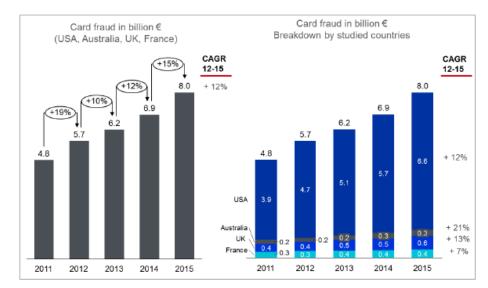




Payment Security compliance evolution drivers

- Increased security threats
 - Domain-specific threats: skimming, etc.
 - Generic exploits and breaches: SSL – encryption attacks – WiFi – etc.
 - Growing trend Frauds increase at faster pace than card adoption

Based on data from the USA, Australia, France and the UK, total card fraud (CP+CNP) grew 12% annually from 5,7 billion euros in 2012 to 8 billion euros in 2015¹, twice as fast as total card transactions (6% CAGR over the same period).



Source: OSMP (France), FFA (UK), Australian Payment Networks (Australia), US Forum, Nilson Report



Payment Security compliance evolution drivers

- Alternative payment methods (APM) result in increased surface of attack due to diversified technologies, players and weaker regulatory frameworks
 - in-App Payments
 - Closed loop cards, biometric payments
 - Wearables
 - IOT/connected vehicles
 - Mobile wallets
 - Crypto-currencies
 - Mobile money
 - Apple VAS (NFC)
 - Android SmartTap (NFC)





PCI Mandates Summary – new devices

Compliance of payment systems is a manufacturer responsibility – at the time of commercialization

| PCI-PTS Certification | Limit date for new certifications | Certification expiry date |
|----------------------------|-----------------------------------|------------------------------|
| Version 1.x PCI PED or EPP | April 2008 | April 2014 |
| Version 2.x PCI PED or EPP | April 2011 | April 2017 |
| Version 3.x PCI PTS POI | April 2014 | April 2020 |
| Version 4.x PCI PTS POI | September 2017 | April 2023 |
| Version 5.x PCI PTS POI | April 2020 | April 2026 |



PCI Mandates Summary – installed equipment

Once installed, the device compliance responsibilities (and costs) are in charge of the device owner

| Device type | Approval expires | No new deployments after | Retire from use by |
|--------------------------|------------------|-----------------------------|--------------------|
| Pre PCI PED | - | December 2009 | December 2012 |
| Attended / Semi-attended | | | |
| Pre PCI PED | - | December 2009 | December 2020 |
| Unattended | | | |
| PCI PED 1.x | April 2014 | April 2014 | December 2017 |
| Attended / Semi-attended | | | |
| PCI PED 1.x | April 2014 | April 2014 | December 2020 |
| Unattended | | | |
| PCI PED 2.x | April 2017 | April 2017 | December 2020 |
| Attended / Semi-attended | | | |
| PCI PED 2.x | April 2017 | April 2017 | TBD dependent on |
| Unattended | | | threat environment |



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Scheme mandates

A number of additional scheme-specific mandates apply on top of the international requirements

Visa Europe has mandated that Members must ensure that:

- PCI v1.x PEDs must not be newly deployed in attended (face-to-face), semi-attended or unattended environments after 30 April 2014.
- PCI v1.x PEDs used in an attended (face-to-face) or semi-attended environment must be replaced by Visa-approved devices by 31 December 2017.
- PCI v1.x PEDs and pre-PCI PEDs used in an unattended environment must be replaced by Visaapproved devices by 31 December 2020.

Mastercard Transaction Processing Rules

- All new and all upgraded POS Terminals (including MPOS Terminals) deployed on or after 1 January 2016 are contactless-enabled; and
- Effective 1 January 2020, all existing POS Terminals (including MPOS Terminals) are contactless-enabled.









Compliance costs optimization

- The lifetime of Petrol Payment Systems (forecour devices, payment terminals, payment infrastructures etc.) is expected to significantly exceed the regulatory horizon
- Hence, a device/infrastructure is likely to be impacted by multiple upgrade cycles during the lifetime
 - Sometimes minor sw only (e.g. EMV or contactless kernels)
 - In some cases more intrusive e.g. hw
- Payment systems should be designed to allow the required evolutions with limited impact
 - IFSF standards modular systems etc.
 - Avoid the bubble effect gradual replacement





The payment regulatory frameworks evolve at a fast pace to cope with new payment methods and to respond to evolving security threats

Payment infrastructures are impacted by multiple (sometimes competing) regulatory mandates

• Sometimes sw only, sometimes testing – in other occasions (e.g. Contactless or PCI sunset dates) also hw is impacted

Compliance of payment systems is a manufacturer responsibility – at the time of commercialization

Once installed, the device compliance responsibilities (and costs) are in charge of the device owner

Petrol retail has no shortcuts – the owner (often for indoor devices, always for forecourt devices) is always the retailer (oil company, dealer, etc.)

The lifetime expectations of forecourt equipment are heavily challenged by the mandates

Optimization of the compliance cost can be achieved by:

- Investing in modular solutions
- Plan for upgrades well ahead of time (golden rule: update 15-20% of your installed base every year)



ingenico GROUP Thank you

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