



## A Letter to the Industry: A Proactive Approach Transaction Authentication A Real Time Risk Management Tool

At Magensa, we are at war with the terrorists who have targeted the payment card industry. With counterfeit card usage and “card not present” swindles, these criminals seek not only to steal vast sums of money to fund their illegal activities and lavish lifestyles, they also wish to disrupt the civility of our lives, and undermine confidence in our payment and financial systems.

These thieves delight in the alarm and panic they cause and celebrate the public finger-pointing and acrimonious banter of blame and defensiveness. Their brazen tactics are fueled by having no fear of capture or prosecution, excellent technology and a complete belief that there are no countermeasures to stop them. The skillful aggressors are not threatened by the fines, regulations, and punishments we inflict on our businesses and service providers, in the name of security.

Our law enforcement community is staggered by the sheer volume of cases and discouraged by the lack of technology and forensic evidence available to them. They are not equipped to combat these well-financed organizations that can hijack large troves of cardholder data. Although law enforcement can chase after the combatants they cannot reinstall consumer trust, maintain security in the payment industry nor provide preventative solutions. When we, as an industry, allow these criminals to surreptitiously commandeer cardholder data to fabricate counterfeit financial instruments, we lose on many fronts.

The industry needs a proactive, concerted, industry-wide effort to implement a system, which can detect counterfeit cards and render them useless. To win this war requires cooperation and support from the issuers, brands, technology vendors, processors, acquirers, merchants, media, law enforcement and consumers.

There is an answer to the problem. Its name is transaction authentication. It is a method whereby the user, the card, the cardholder data, the reader and the recipient of the data may all be authenticated to each other. This can be accomplished in a relatively short period of time using the ordinary cards that are already in our wallets and with very minor improvements to the payment and identification infrastructure.

Encryption is not enough. Authentication is a must. Be part of the solution and visit [www.magensa.net](http://www.magensa.net)

## Rules of Engagement

### Know Your Enemy

It is an organized, skillful criminal enterprise. It is not the merchants.

### Fortify Your Defenses

Encrypt at the earliest point in the transaction. It's too late by the time the data is "at rest."

### Do not Blame the Wounded Troops on the Frontline

Merchants have not been equipped with the armor they need, i.e. PFC Thomas Jay Maxx, SGT James Marshalls, PVT John Hannaford, PFC Christopher Hannaford.

### Invest in Better Weapons

Authenticate the card, the data on the card, the cardholder, the reader, and the data recipient.

### Care for Your Injured

Provide care that cures the cause not just the symptoms.

### Lead, Follow or Get Out of the Way

The problem can be solved. If you are not with us, you are against us.

### Do Not Give Aid or Comfort to the Enemy

Do not make it harder for business to operate and provoke hostility amongst the allies.