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ISO/TS/P 206 FRAUD COUNTERMEASURES AND CONTROLS

Submitted by the International Organization for Standardization (ISO)

ISO Central Secretariat

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TO THE ISO MEMBER BODIES

Our ref. TMB / ISO/TS/P 206

Date 2008-10-07

Dear Sir or Madam,

ISO/TS/P 206 *Fraud countermeasures and controls*

Please find attached a proposal for a new field of technical activity on *Fraud countermeasures and controls* submitted by ANSI (USA).

According to subclause 1.5.6 of Part 1 of the ISO/IEC Directives, you are kindly invited to complete the ballot form ([Form 02](#)) which can be downloaded at www.iso.org/forms and send it (preferably in Word format) to the Secretariat of the ISO Technical Management Board at tmb@iso.org before **10 January 2009**.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Michael A. Smith".

Michael A. Smith
Secretary of the Technical Management Board

Encl:
TS/P 206



A proposal for a new field of technical activity shall be submitted to the Central Secretariat, which will assign it a reference number and process the proposal in accordance with the ISO/IEC Directives (part 1, subclause 1.5). The proposer may be a member body of ISO, a technical committee or subcommittee, the Technical Management Board or a General Assembly committee, the Secretary-General, a body responsible for managing a certification system operating under the auspices of ISO, or another international organization with national body membership. Guidelines for proposing and justifying a new field of technical activity are given in the ISO/IEC Directives (part 1, annex Q).

PROPOSAL FOR A NEW FIELD OF TECHNICAL ACTIVITY

Date of proposal 3 October 2008	Reference number (to be given by Central Secretariat) ISO/TS/P 206
Proposer ANSI (USA)	

The proposal (to be completed by the proposer)

Subject (the subject shall be described unambiguously and as concisely as possible)

Fraud Countermeasures and Controls

Scope (the scope shall define precisely the limits of the proposed new field of activity and shall begin with "Standardization of ..." or "Standardization in the field of ...")

Standardization in the field of the detection, prevention and control of identity, financial, product and other forms of social and economic fraud. This involves establishing standards related to:

- a) security assurance of operational facilities and organizations, and their related compliance standards
- b) supply chains for security technologies, products of value and service components
- c) interoperability and the performance of security technologies
- d) procedures and/or processes related to the protection of personally identifiable information and identity
- e) procedures and/or processes for identity credentialing, including the securing of identity documents
- f) the securing, controlling, maintaining and track and trace of intellectual property through the use of security technologies and systems
- g) information security as a component of operational security assurance
- h) the transmittal of information within and between secure environments
- i) the transmittal of information from public to secure environments
- j) the transmittal of information in support of authentication or verification technologies
- k) the development of technologies, methodologies and systems related to countering fraud
- l) financial documents and systems that enable secure transactions
- m) risk identity, analysis, and techniques
- n) credentialing of individuals in critical or sensitive positions, law enforcement, first responders, government officials, etc.
- o) authentication devices or systems used as countermeasures, prevention or control of fraud in the areas of identity, financial, and brand protection

The standards developed by this TC may include those in support of both public and private policy. The standards developed should be sensitive to national, regional and cultural issues that affect both the development and implementation of those standards. This TC must also recognize the security sensitivity surrounding the development work of this committee and be prepared to work within secure environments using recognized security protocols and practices.

Purpose and justification (the justification shall endeavour to assess the economic and social advantages which would result from the adoption of International Standards in the proposed new field)

The overall purpose is to recognize that solutions to fraud related problems require the combined expertise of lawmakers, law enforcement, criminologists and security technologists to initiate, evaluate and support the standards being developed in this expanding area of interest. The intent of the development of these standards would be to provide a framework of support for public and private initiatives in diminishing the effects of fraud both socially and economically.

The prime justification for the creation of this TC is the lack of a committee that is focused on standards dedicated to countering and controlling fraud.

Social and Economic Justification

The economic impact of fraud on the world's economies is staggering. Some countries project figures as high as 10% of their GNP is lost to economic fraud through identity theft, counterfeiting, theft and diversion of products, the theft of intellectual property and financial fraud. Pricewaterhouse Coopers reported in their 2007 global economic crime survey; "Economic Crime; People Culture and Controls" that the average financial (fraud) loss to companies rose 40% from 2005 to 2007. The same survey pointed out that companies from the emerging E7 countries experienced a (annual) loss rate of double that of the developed nations with an average loss of \$5.1 million dollars (US) for the companies surveyed.

Identity Theft

In the United Kingdom, the Home Office estimated the cost of identity theft ... as approximately \$3.2 billion dollars over the last three years.

The Australian Centre for Policing Research estimates the costs of identity theft to individuals to be at \$3 billion each year.

Javelin Strategies: Identity Theft in the United States totalled \$45 billion dollars in 2007.

Testimony of Dennis M. Lormel, Chief, Terrorist Financial Review Group, FBI:

Terrorists and terrorists groups require funding to perpetrate their terrorists agendas. There is virtually no financing method that has not at some level been exploited by these groups. Identity theft is a key catalyst fueling many of these methods.

False Identities through Document Fraud

United States Immigrations Customs and Enforcement (ICE) states: Immigration fraud poses a severe threat to national security and public safety because it creates a vulnerability that may enable terrorists, criminals and illegal aliens to gain entry to and remain in the United States.

Document fraud is the manufacturing, counterfeiting, alteration, sale, and/or use of identity documents and other fraudulent documents to circumvent immigration laws or for other criminal activity.

Pharmaceutical Counterfeiting

According to the World Health Organization the counterfeiting of drugs is a \$32 billion dollar (US) a year business.

It enables the growth of resistance to existing anti-infectives, treatment failure, and the spread of drug resistant pandemics.

Counterfeiting and Piracy

The International Anticounterfeiting Coalition reports:

Since 1982, the global trade in illegitimate goods has increased from \$5.5 billion to approximately \$600 billion annually.

Approximately 5%-7% of the world trade is in counterfeit goods.

The US Chamber of Commerce has reported that counterfeiting and piracy costs U.S. companies between \$200-\$250 billion a year and roughly 750,000 jobs to date. Nearly all industries are being affected, from apparel and footwear, high-tech industrial goods, medicines, autos and auto parts, food and beverages, and cosmetics to copyrighted works, including entertainment and business software, movies, music, and books.

Purpose and justification (continued)

Credit Card Fraud

Credit card fraud in online transactions could cost businesses as much as \$60 billion in 2005, according to research firm Financial Insights.

Celent Communications estimated credit card fraud in the United States in 2007 at \$3.2 billion dollars.

Conclusion The above represents a sampling of some of the issues that are related to fraudulent activity; it is far from a complete list of all the types of fraud committed. This does provide a sample of the focus and subject of anti-fraud standards that would be developed under this committee. This is an area of critical interest where standards development has lagged, and is so urgently needed. The lack of this TC is a significant void in the standards development world.

Programme of work (list of principal questions which the proposer wishes to be included within the limits given in the proposed scope, indicating what aspects of the subject should be dealt with, e.g. terminology, test methods, dimensions and tolerances, performance requirements, technical specifications, etc.) It is also possible to attach a detailed programme of work showing proposed work item titles.

The committee shall develop standards related to fraud countermeasures and controls including: security practices and procedures, risk mitigation techniques and evaluation, methodologies for the evaluation of security technologies and systems, performance requirements of technologies, technical specifications, terms and definitions, information protocols for secure transmission and storage, security management systems, and anti fraud systems including technology development and implementation.

Potential Projects for Early Consideration:

Proposal from AFNOR "Performance requirements for purpose-built anti-counterfeiting tools."

Conversion of the SEMI/SIA Standard to an ISO Standard
ANSI/NASPO Security Assurance Standard v 2008

NASPO/DSA "The formulation of a national testing standard for effectiveness evaluation of security technologies."

ANSI IDSP Workshop 1 Identity verification methods to strengthen the foundation of emerging identity management systems.

Survey of similar work undertaken in other bodies (relevant documents to be considered: national standards or other normative documents)

ANSI/NASPO Security Assurance Standard v3.0 2005

ANSI/NASPO Security Assurance Standard 2008

AFNOR NWIP "Performance requirements for purpose-built anti-counterfeiting tools"
CEN/ISS Workshop on Anti-counterfeiting: Protocols for Detection of Counterfeits
SCC (Canada) proposal to form an ISO Technical Management Board Task Force on Privacy

ANSI IDSP2 Workshop 1 "Identity Verification Standards"

SEMI/SIA Anti-counterfeiting and Traceability Standards

ANSI/NASPO/DSA The formulation of a national testing standard for effectiveness evaluation of security technologies

SEMI/SIA Anti-counterfeiting Task Force

CEN/Intergraf CWA 14641:2006; CWA 15374:2005

Liaison organizations (list of organizations or external or internal bodies with which cooperation and liaison should be established)

ANSI Identity Theft Prevention and Identity Theft Management Panel (IDSP); ASIS International; Intergraf; International Authentication Association (IAA); Semiconductor Industry Association (SIA); Semiconductor Equipment and Materials International (SEMI); International Anti-Counterfeiting Coalition (IACC); US Chamber of Commerce-Coalition Against Counterfeiting and Piracy / Global Intellectual Property Center

Among the ISO Technical Committees that should have interest in liaison are:

JTC1, TC8, TC34, TC68, TC104, TC122 and TC223

External liaison: WCO, UNICRI, INTERPOL, WIPO and ECE/WP30

Other comments (if any)

We believe that this ISO Technical Committee would have broad interest from not only from the standards community but also from governmental agencies, law enforcement, business, health organizations and anti-fraud focused organizations. The issues surrounding fraud activity are globally significant affecting every area of economic and human security. By the creation of this ISO TC it would bring together a broad base of interest and knowledge to address this critical area.

Signature of the proposer

Steven P. Cornish

ANSI Director, International Policy

Comments of the Secretary-General (to be completed by the Central Secretariat)

Signature **Michael A. Smith**
Secretary of the TMB