Online Gaming: Legalization with Protection for Minors, Adult Players, Problem Gamers

Frequently Asked Questions and Answers

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Summary

In the U.S. and worldwide, there is a high level of industry and government interest in legalizing and effectively regulating, online gaming. In non-legal jurisdictions, online players are risking much more than they realize, including:

- Malicious phishing and other cyber attacks

- Shady websites, financial networks

- Lack of legal recourse in foreign countries

- Easy access for minors

- Little control over problem gamers

The CardLogix solution, Multi-factor Authentication for Online Age Verification, goes beyond current methods that tangentially gather data in an effort to verify identity and age. By utilizing the secure and powerful technologies of smart cards and biometrics, the CardLogix solution ensures foolproof security, legal compliance, and player protections.

Questions and Answers

1. Q: How likely is it that the U.S. will legalize online gaming?

A: While there is unprecedented support in the Gaming Industry, the U.S. Congress, and many states for recently introduced bills, there remain many concerns and questions. The latest legislation is attempting to reconcile the 2006 Unlawful Internet Gambling Enforcement Act (UIGEA) with new initiatives that would ensure tight legal and financial regulation. There is still much discussion that's taking place about states versus federal legalization, financial transaction structures, and especially, how to limit online access to minors. Online poker seems to be the front runner for legalization within the U.S. The Department of Justice recently reversed its opposition.

2. Q: The CardLogix Multi-factor Authentication (MFA) solution utilizes a smart card with biometric capture. Magnetic-stripe cards are currently used in casino properties, and as credit cards. Why not just stick with this card technology?

A: Smart cards were developed years ago because they are exponentially more secure than a magnetic stripe card. The smart card chip stores and processes data, then encrypts it so that it is safe from unauthorized access. When combined with a biometric, such as a face or fingerprint, the card acts as a 'lock box' for personal identity.

A magnetic stripe card stores a minimum amount of basic data, and can only be used as a pointer to a database record. This type of card fails to link the card holder and online account access to an irrefutable identity. The card can be easily read and fraudulently used by hackers, as all the data it processes passes in the clear to a server. As a result, a popular method of hacking is called The Man-In-The-Middle attack. Furthermore, magnetic stripe cards must be used with a PIN or Password, which are subject to unauthorized use, and frequently get stolen, forgotten, lost, or replaced.

Other drawbacks of magnetic stripe cards include a relatively high infant mortality (failure rate) at issuance and during use, including the prevalent problem of de-magnetization.

The advanced technologies of smart cards and biometrics have become commonplace throughout the world. Systems can be set-up economically tand deployed quickly as a foolproof means of verifying identity, and legal gaming age.

3. Q: The idea of a solution capturing a biometric may pose a privacy problem for my customers. Do you have to record and store one for the solution to work?

A: Yes, but to protect cardholder privacy and reduce issuer risk, the biometric is stored only in the card, and not exposed elsewhere. Today's online gamer is already familiar with digital identity. The target demographic is using the internet, for example, Facebook, which tags identities in photos. Many PCs come equipped with both a fingerprint scanner and webcam for secure log on. Every person with a Driver License submitted a fingerprint to get one. And, unlike any other form of identity storage, a biometric is "locked-down" inside a smart card, where it is only accessed for the single purpose of authenticating the user to the card.

4. Q: But, aren't smart cards more expensive than magnetic stripe cards?

A: Not in terms of total system cost and value. Overall, the MFA solution is competitive, since its main components (smart cards, biometric capture equipment, and related software) have been widely used throughout the world for many years. The MFA solution is relatively inexpensive, considering the total cost of password issuance, card replacement and customer support, and the risk associated with storing a customer's complete financial profile. There are also penalties for allowing underage gaming.

5. Q: What about parents that logon to their online gaming account and leave it, allowing children to play?

A: This can't happen, because the MFA Solution periodically prompts the user for a re-scan of identity to maintain authorized access.

6. Q: The MFA solution requires a card and reader. How do you get these?

A: Enrollment and system set-up are easy. The player enrolls either at a casino property, at check-in at the Players Club desk, or a designated third party location. The process is exactly the same as you go through now; present your ID and your biometric to be stored on the card, which is as easy as recording a voice, photo, or fingerprint. The card is instantly issued to you, with a compact reader for use with your PC. Once the reader is connected, you log into the gaming website and start the quick process of authenticating your identity by matching your card biometric to a live one, captured either through a fingerprint scanner or facial webcam, also given to you at card issuance.

7. Q: Can the biometric matching be fooled into granting access without the authorized player being there?

A: No. CardLogix facial biometric matching software, used to compare the live biometric to the stored one, features liveness scans that capture head and eye movement that would not happen with a static image of a face, like a photograph. For fingerprints, other methods of liveness include a variety of approaches, such as scanners that read capillaries under the skin.

8. Q: There have been other methods used for online identity verification for years. Don't they provide an acceptable level of age verification now?

A: No. As legalized jurisdictions and regulations continue to be created, identity verification has remained a pivotal concern for legislators and the online gaming industry. Current verification methods are not foolproof, and cannot provide a reliable multi-factor method of tying a player to a card and in turn to account access. Detractors of legalized online gaming argue that unlike the world of physical casino gaming, there are too few security and social constraints to manage who is playing, what their age is, and if their play becomes problematic. The CardLogix MFA solution employs an identity authentication method and technology that are already working in other applications, such as the U.S. Federal PIV program for employees and contractors.

9. Q: One approach, called the Query Method, simply asks a series of questions of the online player, intersecting personal and public data that approximates age. Isn't this easier for the player and reliable?

A: Yes, and No. The Query Method was developed for a more simplified digital world. Since then, the diversity and complexity of digital identity has exposed people online in ways that could not have been anticipated. As online and other technologies have grown more sophisticated, so have the people that use, and sometimes, abuse them. The Query Method is susceptible when a user's PC is breeched by a Trojan horse or virus, and/or the user is the victim of identity theft. The identity thief most likely has all of the answers to the queries that this method requires. Foolproof, irrefutable digital identity is now essential. As MFA technologies have become more commonplace, their cost, ease-of-use, and value have reached a viable threshold for everyday use.

10. Q: Specifically, how does the MFA solution address problematic gaming?

A: Smart cards are already in use around the world to curb problematic gaming, by setting a limit of stored value that cannot be changed by the player. This same feature can help online players as well.