



Treasury Security

REAL ISSUES AND PRACTICAL RESPONSES

May 2017



Coming Up...



CASH FORECASTING
& Visibility Survey

Available in

- » Reporting & Forecasting Corporations & Banks ①
- » Visibility & Controls In English & Spanish ②
- » Balance & Transaction Data Chance to Win Bose® Wireless Around-Ear Headphones ③

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Bottomline Technologies.

2017 Cash Forecasting & Visibility Survey

STRATEGIC TREASURER

WEBINAR

SURVEY RESULTS
B2B Payments & WCM Strategies

JUN 6
11:00 AM (EST)

Bank of America Merrill Lynch

CIP Certified Treasury Professional®
1.2 Credits

Craig Jeffery
Managing Partner, Strategic Treasurer

Jennifer Sanctis
Treasury Product Manager, Bank of America Merrill Lynch

Doug Cranston
VP Product Mgmt, Playmode X, Bottomline Technologies

2017 B2B Payments & WCM Strategies Webinar

TREASURY
TECH USE
Survey

Rapid Research

STRATEGIC TREASURER
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Smart | Scalable | On-Demand

Just released: 2017 Treasury Tech Use Survey

STRATEGIC TREASURER

WEBINAR

TREASURY BENCHMARKING:
What It Means, Who Needs It, Why Should I Care?

JUN 8
2:00 PM (EST)

CIP Certified Treasury Professional®
FP&A Certified Corporate Financial Planning & Analysis Professional®
1.2 Credits

Craig Jeffery
Managing Partner, Strategic Treasurer

Benjamin Haws
Senior Business Analyst, Axletree Solutions

Treasury Benchmarking: What It Means, Who Needs It, Why Should I Care? Webinar

About the Presenters



Today's Co-Presenter:
Craig Jeffery, CCM, FLMI
Founder & Managing Partner
Strategic Treasurer

Strategic Treasurer

is a consulting firm advising on treasury, financial risk and risk technology issues. Their seasoned treasury consultants efficiently work alongside financial executives in treasury, finance, and other related areas within corporate, government, education, and not-for-profit entities.



Today's Co-Presenter:
Art Lorenz, CPA, CTP
Former Treasurer & Senior Director
Hunter Douglas

Hunter Douglas

is the world's leading manufacturer of window coverings as well as a major manufacturer of architectural products. We operate as a highly decentralized, global federation of small and medium-sized companies that manufacture and market similar products.



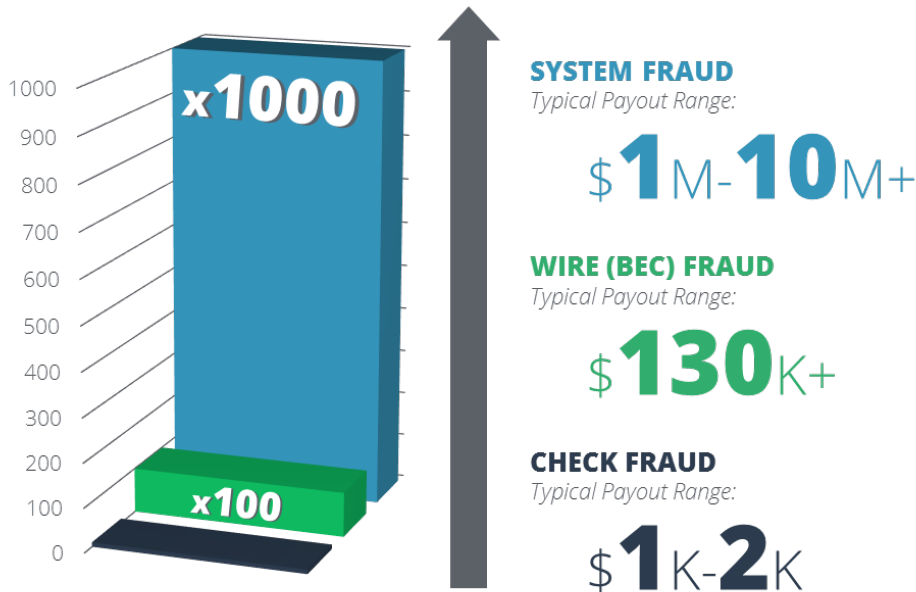


Topics of Discussion

- The Effect of Fraud on the Current Corporate Landscape**
- Insufficient Defense Postures Lead to High Criminal Success Rates**
- Thinking Like a Criminal**
- The Shifting Fraud Risk/Reward Calculus**
- Fraud Case Studies & What to Learn From Them**
- Practical Takeaways, Q&A**



The Current Fraud Environment: Types of Fraud & Associated Payouts



The above values are taken from calculations off of FBI, Banking Data and Strategic Treasurer estimates.

System-level fraud, or the complete takeover of an organization's internal systems, have the potential to pay out \$1,000,000-\$10,000,000 depending on the size of the organization being targeted.

At two orders of magnitude greater than check fraud, the average payout for Wire or Business Email Compromise (BEC) Fraud is close to \$130,000 dollars.

The average company losses due to check fraud (the most commonly attempted method of fraud) average between \$1,000-\$2,000 dollars.

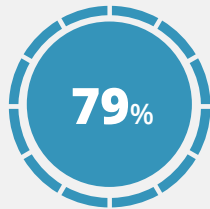
The Current Fraud Environment: Thinking Like a Criminal



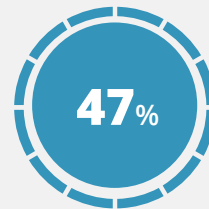
The Current Fraud Environment: High Frequency of Activity



Of firms have experienced either payment fraud, cyber fraud, BEC/imposter fraud, or ransomware attacks within the past two years.



Have experienced BEC/imposter fraud attempts within the past two years.



have experienced cyber fraud attacks within the past 12 months



have experienced payment fraud attempts within the past 12 months.

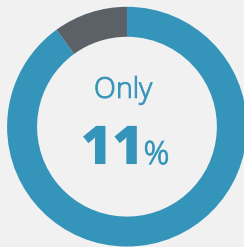


have experienced ransomware attacks within the past two years.

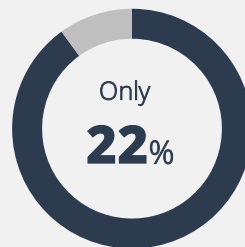


The Current Fraud Environment: Unsatisfactory Corporate Defenses

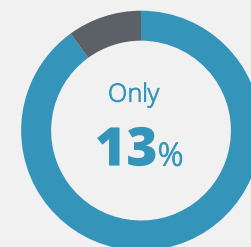
- Despite the threat that fraud continues to pose, many firms remain **highly vulnerable** to attack.
- While some areas of prevention & security are in high use, **others are drastically underutilized**.



Of firms reconcile all their bank accounts daily







Of firms have formally assigned fraud monitoring roles



Of firms have a formal, current & well-understood treasury fraud and controls framework

Risk Reward Calculus: Shifting in the Criminals' Favor

The risk/reward calculus for criminals has changed as the **potential payouts are larger than ever**, and the **success rates for criminals are shockingly high**.

-  1 in 3 firms targeted through system-oriented wire fraud suffered a loss.
-  1 in 7 firms targeted through BEC/imposter fraud suffered a loss.
-  Nearly 1 in 9 firms targeted through ransomware lost significant data.
-  1 in 10 firms targeted through check forgery suffered a loss.

Fraud Case Study 1: Imposter Fraud



- **Context**
- **What happened?**
- **Where did the exposure arise?**
- **What was the end result?**
- **Practical Takeaways**





Fraud Case Study 2: ACH/Wire/Phishing Fraud

- Context
- What happened?
- Where did the exposure arise?
- What was the end result?
- Practical Takeaways



Fraud Case Study 3: AP Fraud

- Context
- What happened?
- Where did the exposure arise?
- What was the end result?
- Practical Takeaways



Fraud Case Study 4: Card Fraud

- Context
- What happened?
- Where did the exposure arise?
- What was the end result?
- Practical Takeaways



Treasury Security: Practical Takeaways

- The corporate environment is **highly susceptible to fraud**.
- The risk/reward calculus of fraud has **shifted in the criminals' favor**.
- Most firms are **not doing enough** to stave off the threat of fraud.
- “Fraud Prevention” is **not a task that can be checked off a to-do list**.
- Maintaining a robust security framework requires **constant assessment, training & research**.



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