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Knowledge Based Authentication and Privacy

Can Standards Help?

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Agenda

- Objectives
- Lessons learned from industry
- Regulatory
- Standards efforts
- Recommendations

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Objectives

- Enhance relationship between service provider and the customer it serves
  - Deliver services accurately and easily
  - Friendly to “citizen”
- Stop fraud
- Reduce risks and losses

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What Works?

- The most successful KBA implementations are found in financial processes
  - Credit scoring
  - Risk/fraud mitigation
  - Applications (for mortgage, credit, etc.)
  - Merchant web transactions
- It's a process
  - Highly adaptive
  - *Rules driven* – it is a *system*

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Whose Knowledge?

- Supplied by the "consumer" or "citizen"?
  - What they know that can be verified
  - Public sources

- Driven by application intelligence
  - Verification methods
  - Knowledge of behaviors
  - Driven by business risk management processes

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Lessons Learned

- **The first need is**

"Know your enemy"

- **So we can be**

"Customer Focused"

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Lessons Learned

- It's based on massive data – *your data*
- Three steps to success
  - Know your enemy - *metrics*
  - Based on forensics, develop a rules set that mitigates risk
  - Exception processes for questionable transactions
- Accepted by the market place
  - Visible leader setting the tone on KBA: Citibank

- Fraud is unacceptable so can Federal agencies successfully use KBA?
  - Do industry authentication risks/rules apply in G2G, G2B and G2C situations?
  - Privacy is a driver based on need to "know your enemy"

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Success Driven by Focus

- Start at one agency application
  - Maintain KBA *risk scores* from service providers on transactions
  - Analyze information about transactions and fraud rates
  - Determine rules to mitigate (translation: *metrics*)
  - Apply rules
  - Repeat

- As this works, add additional agency apps
  - Introduce risk scoring across applications

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Which Sector Applies?

- G2G and G2B have a level of certainty and trust – typically involve
  - Verifiable, direct relationships
  - Low – medium volume of transactions
  - Higher level of trust in relationship

- G2C presents opportunities
  - "drive by" authentication
  - No prior relationship
  - Needs managed fraud services
  - Potential for very high volume transactions
  - Potential is high for fraud to gain access to entitlements

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Regulatory Issues

- **Traditional Inhibitors / Enabler and Mandates**
  - **Privacy Act**
    - Restrictions perceived on inter-agency sharing
  - **GLBA**
    - Restrictions on financial records sharing without notice
  - **HIPAA**
    - Restrictions on transport of private identifying information
  - **eGovernment Act Section 208**
    - Mandates Privacy Impact Assessment

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Standards Efforts

- Direct support for eGovernment Act's section 208
  - X9.99 Privacy Impact Assessment
- Provides a neutral process for assessing privacy issues
  - What is the citizen/consumer giving you?
  - How are you managing it?
    - Throw away sensitive data, maintain the score!
  - Where is the data going?
- Formalizes the process to protect service delivery based on sensitive information

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Recommendations

- Fraud is unacceptable
- KBA is a focus on process – look *inside*
  - Rules based – each rule is a *metric* specific to Government
- Support standards to enable KBA risk scoring on large scale
  - Engage in X9.99
- Deliver on Privacy Impact Analysis
  - Enable use of federated KBA scores to reduce frauds perpetrated on Government applications
  - Follow a successful leader… DHS US Visit http://www.dhs.gov/dhspublic/interapp/editorial/editorial_0333.xml

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Thank You!

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