

# DFS Security Assurance Framework

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**Download the report:**

<https://www.itu.int/fr/myitu/Publications/2021/09/09/08/34/FIGI-Digital-Financial-Services-Security-Assurance-Framework>

# DFS Security Assurance Framework

## DFS ecosystem vulnerable to variety of threats:

- Interconnectedness of system entities
- Extended security boundaries due to reliance on numerous parties
- Mobile ecosystem itself is increasingly complex – devices, OSes

**Difficult for stakeholders in DFS ecosystem to manage the interdependencies of the security threats within the DFS value chain and also keep up with the new vulnerabilities and risks.**

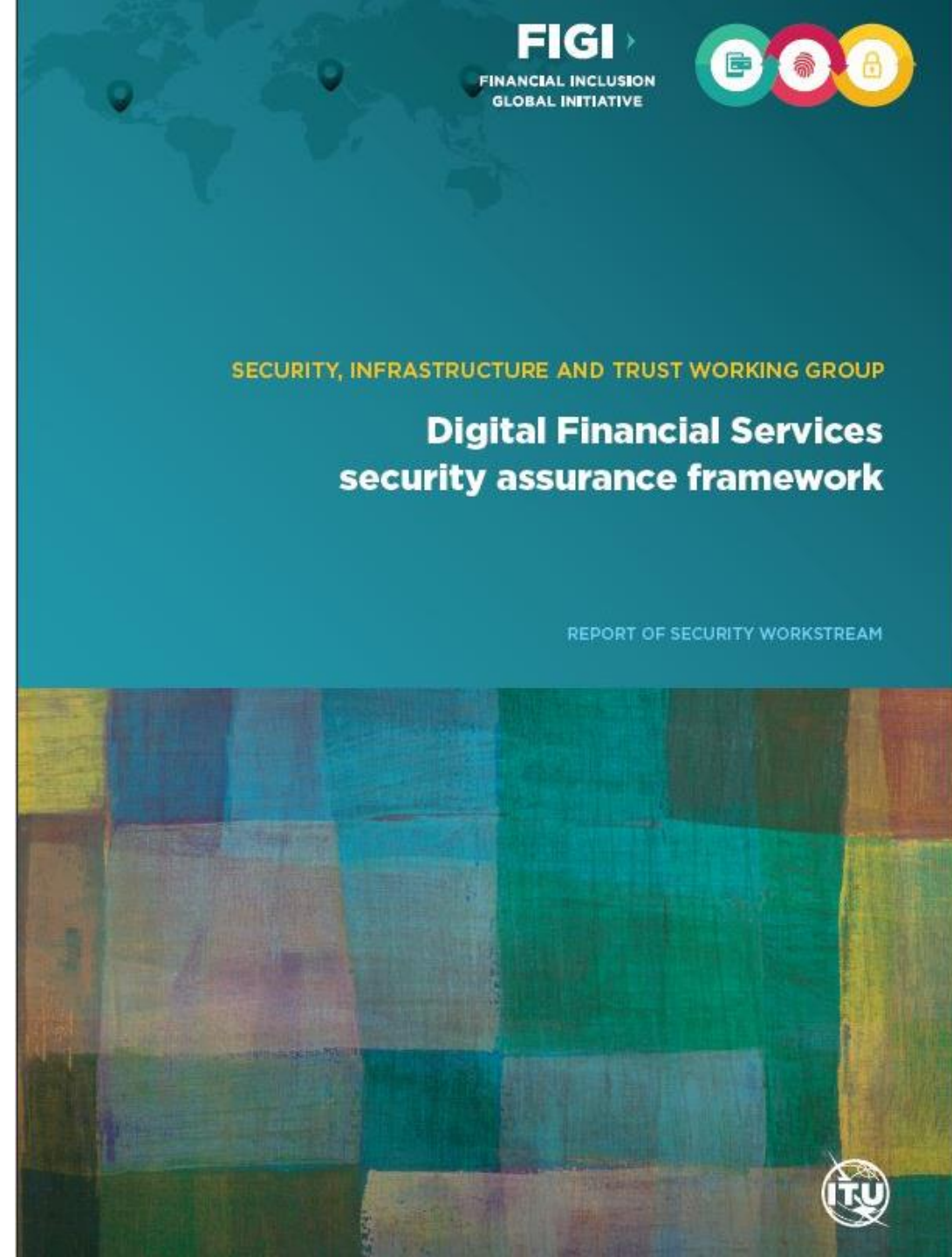


## Digital Financial Services security assurance framework

# Objectives

- Identify the threats and vulnerabilities for different DFS stakeholder types.
- Adopt a risk management process
- Implement Information Security Management System (ISMS) based on ISO 27001
- Establish minimum security baselines for app security development → address systemic vulnerabilities
- Conduct periodic security audit of DFS providers and/or security audit of DFS applications

**Aimed at DFS regulators and providers**



## Goals

- Provides a structured methodology for security risk management
- Clarify roles and responsibilities for each stakeholder in the ecosystem

### How can the DFS security Assurance and Audit Guidelines be used?

- Identify security threats and vulnerabilities within the ecosystem
- Define security controls to provide end-to-end security and mitigate the risks
- Strengthen management practices with respect to security risk management.
- The **audit guideline** is for DFS regulators to assess whether DFS controls in place
- Audit the **application data transfer and storage**: the data exchange between end user and the system along with third party interaction needs to be safe and secure.



# Principles & Components

## Draws on principles from several standards:

- ISO/IEC 27000 security management systems standards, PCI/DSS v3.2, NIST 800-53, OWASP top-10 vulnerabilities, GSMA application security best practices

## Contains the following components:

- Security risk assessment based on ISO/IEC 27005
- Assessment of threats and vulnerabilities to underlying infrastructure, DFS applications, services, network operators, third-party providers
- Discussed by threat then stakeholder
- Identification of vulnerabilities enabling the threats
- Security control measures and the x.805 security dimension they represent (117 controls identified)

**Living document and will evolve over time**



## Digital Financial Services security assurance framework



## Introductory Concepts

### ITU-T Rec. X.805

ITU-T Recommendation X.805 provides a foundation for the document, with eight *security dimensions* to address security:

Access control,  
authentication, non-  
repudiation, data  
confidentiality,  
communication  
security, data integrity,  
availability, privacy

### Vulnerability

A weakness in a system that can be exploited by an adversary/hacker

### Threat

the specific means by which a vulnerability is exploited

### Risk

the consequences of a threat being successfully deployed

# DFS Business Models



## Bank led



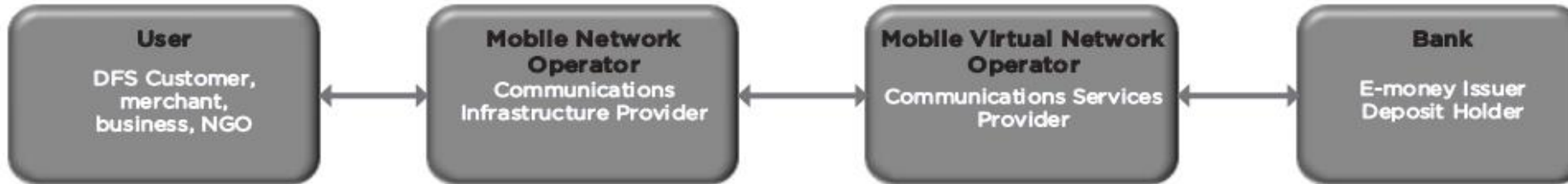
bank performs key financial roles and leverages a mobile network operator for communication with users

## MNO Led

MNO not only provides communication but also the bulk of financial roles, manages DFS agent network



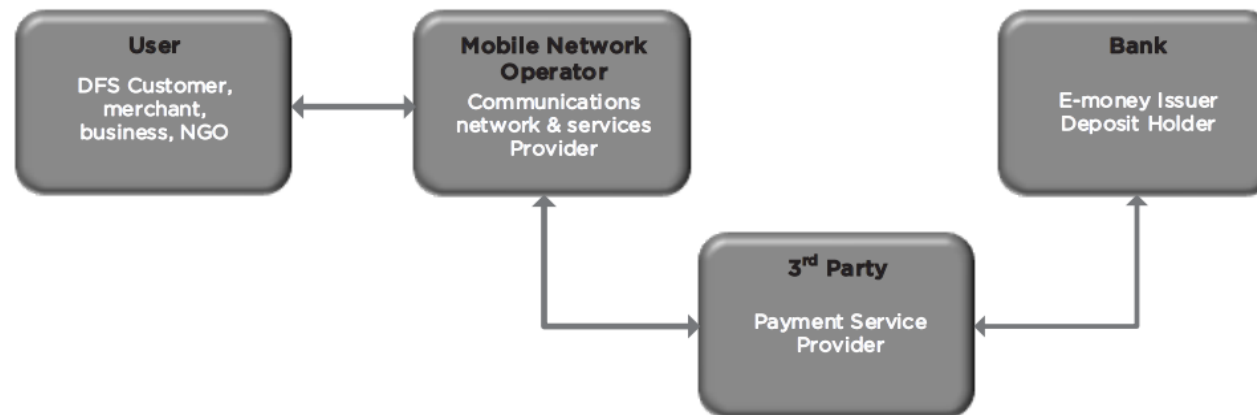
## MVNO led



MVNO provides telecommunication services using MNO infrastructure, DFS provided with a bank or independently

## Hybrid

Critical roles are shared between bank and MNO, third parties provide additional services (e.g., PSP, agent network)

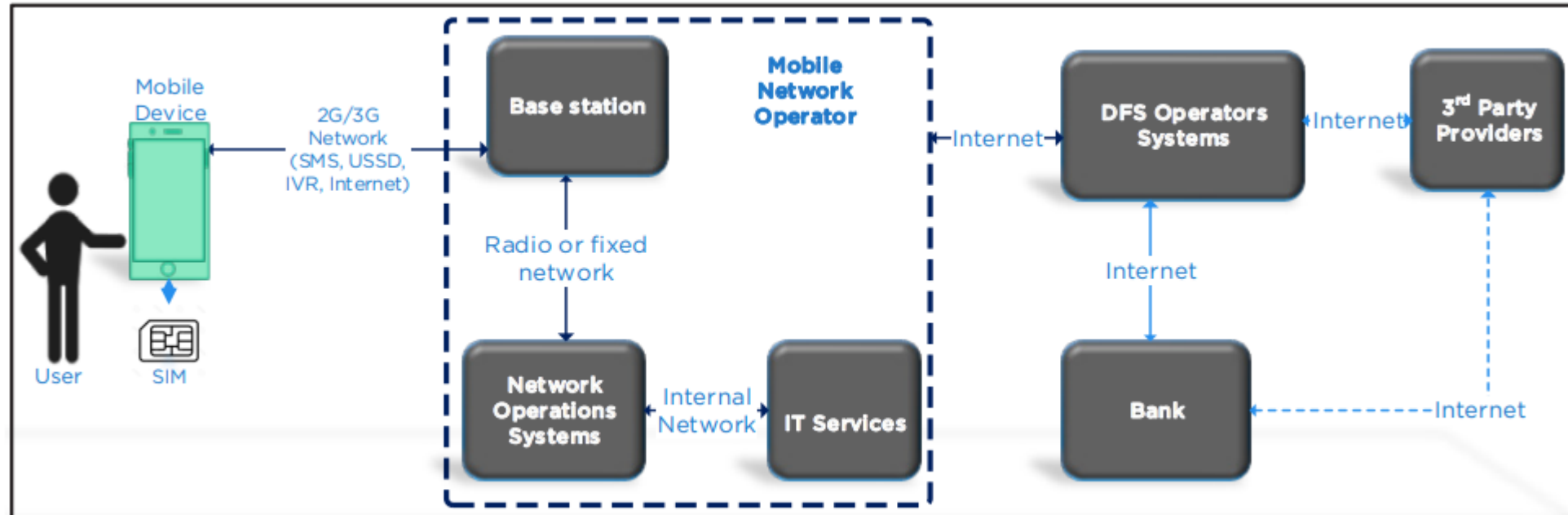




*Which of these is the most common  
business model in your country?*

# DFS ecosystem elements

# Elements of a DFS Ecosystem



## User

*is target audience for DFS, uses mobile money application on a mobile device to access the DFS ecosystem*

## MNO

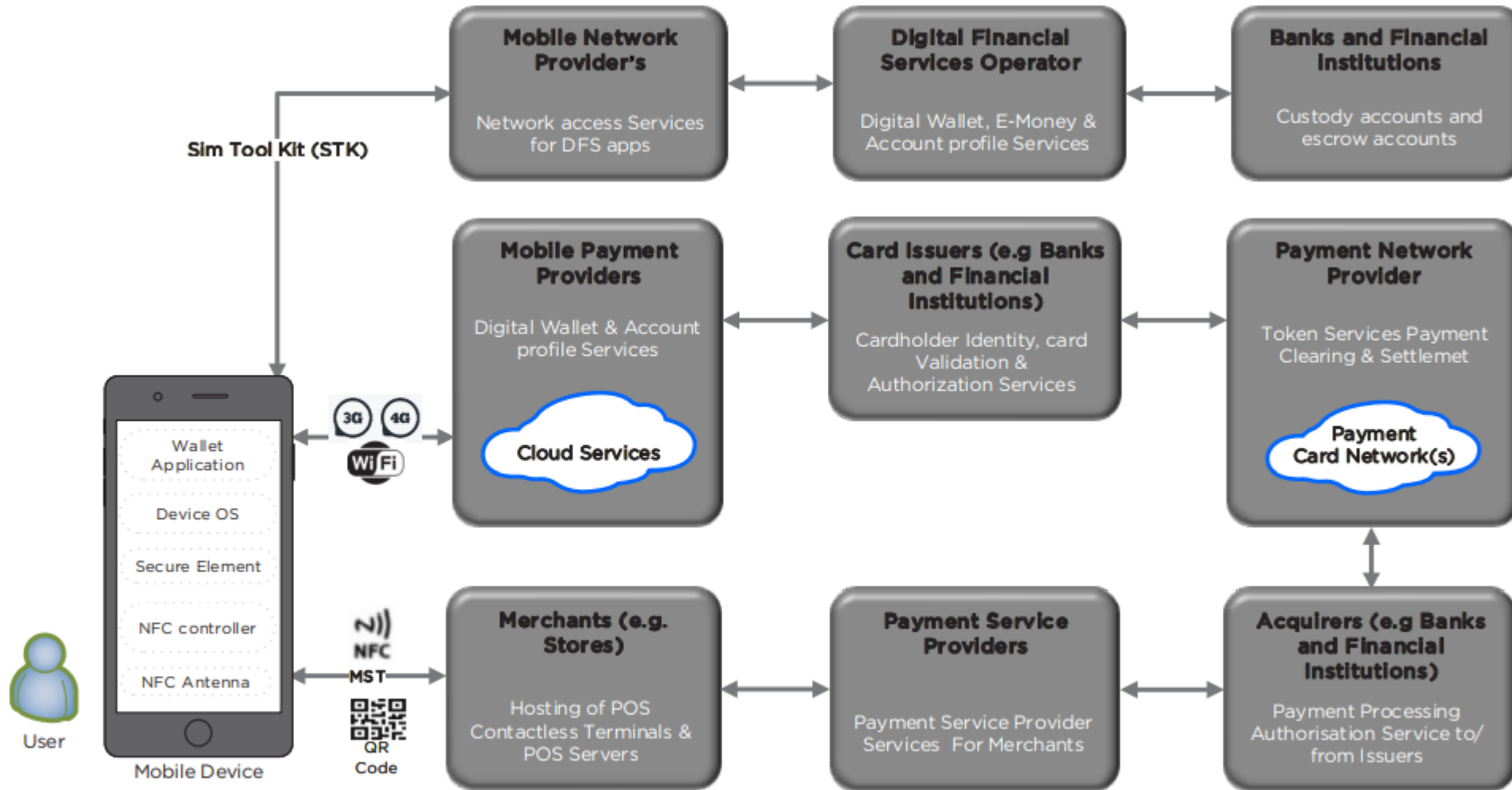
*provides communication infrastructure from wireless link through the provider network*

## DFS Provider

*application component, interfaces with payment systems and third-party providers.*



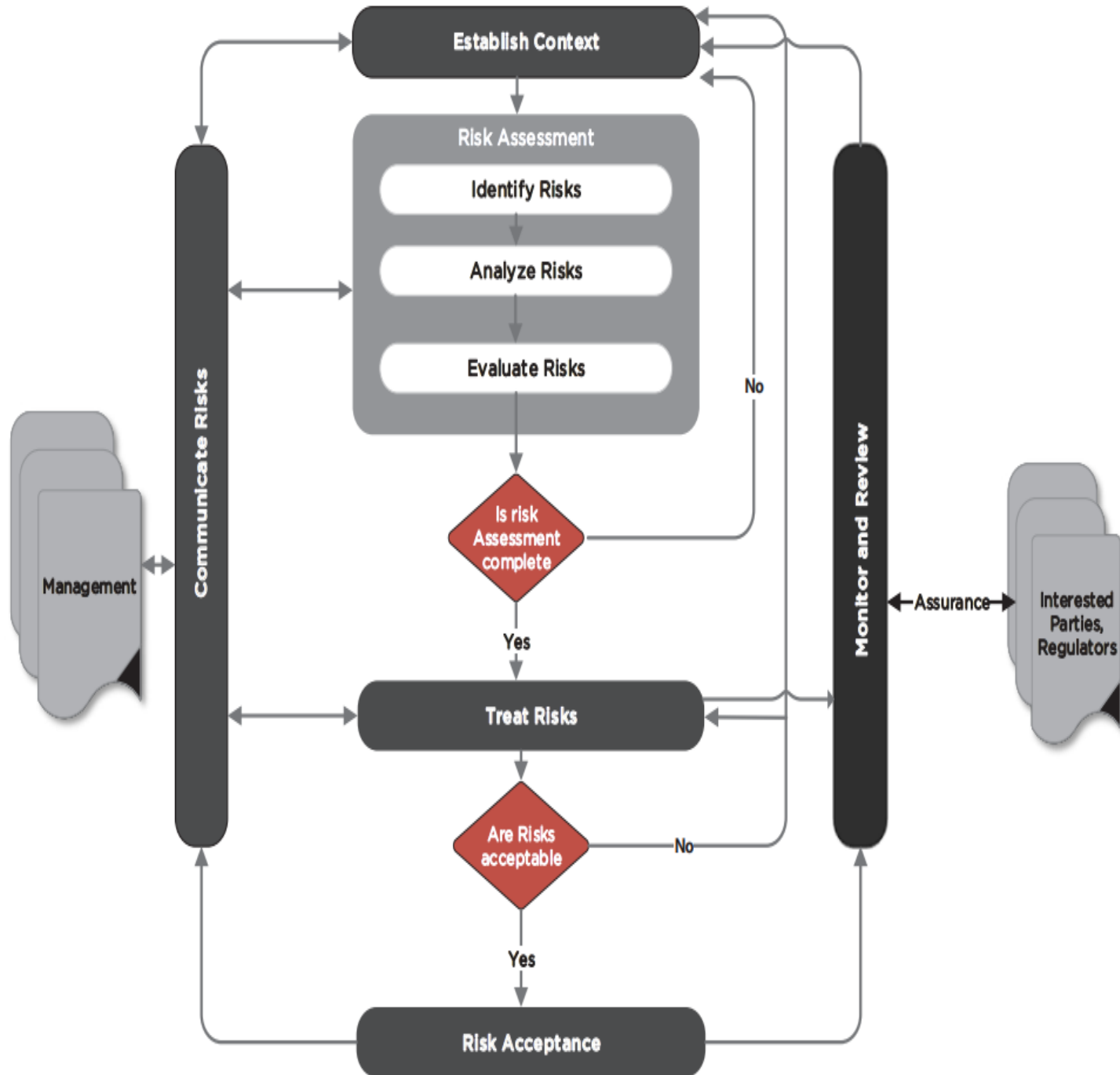
# Digital wallet DFS Ecosystem



# Security risk management process






# Risk Assessment methodology

- Based on Deming cycle of Plan, Do, Check, Act (PDCA) phases of the ISO 27001 – information security management
- Monitoring and review depend on the stakeholder (E.g., regulator reviewing controls, internal audits or new service)
- Context with inputs from Senior Management necessary for effective risk assessment/evaluation/analysis
- **Information Security Management System** based on ISO 27001 describing the risk treatment plans and security controls implemented for each threat and vulnerability is the main output of this phase



# Threats, Vulnerabilities and Security Controls

# DFS ecosystem threats

User	Mobile Device and SIM card	Mobile Network Operator	DFS Provider	3 <sup>rd</sup> Party
				
<ul style="list-style-type: none"><li>❑ Social engineering (8.8)</li><li>❑ Unauthorized access to mobile device (8.16)</li><li>❑ Unintended Disclosure of personal information (8.17)</li></ul>	<ul style="list-style-type: none"><li>❑ Code exploitation attack (8.4)</li><li>❑ Malware (8.13)</li><li>❑ Unauthorized access to mobile device/SIM (8.16)</li><li>❑ Rogue devices (8.15)</li><li>❑ Unauthorized access to DFS Data (8.12)</li><li>❑ Denial of Service attack (8.6)</li></ul>	<ul style="list-style-type: none"><li>❑ Unauthorized access to DFS data (8.12)</li><li>❑ Compromise of DFS infrastructure (8.9)</li><li>❑ Insider attacks (8.7)</li><li>❑ Denial of service (8.6)</li><li>❑ Man-in-the Middle attacks (8.8)</li><li>❑ Unauthorized disclosure of personal information (8.17)</li><li>❑ Malware (8.13)</li><li>❑ Account and session hijack (8.1)</li><li>❑ Code exploitation attack (8.4)</li><li>❑ Data misuse (8.5)</li></ul>	<ul style="list-style-type: none"><li>❑ Attacks against credentials (8.2)</li><li>❑ Attacks against systems and platforms (8.3)</li><li>❑ Code exploitation attack (8.4)</li><li>❑ Compromise of DFS infrastructure (8.9)</li><li>❑ Compromise of DFS Services (8.11)</li><li>❑ Data misuse (8.5)</li><li>❑ Insider attacks (8.7)</li><li>❑ Denial-of-service attacks (8.6)</li><li>❑ Zero day attacks (8.14)</li><li>❑ Unintended disclosure of personal information (8.17)</li></ul>	<ul style="list-style-type: none"><li>❑ Code exploitation attack (8.4)</li><li>❑ Denial Of Service (8.6)</li><li>❑ Insider attacks (8.7)</li><li>❑ Malware (8.13)</li><li>❑ Unauthorized access to DFS data (8.12)</li></ul>





## Threats to DFS based on digital wallets

### **Mobile payment application/device**

*like previous slide*

### **Merchant**

OS malware, QR code compromise, MITM attacks against POS terminals, relay attacks

### **Acquirers & Issuers**

Payment system compromise, network and system infrastructure compromise

### **Payment Service Provider**

payment gateway compromise, software vulnerabilities in POS terminals, network compromise, design/implementation flaws in POS systems and gateways

## Example 1: Threat 8.1 Account and session hijacking

Affected Entity	Risk and Vulnerability	Controls
DFS Provider	The risk of <b>data exposure and modification</b> occurs because of the following vulnerability: - Inadequate controls on user sessions (SD: access control)	<b>C1:</b> Set timeouts and auto logouts user sessions on DFS applications (logical sessions). Within the application, ensure support for password complexity (enforced by the server), set maximum unsuccessful login attempts, password history and reuse periods, account lock-out periods to a reasonably minimal value to minimize the potential for offline attack
	The risk of an <b>unauthorized account takeover</b> occurs because of the following vulnerability: - Inadequate controls on dormant accounts (SD: authentication)	<b>C2:</b> Require user identity validation for dormant DFS accounts users before re-activating accounts.
	The risk of an <b>attacker impersonating an authorized user</b> occurs because of the following vulnerabilities: - Failure to perform geographical location validation (SD: Communication security)	<b>C3:</b> Limit access to DFS services based on user locations (for example disable access to DFS USSD codes while roaming, STK and SMS for merchants and agents) where possible restrict access by region for DFS agents, where possible check that agent and number performing a deposit or withdrawals are within the same serving area.
	- Inadequate user verification of preferred user communication channels for DFS services (SD: Communication security)	<b>C4:</b> Restrict DFS services by communication channels (during registration customers should optionally choose service access channel, USSD only, STK only, app only, or a combination) attempted DFS access through channels other than opted should be blocked and red-flagged.
	The risk of <b>unauthorised access to user data and credentials</b> occurs due to the following vulnerabilities: - Replay session based on tokens intercepted (SD: communication security)	<b>C5:</b> The DFS system should not trust any client-side authentication or authorization tokens; validation of access tokens must be performed at the server-side.
	- Weak encryption algorithms for password storage (SD: data confidentiality)	<b>C6:</b> Store DFS passwords using strong salted cryptographic hashing algorithms.



## Example 2

# Threat: Denial of service attack (section 8.7)

### Risks at the MNO

- Inability to perform transaction due to a service outage
- Transaction failure due to high delays

### Vulnerability

- Network failure due to insufficient network capacity or to maintenance or design (security dimension: availability)

### Controls

- C22: The mobile network operator should take steps to ensure network high network availability to allow access to DFS services through USSD, SMS and Internet.
- C23: The MNO should perform technical capacity tests simulating different transactions based on customer numbers, expected growth, expected number of transactions and expected peak periods to ensure continued system performance



## Example 2

# Threat: Denial of service attack (section 8.7)

### **Risks at DFS provider**

- Inability to perform transaction due to a service outage
- Transaction failure due to high delays
- Unauthorized access to user data

### **Vulnerability**

- Network failure due to insufficient network capacity or to maintenance or design (*SD: availability*)
- Lack of monitoring of network traffic and individual network packets (*SD: availability, communication security*)
- Enabling unnecessary services (*SD: data confidentiality*)

### **Controls**

- **C24:** The DFS provider should protect against network attacks by use of firewalls and traffic filters and protect against DFS infrastructure threats by challenging suspicious traffic through network admission techniques and mechanisms such as CAPTCHAs.
- **C25:** Inbound internet traffic should be limited and continuously monitored.
- **C26:** Set restrictive firewall rules by default, use ports whitelisting, use packet filters, and continuously monitor access to whitelisted/permitted ports and IP's.

# Mobile Payment App Security Best Practices



## Mobile Payment App Security Best Practices (Section 9)

- Draws upon GSMA study on mobile money best practices, ENISA smartphone security development guidelines, State Bank of Pakistan mobile payment applications security framework
- Template can be used as input to an app security policy by DFS providers to provide minimum security baselines for app developers and DFS providers as well as setting criteria for verifying compliance of apps
- Template considerations:
  - i. device and application integrity.
  - ii. communication security and certificate handling.
  - iii. user authentication.
  - iv. secure data handling.
  - v. secure application development.

# Device and Application Integrity

- Applications should thus use the mobile platform services to determine that they and the underlying platform have not been modified
- Remove any extraneous code that might have been added to the application during development
- On the server-side, determine whether the app is running in a high integrity state

# Communication Security and Certificate Handling

- Apps should be making use of standardised cryptographic libraries
- TLS certificates should not be expired and should present strong cipher suites.
- Limit the lifetime of issued certificates to 825 days in accordance with the CA
- Assure the trustworthiness of the certificate authority and consider a contingency plan for if the CA is no longer trusted
- Ensure the configuration of TLS is performed in a secure fashion and avoid misconfiguration issues
- Certificate pinning is recommended to prevent replacement of certificates
- Client devices must ensure that they correctly validate server certificates

# User Authentication

- PINs and passwords should not be easily guessable and weak credentials should be disallowed (Mobile Apps Password Policy).
- Multi-factor authentication before performing financial or other sensitive functions is strongly encouraged.
- Smartphone authenticator apps should be used for sending one-time passwords rather than SMS
- Assure the trustworthiness of the certificate authority and consider a contingency plan for if the CA is no longer trusted
- Biometric information is used for authentication, it must be stored with appropriate security measures

# Mobile Apps Password Policy (Example)

## ***Client-side Policy***

- *The user's mobile application password shall never be stored persistently on the device.*
- *The user's mobile application password shall have a minimum length of 8 characters.*
- *Mobile application password should kept in working storage (main memory and overwrite when app goes to background).*
- *Users have to provide the mobile application password again every time the app comes back to foreground.*
- *By default, any already persistently stored data to which the application-level encryption was applied shall be deleted after 20 unsuccessful attempts to provide the correct mobile application password.*

## ***Service side Policy***

- *The user's mobile application password has to have minimum length, upper-case and lower-case characters, numbers and special characters as defined by the configured policy.*
- *The number of unsuccessful attempts to provide the correct password before data will be deleted shall be enforced as configured by the customer.*



# Secure Data Handling

- Mobile devices should securely store confidential information
- Trusted hardware should be used for the storage of sensitive information - If available on client device.
- Avoid storing information in external storage
- Delete confidential data from caches and memory after it is used
- Restrict data shared with other applications through fine-grained permissions
- Do not hard-code sensitive information such as passwords or keys
- Validate any input coming from the client that is to be stored in databases

# Secure Application Development

- Develop according industry-accepted secure coding practices and standards
- Assure a means of securely updating applications.
- Have code independently assessed and tested by internal or external code review teams.

## Summary

- Identify the threats and vulnerabilities for different DFS stakeholder types.
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# Questions

