

# No More Remembering Your Password ...

A new and affordable system designed to improve security for Internet banking and other on-line services has been launched by Auckland start-up company Mega AS Consulting Ltd.

The company's Cellular Authentication Token (CAT) is a two-factor authentication system which uses a mobile phone to generate a one-time password every 60 seconds, eliminating one of the top security risks for organisations providing on-line services.

"Poor password practises have become the prime Internet security problem," says Mega AS Chief Executive, Arnei Speiser. "The reality is that users don't change their password, choose obvious words and dates and use the same password on a myriad of sites.

"Once hackers have discovered one password it is easy for them to access different accounts and steal information as well as funds. The losses publicly reported through this vulnerability are only the tip of the iceberg – it is costing financial institutions big money to protect their clients and themselves."

New security measures are being considered by banks throughout New Zealand in the wake of international scams such as the recent one in which criminals operating from Estonia and Latvia, used fake identities and tricked customers into emailing their personal banking details. Up to \$100,000 was stolen from online customers.

This follows an incident late last year in which hundreds of Westpac New Zealand customers were duped into

revealing their Internet banking passwords by fraud perpetrators.

The solution developed by Mega AS, with investment from Government R&D funding agency Technology New Zealand, uses a Java programme which can be downloaded free to cellphones. Once activated, the programme will deliver a unique password each time the user logs on. An authentication server is installed by the bank or organisation using the system and it produces a matching password for each user, for each logon session.

Mr Speiser says there is considerable international interest in the product and a trial of the system is due to begin soon.

Mr Speiser says the CAT has many advantages over the 'One Time Password' solution currently available, which is used mainly by banks for their VIP customers and requires a dedicated hardware device.

"That hardware device costs up to US\$100 which makes it prohibitively expensive to put on general offer. The battery in them can't be replaced, people lose them and they break. Now that Internet banking and other financial services are widely used, more people are at risk and a simple, low cost system is needed."

With 80% of mobile phones expected to be Java enabled by 2005, Mr Speiser says the company's secure technology is poised for mass market uptake.

Mr Speiser was born in France and worked for IBM for 13 years. He moved to New Zealand in 2002, looking for a



quieter and more comfortable place to live.

"Everyone we asked suggested we move to New Zealand. It's a fantastic place to live and work."

For software development, Mr Speiser says New Zealand holds particular appeal.

"New Zealanders take up new technology quickly and there is strong consumer support for new high tech innovations. This, together with the fact that New Zealand's demographics replicate those of larger markets, make it an ideal test-bed for new software products," he says.

New Zealand's spending on ICT, including telecommunications, hardware and software, as a proportion of GDP is almost 15%, the highest in the OECD by a wide margin.

Technology New Zealand Investment Manager Hamish Campbell says the CAT system addresses an area of growing concern among the public and financial community.

"This is a smart, flexible company that has grown from very modest beginnings to having a product which is about to be launched internationally. The potential for further growth is significant"

The \$20,000 Technology Assessment Project grant from Technology New Zealand was to investigate the feasibility of enabling secure transactions to be carried out by sms (short messaging service) phones although the solution eventually developed is a spin-off into the Internet security area, using a Java programme and no sms.

"Being prepared to change and explore new directions is an essential component of successful research and development," says Mr Campbell. "It's not uncommon for R&D to deliver unexpected outcomes because of what the researchers discover along the way."

## Further Information

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