

TREASURY FRAUD & CONTROLS

2020 SURVEY RESULTS



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WHAT.

Treasury Fraud & Controls Survey Results Analysis, Discussion, & Takeaways



WHEN.

Wednesday, February 12, 2020
11:00 AM – 12:00 PM EST



WHERE.

Live Online Presentation
Replays at StrategicTreasurer.com



FP&A

Certified Corporate
Financial Planning &
Analysis Professional



This presentation is provided by Strategic Treasurer & Bottomline Technologies

ABOUT THE SPEAKERS

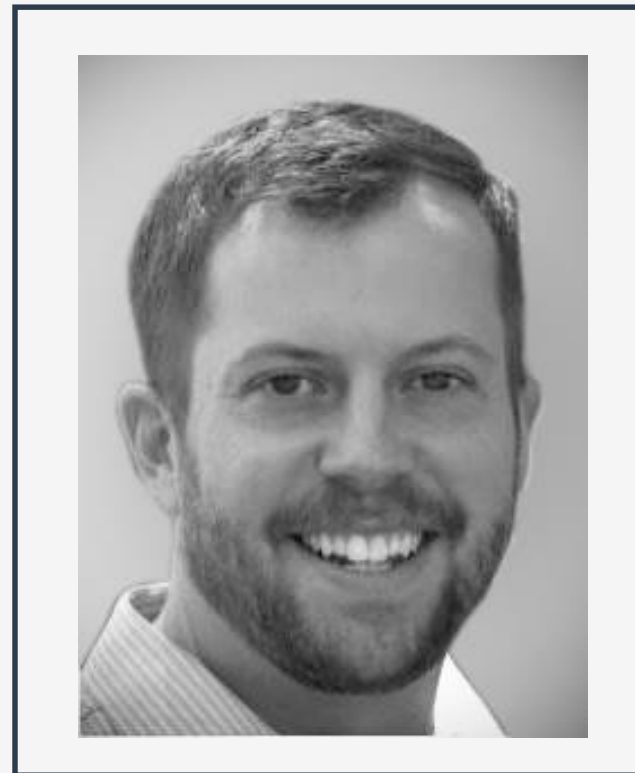
GET TO KNOW TODAY'S
SUBJECT MATTER EXPERTS



CRAIG JEFFERY, CCM, FLMI

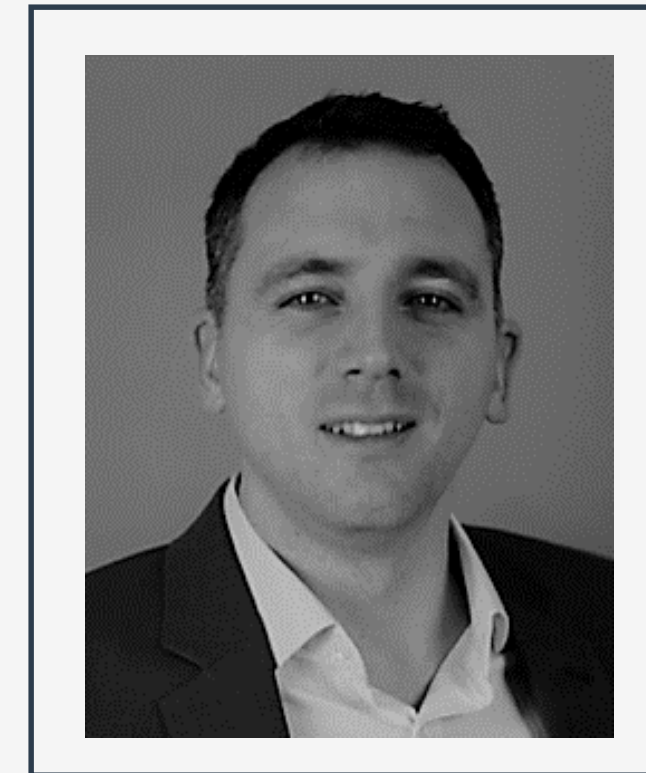
Craig Jeffery formed Strategic Treasurer LLC in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



CHRIS GERDA

Chris Gerda is responsible for the overall anti-fraud strategy and technology initiatives that protect Bottomline's Paymode-X payment network. With 14+ years of experience, Chris has investigated and managed a wide variety of financial crimes, strives to build and strengthen organizational cultures of compliance, and focuses on hardening and developing detection and prevention technology.



JULIEN LAURENT

Julien Laurent is responsible for Bottomline's Cyber Fraud and Risk Management Market Development. Prior to joining Bottomline, Julien worked for SWIFT as Head of Compliance Solutions covering the CEE region. Julien brings over 15 years in the Compliance and Security sector, supporting financial institutions globally.

TOPICS OF DISCUSSION.

KEY AREAS OF FOCUS &
ANALYSIS.



ABOUT THE SURVEY

Key points of interest



CONTROLS

What others are doing and what
more could be done



FRAUD IN CONTEXT

Experiences and susceptible
parties



SECURITY PRACTICES

Top areas of spend and where the
burden falls



TARGETS

Where the attempts are
increasing and losses are adding
up




LOOKING AHEAD

Best practices, responses and
plans

ABOUT THE SURVEY


RESPONDENT DEMOGRAPHICS, KEY FACTS & FIGURES




350+
respondents


KEY SURVEY STATS

10 week
survey runtime



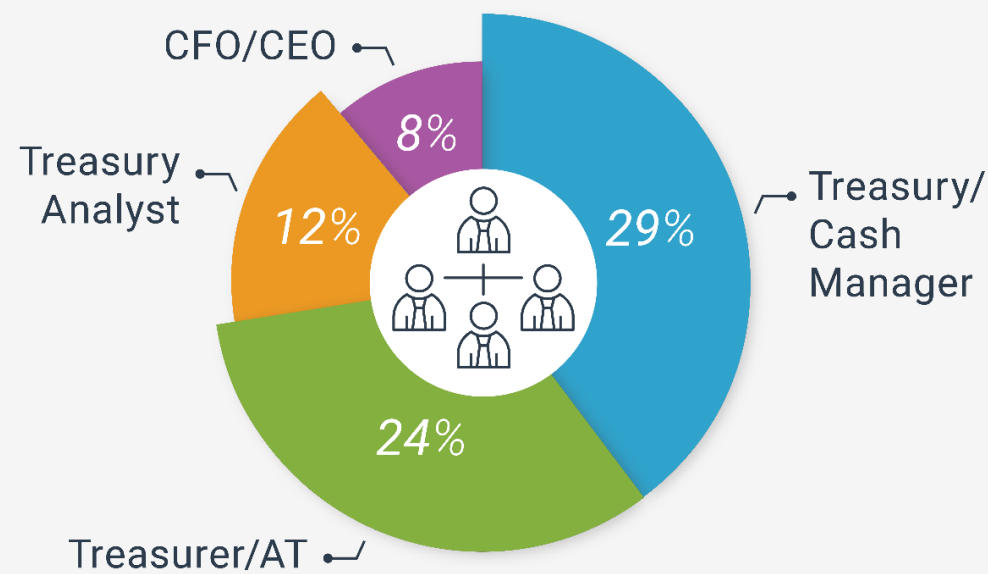
~100
questions





5th
year of research

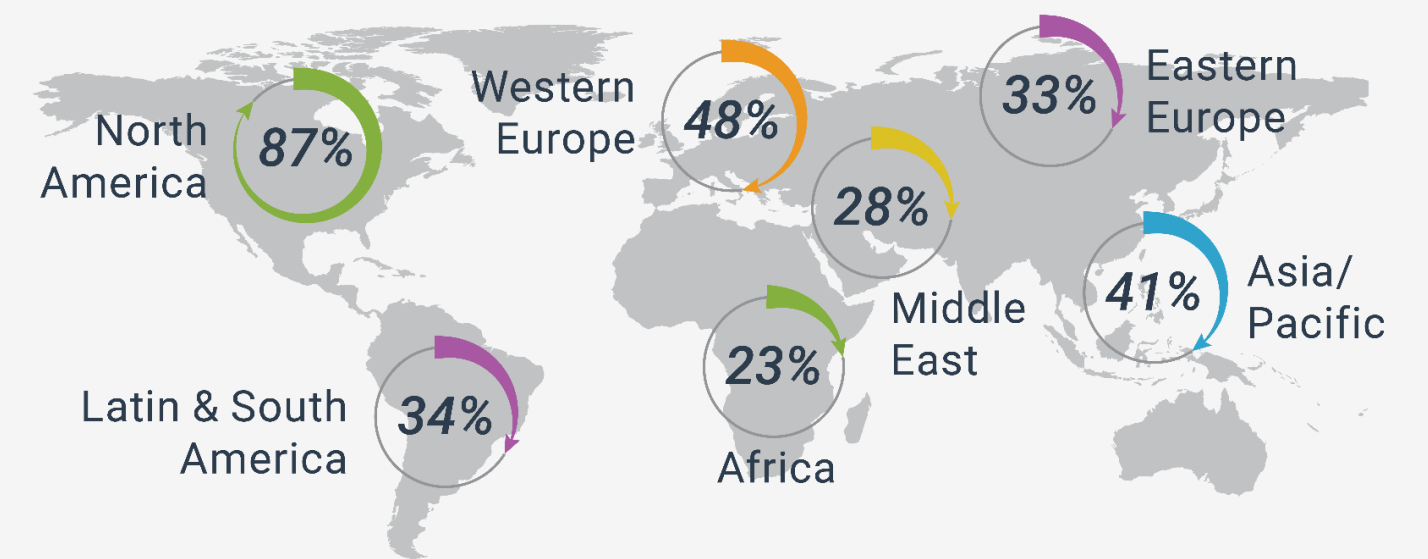
TOP CORPORATE ROLES



QUICK STATS



RESPONDENT REGIONS OF OPERATION



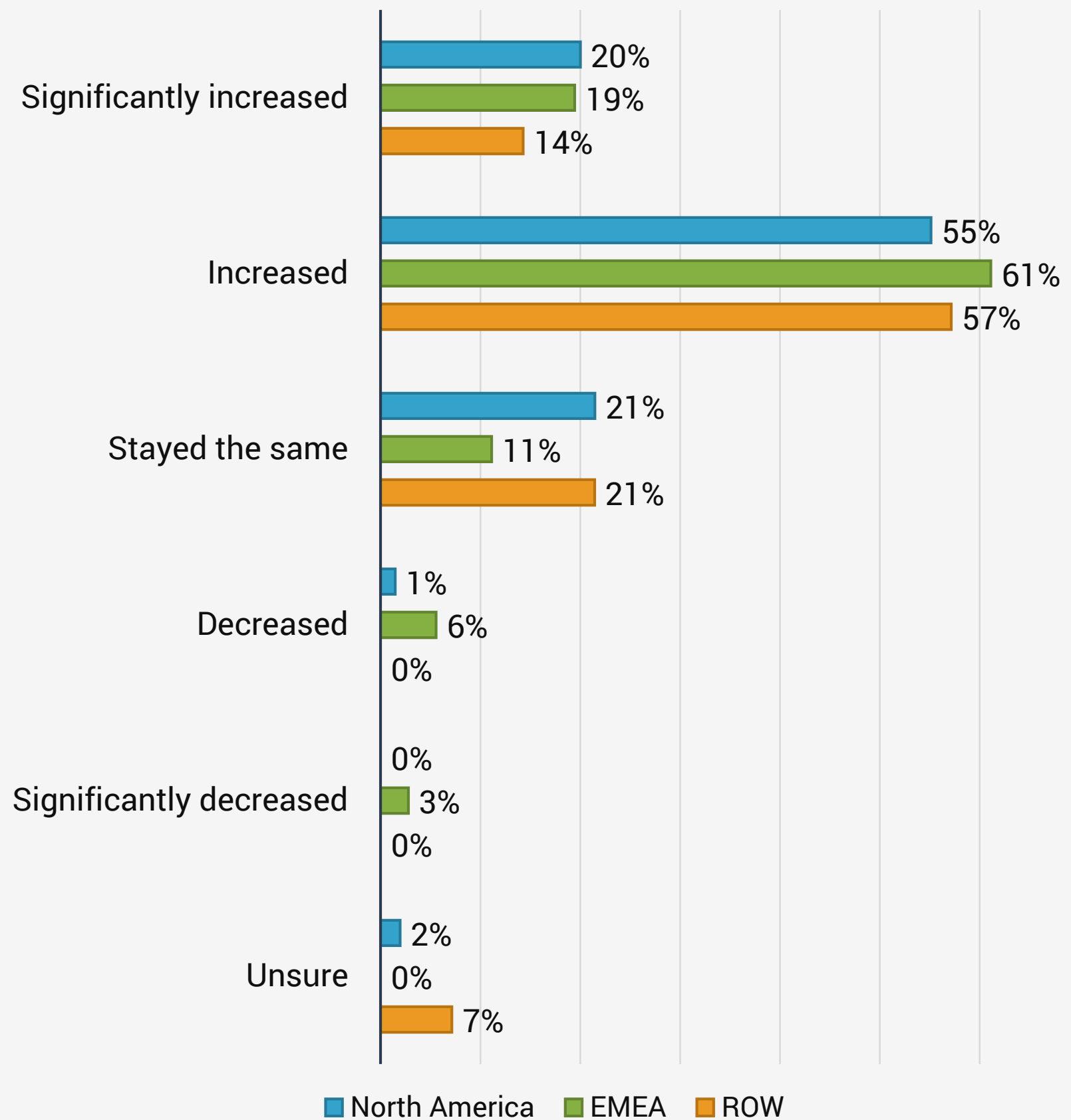


SECTION 1
FRAUD EXPERIENCE

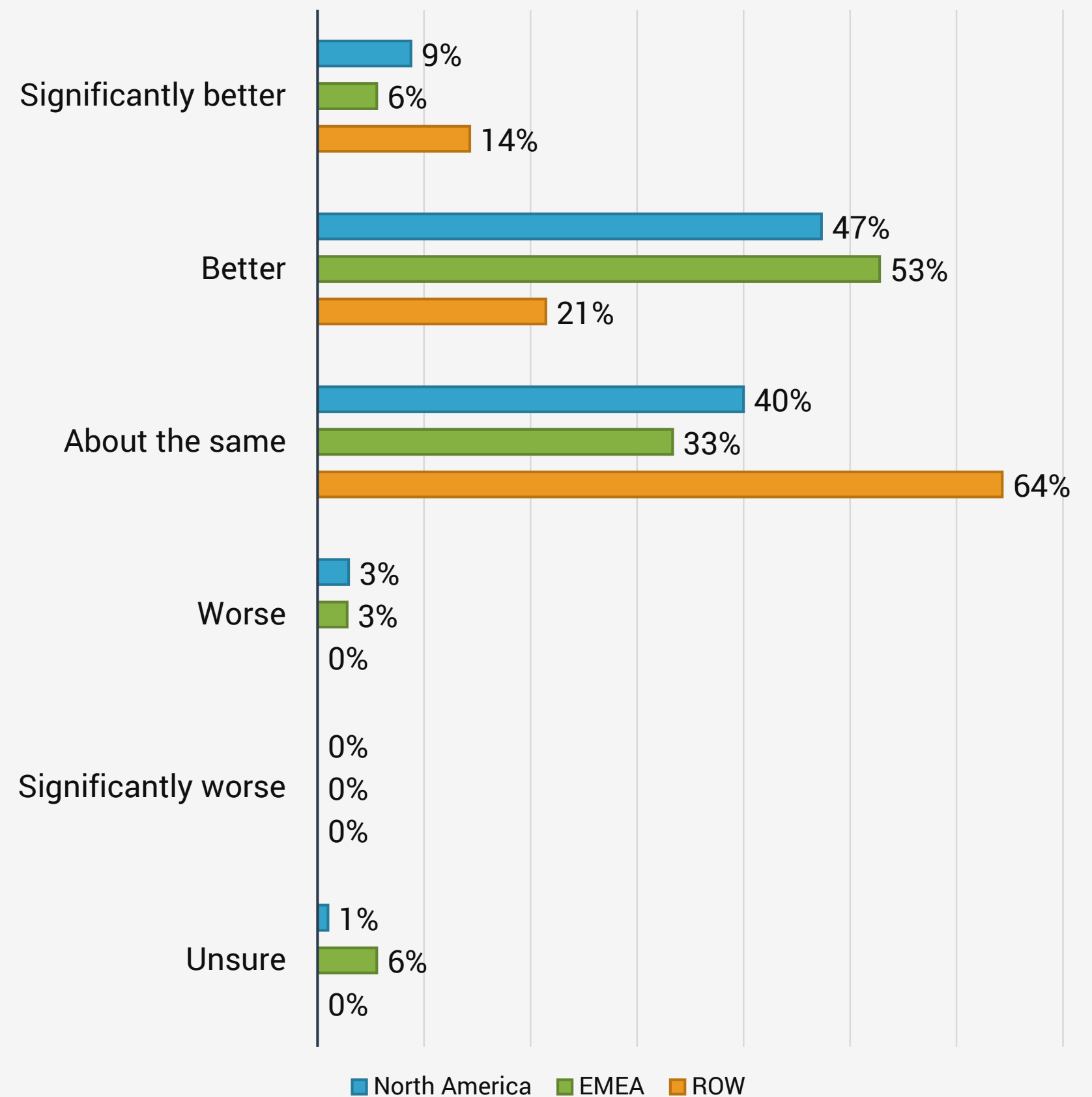
AWARE & PREPARED

Threat Level vs. Confidence

» In the past year, I think that the threat level of fraud has:



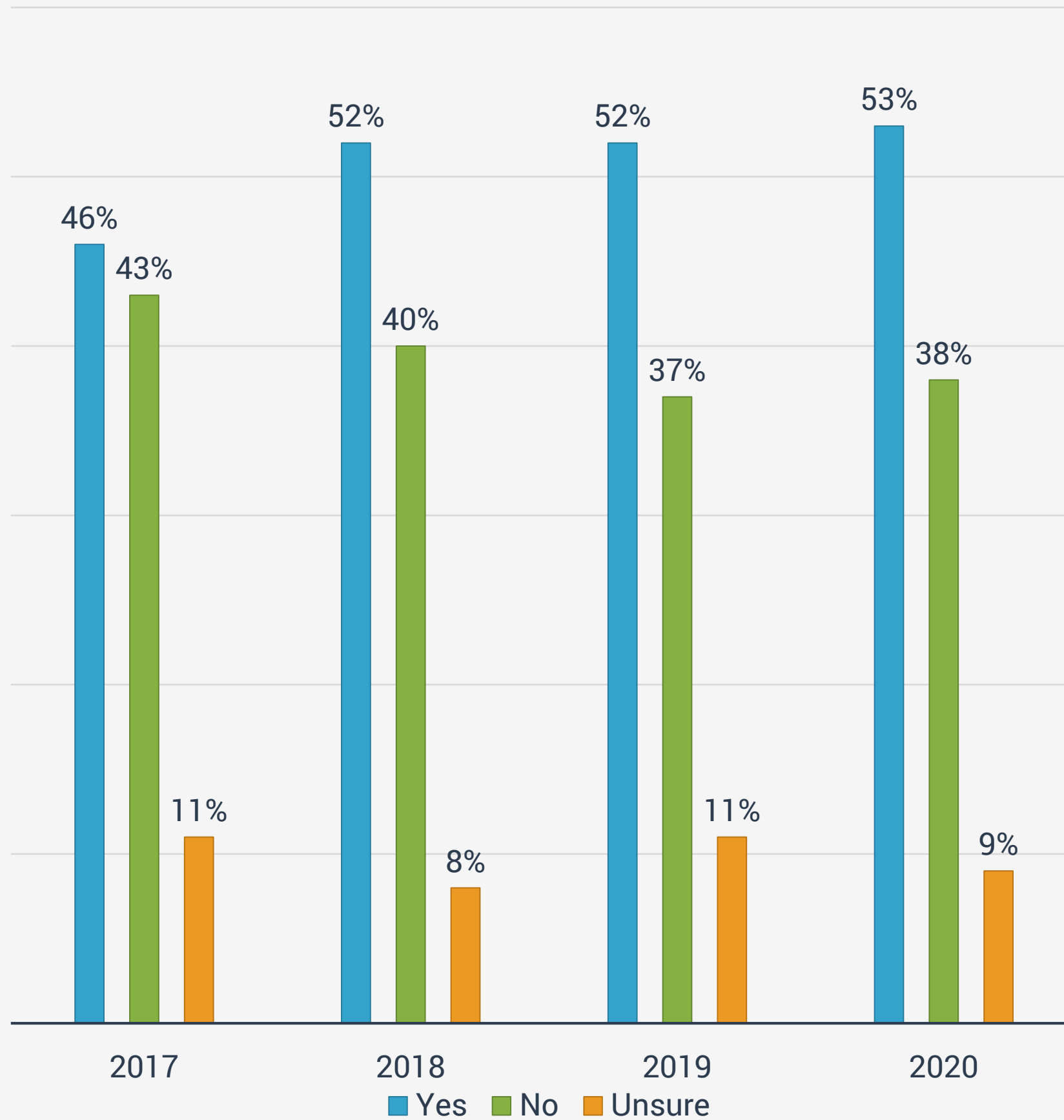
» With regard to the threat level associated with fraud and considering our current security posture, we are in a(n) _____ position as compared to last year.



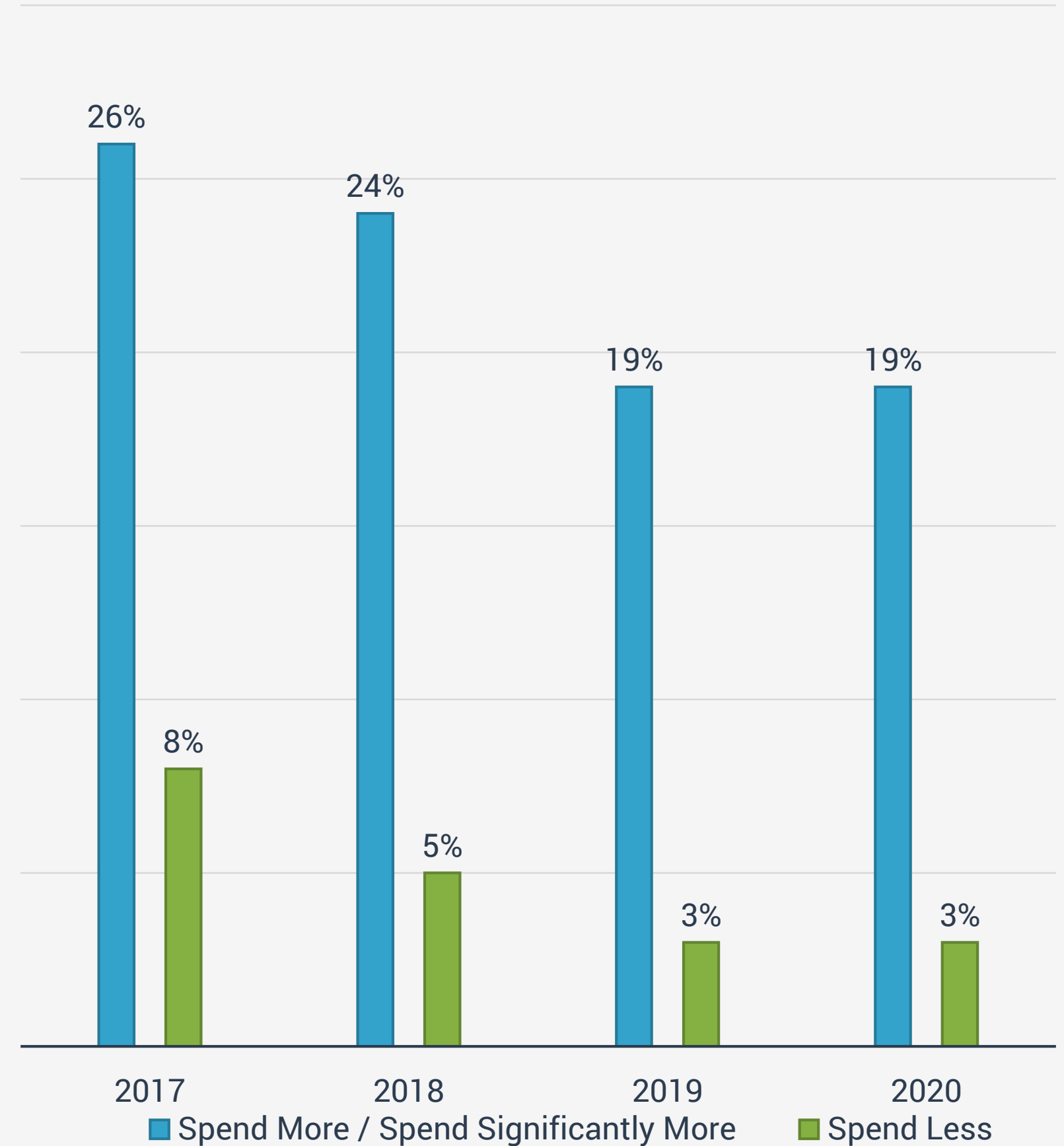
NOT GIVING UP

Criminals Are Not Quitters!

» Have you experienced fraud in the last 12 months?



» What are your spending plans for treasury fraud prevention, detection, and controls?



AND THE WINNERS ARE...

Criminals Who Breach the Human Firewall

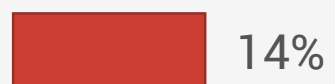


LARGEST NUMBER OF LOSSES

Business Email
Compromise (BEC)



Payment diversion



MOST ATTEMPTS

Business Email
Compromise (BEC)



Social Engineering / Email
Compromise



MOST SURPRISING

Check Forgery dropped from
the upper echelon and only
49% of firms had attempts
against them or real losses.

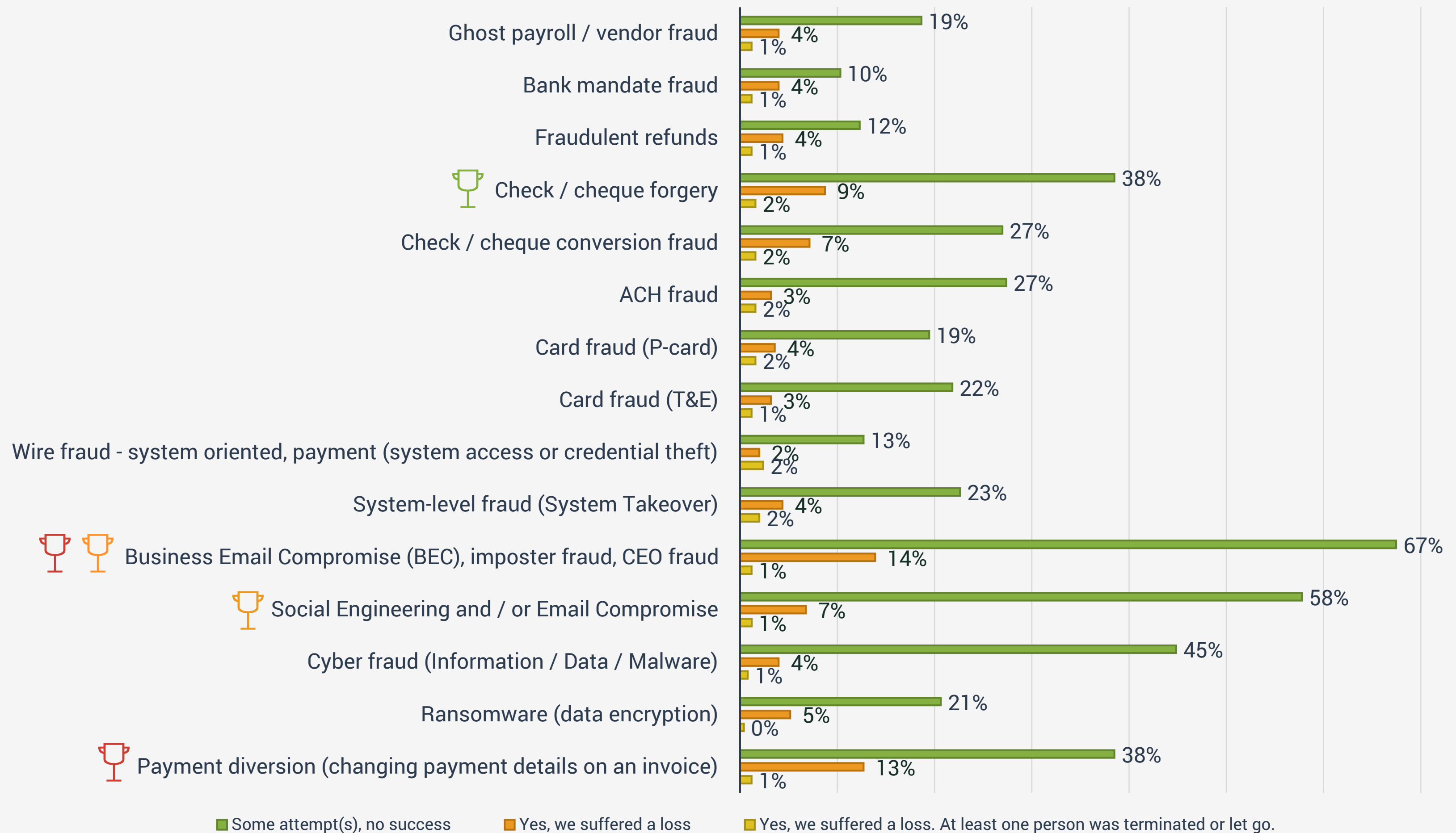


Competition was commendable this year as only 10% of the survey population reported no attempts of fraud had been experienced at their company in the last 12 months.

THE NOMINEES WERE

No Category Left Out At This Award Show

» Thinking of the last 12 months, please label your company's experience with each of the following:





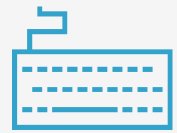
SECTION 2
TARGETS

CRIME PAYS

Leaders in Success

Automation has helped the criminals scale their attempts and are clearly outpacing high-touch and high-exposure attack methods. The larger payoffs are attracting more sophisticated criminals who want to ensure that crime keeps paying.

Fraud Type	Success Rate
BEC	18%
Ransomware	19%
System-Level Fraud (System Takeover)	20.5%
Wire Fraud	23.5%
Check	25%



Leverage Automation



Target Weak Areas



Secure Medium to Large Payoffs

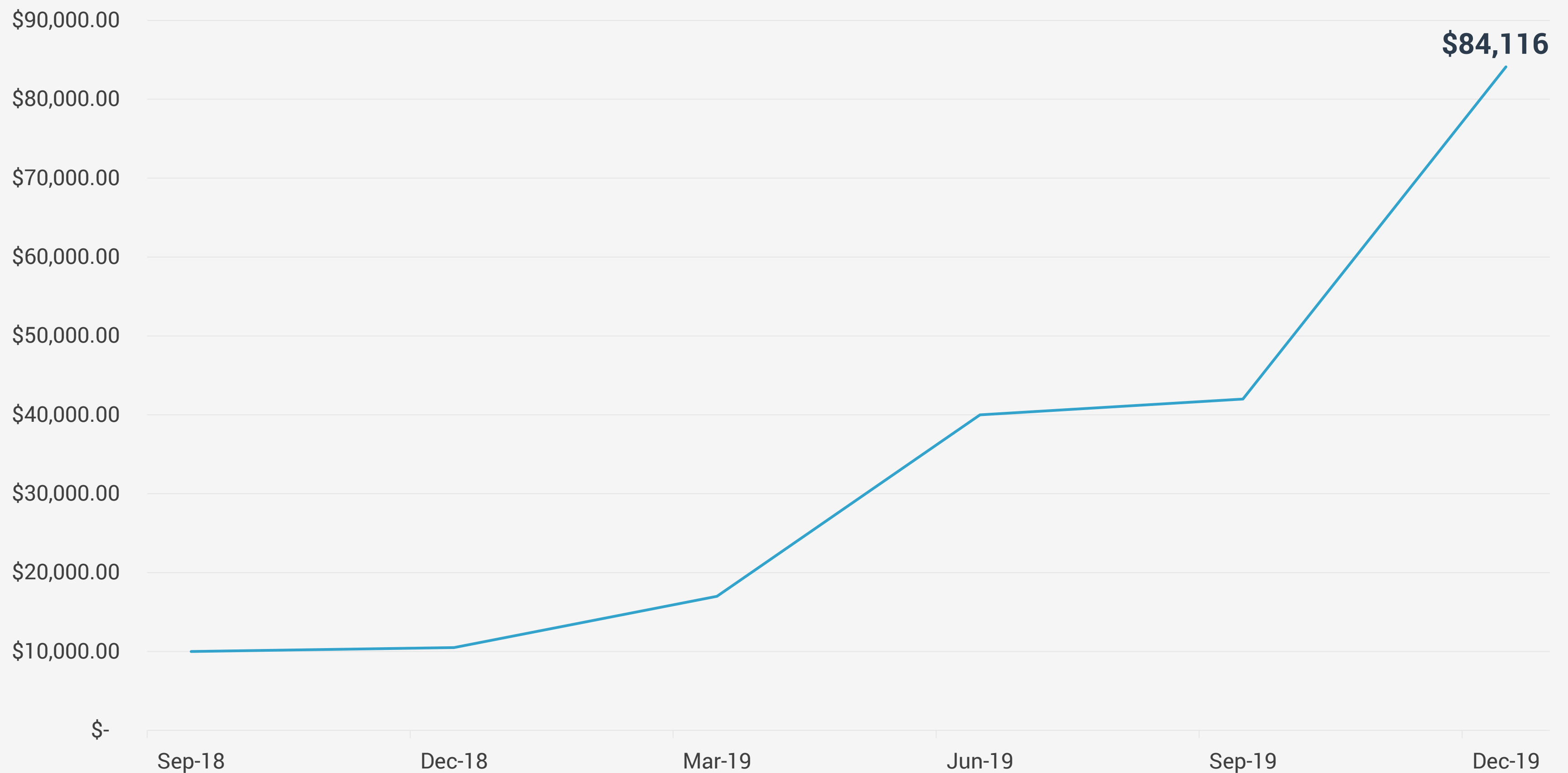


Go Where the Money Is

STRATEGIC BLACKMAIL

Payment to Release Files Spikes

Average Payment Made by Ransomware Victims



ONCE A RANSOMWARE TARGET...

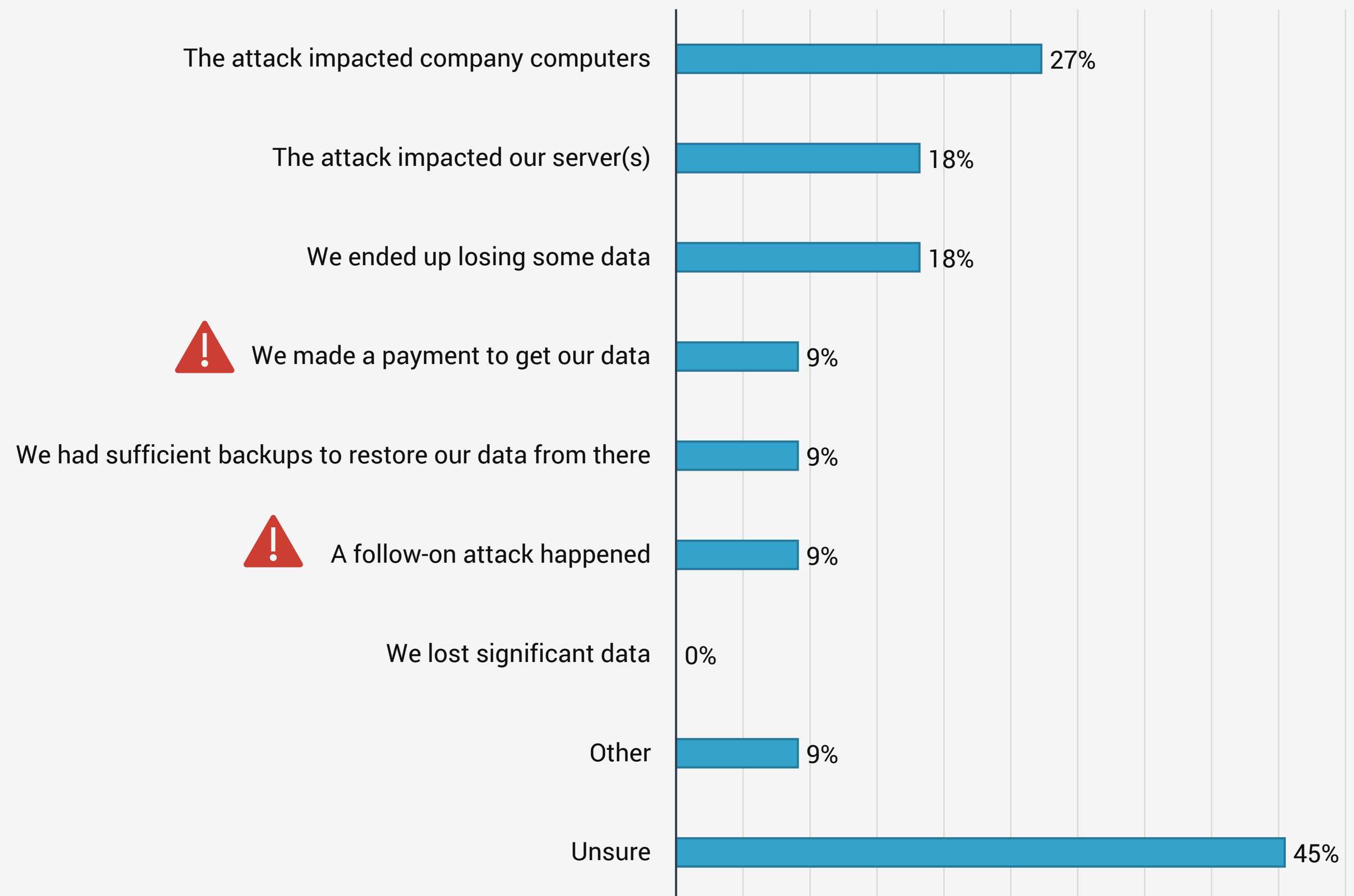
It Can Happen To You Again

» **Sub Question Only Asked to Those Who Had Experienced Ransomware Attack in the Last 12 Months:**
For the ransomware or encryption attack(s) that we experienced these were the results: (Select all that apply)



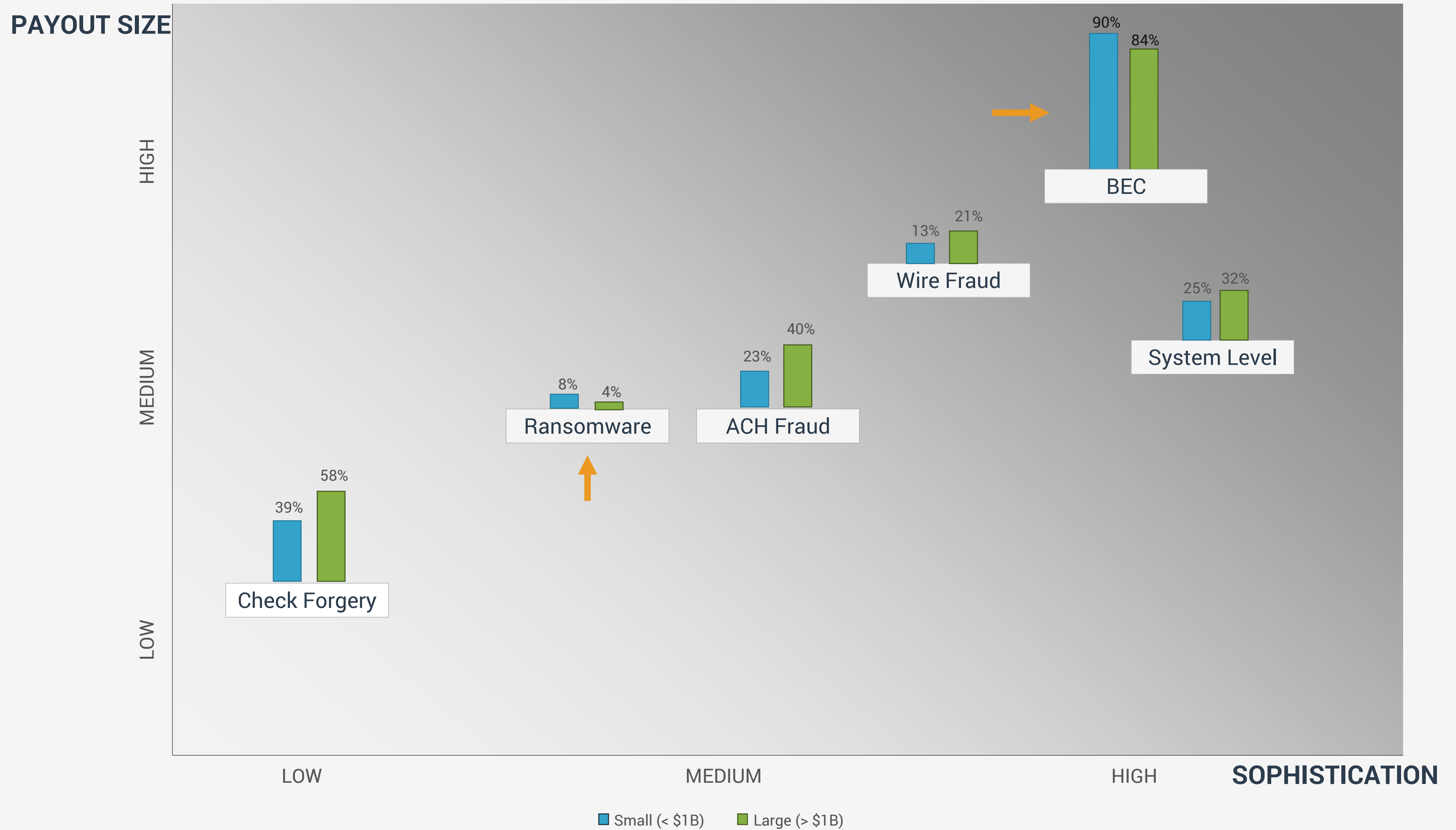
This year 21% of respondents indicated they experienced ransomware attempts and another 5% incurred a loss because of ransomware .

In 2019, 0% of respondents made a payment to get data and only 3% of respondents indicated a follow-on attack .



STRATIFICATION OF TARGETS

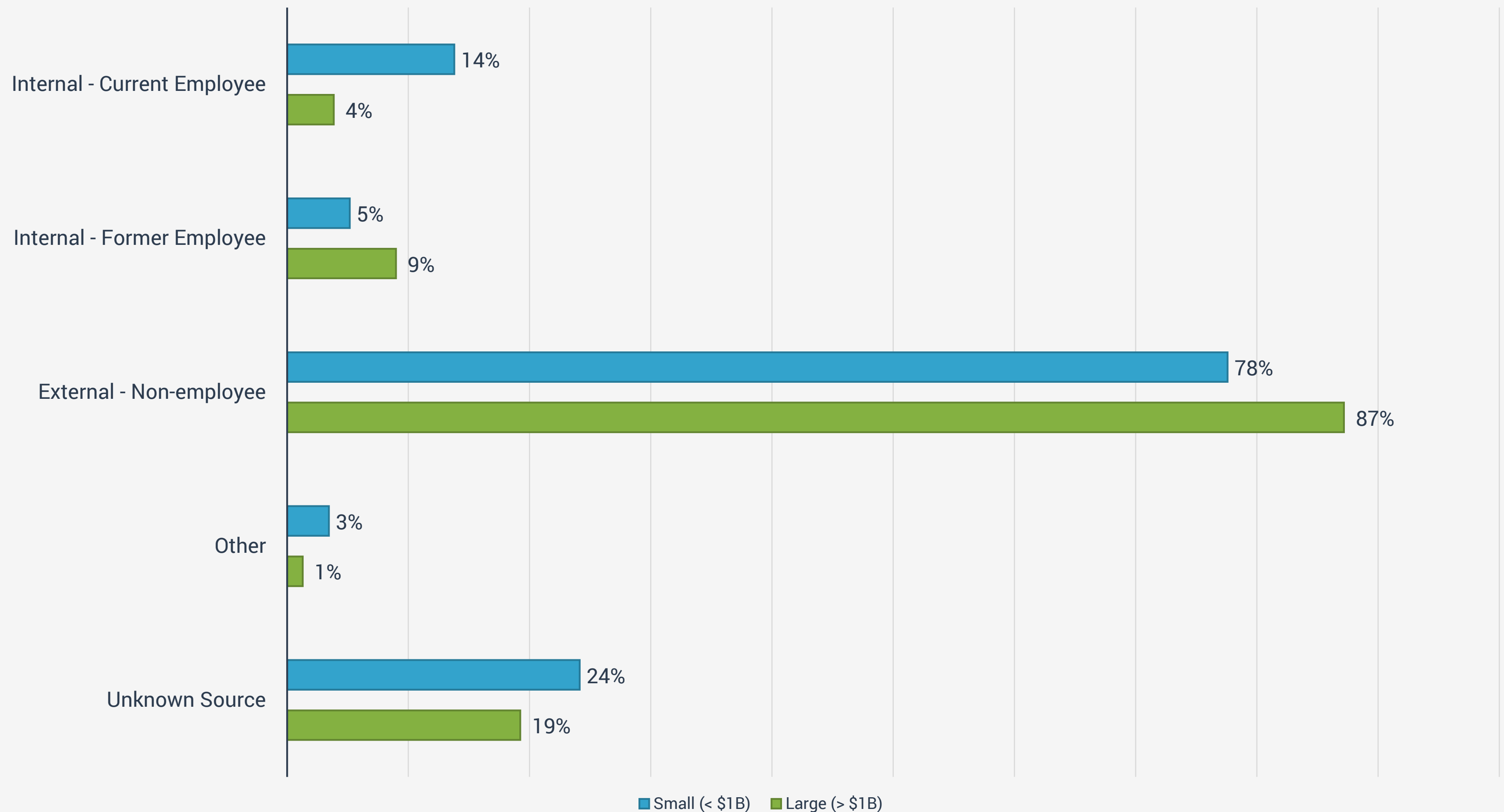
Combined Percent of Attempts and Losses



IDENTIFYING THE SOURCE

Noticeable Differences By Revenue Size

» **Sub Question Only Asked to Those Who Had Experienced Fraud in the Last 12 Months:** From which party did you experience fraud? (Select all that apply)



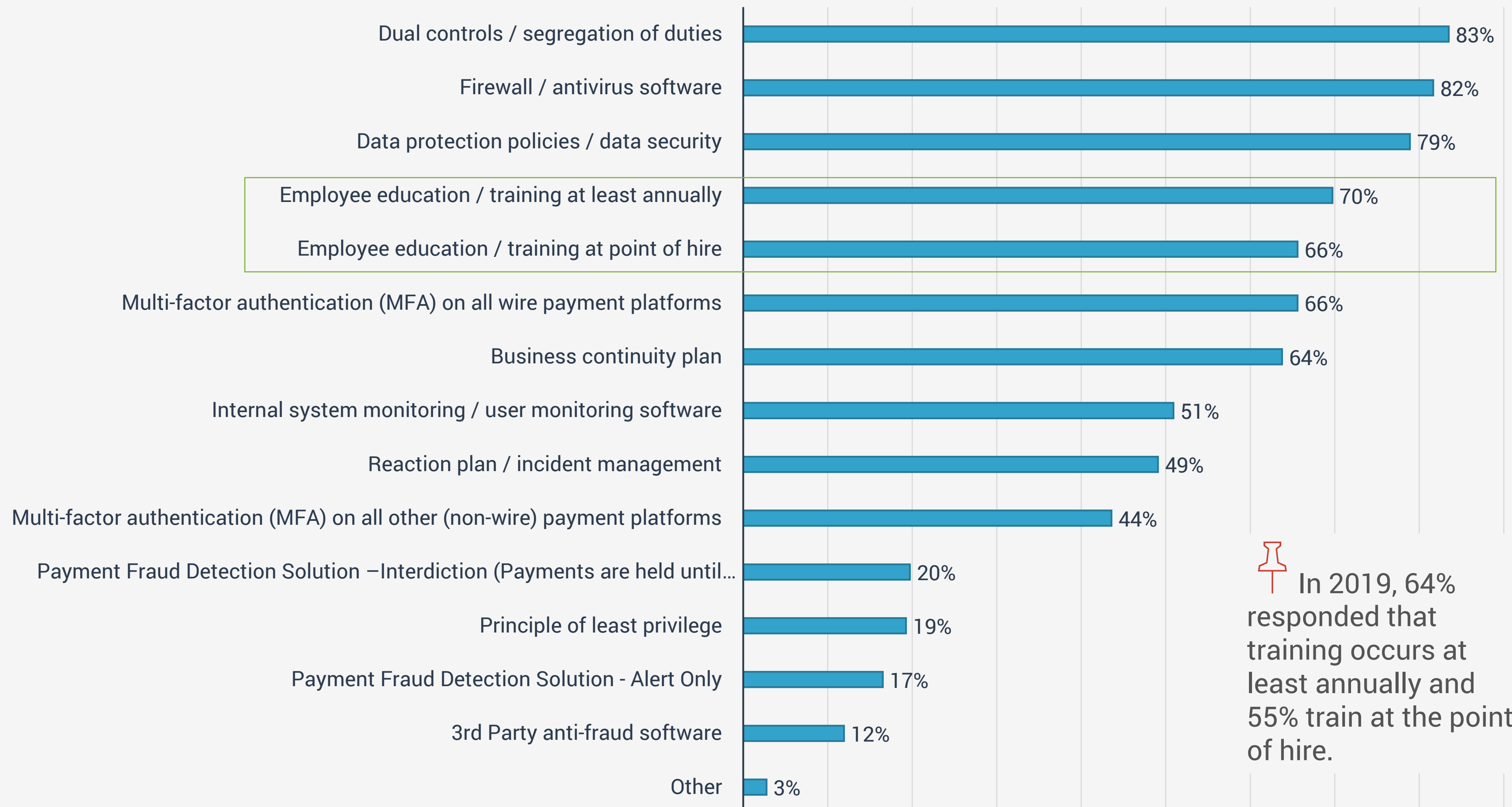



SECTION 3
CONTROLS

LOOKING AT PREVENTION

Room For Improvement

» What controls do you have in place to prevent fraud? (Select all that apply)

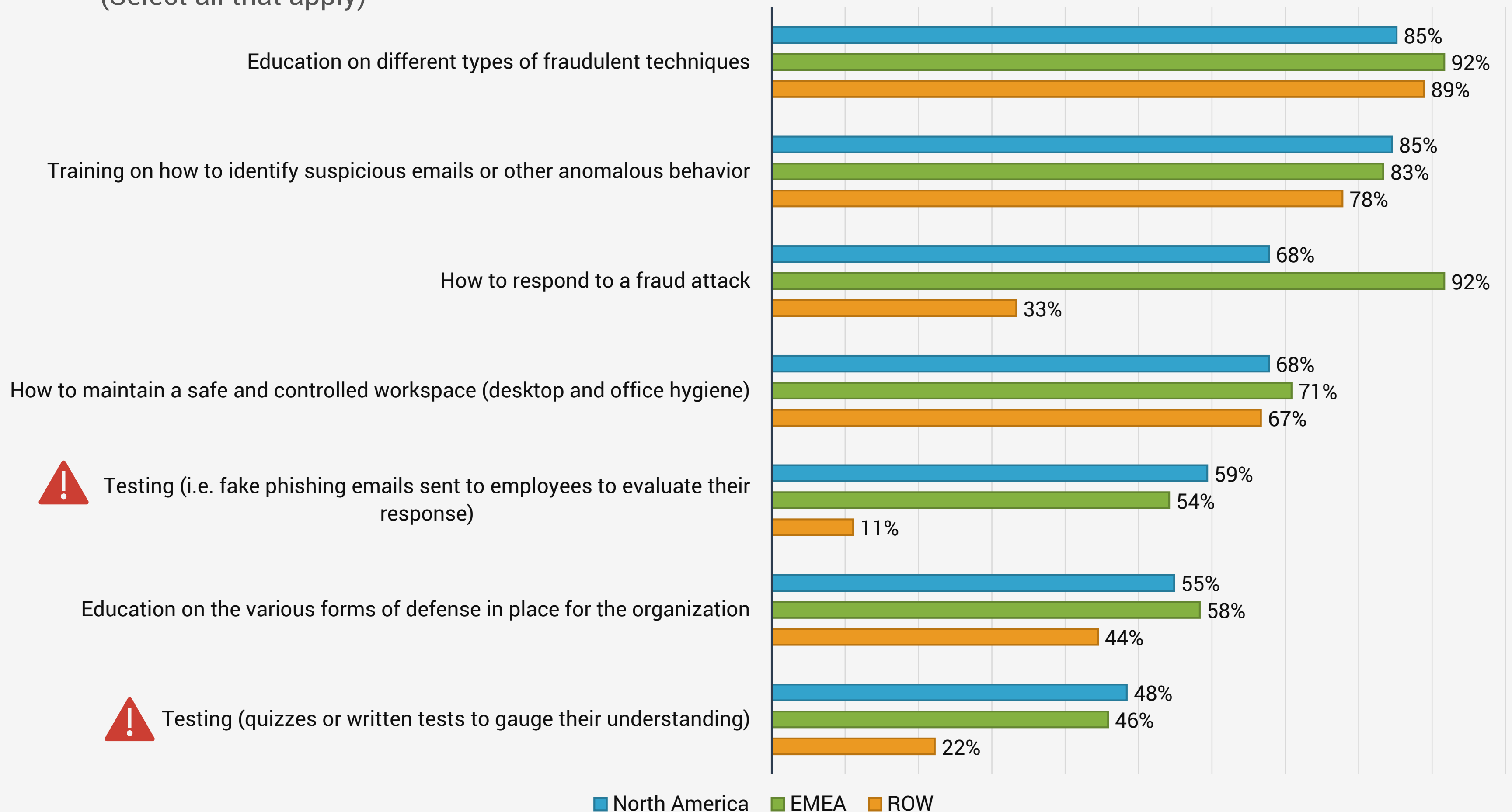


 In 2019, 64% responded that training occurs at least annually and 55% train at the point of hire.

HUMAN FIREWALL: HOLES IN TRAINING

The Human Element Is A Weak Point

» **Sub Question Only Asked to Those Who indicated they have employee training:** Our training includes:
(Select all that apply)

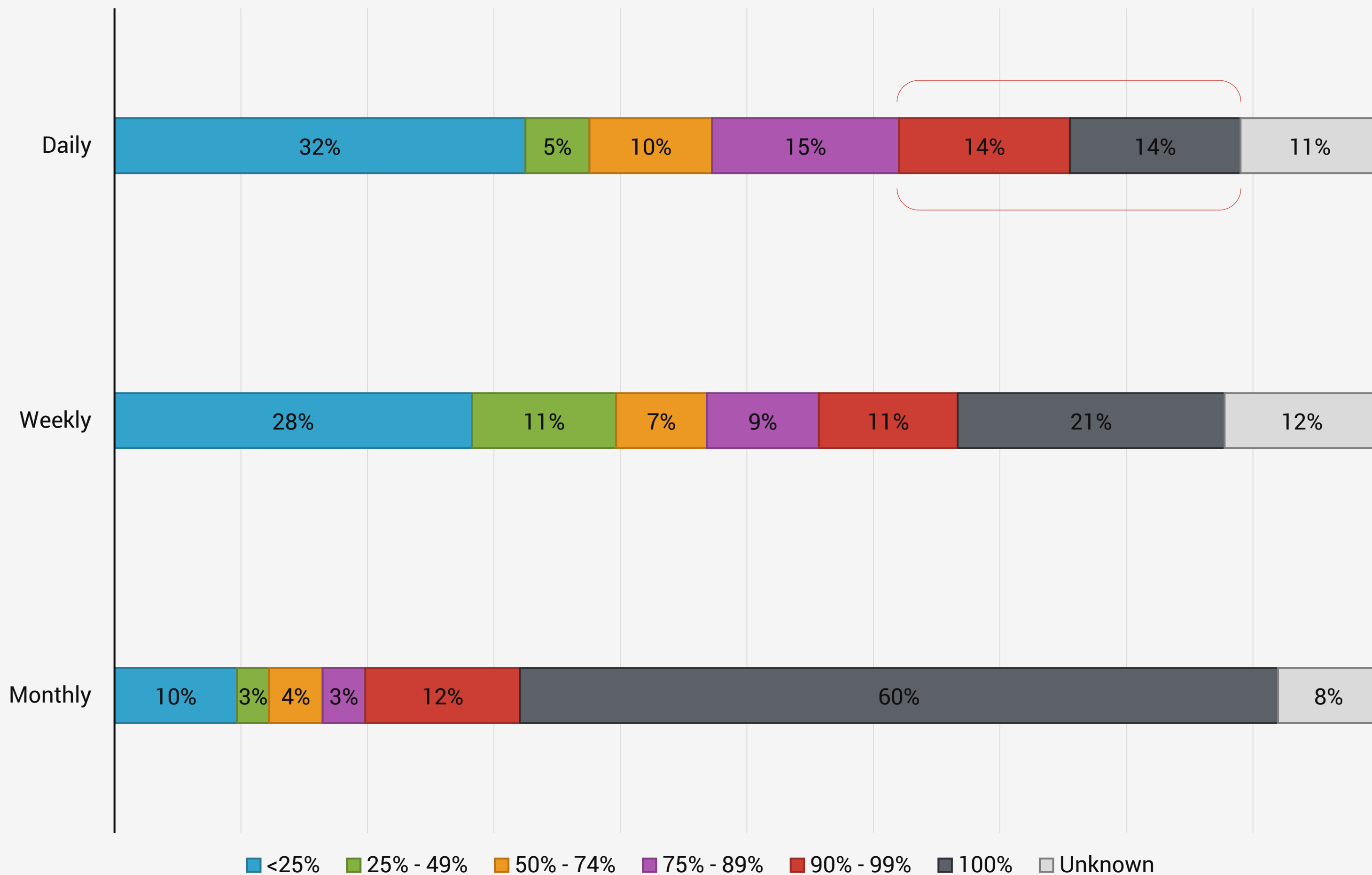



Only top responses included in the graph above.

RECONCILIATION MOVING BACKWARDS

Yet It's A Standard Defense Measure

» What percentage of your bank accounts are RECONCILED within the following timeframes?

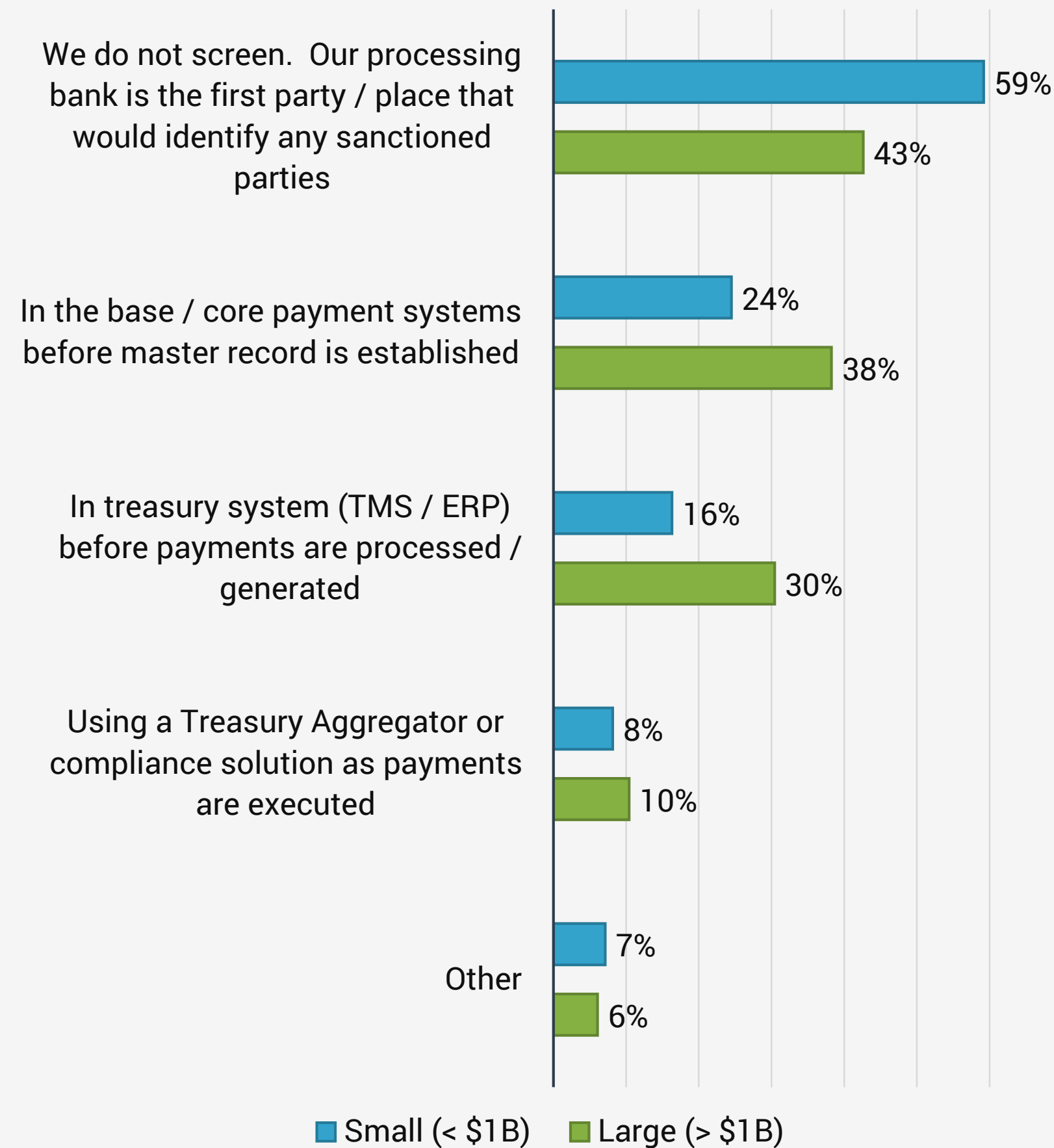


 Over the 5 years of the survey, those reconciling 90-100% of their accounts on a daily basis has declined from 45% to 28%

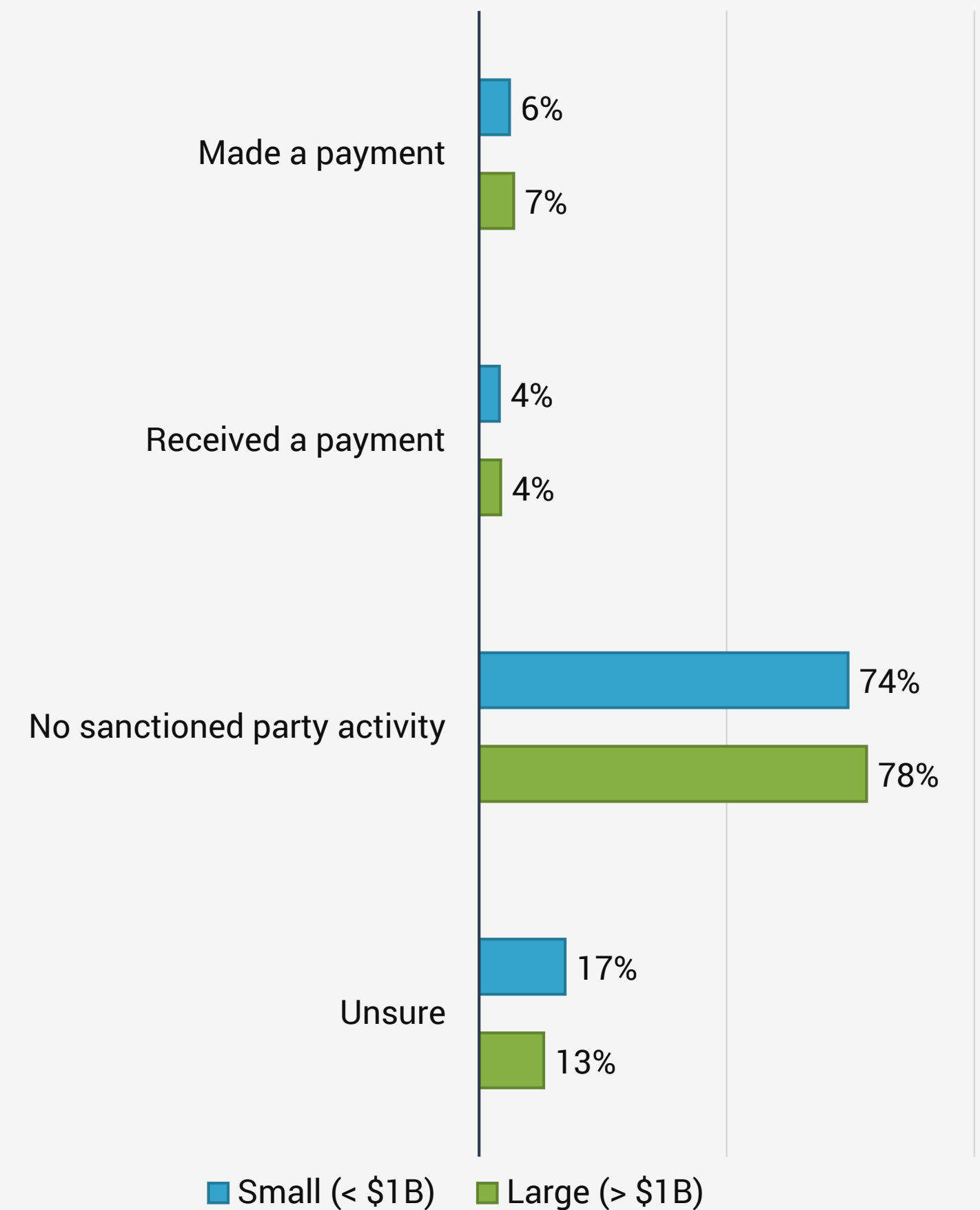
PAY SANCTIONED PARTIES LATELY?

Low But Still Up From 2019

» We screen for sanctioned parties: (Select all that apply)



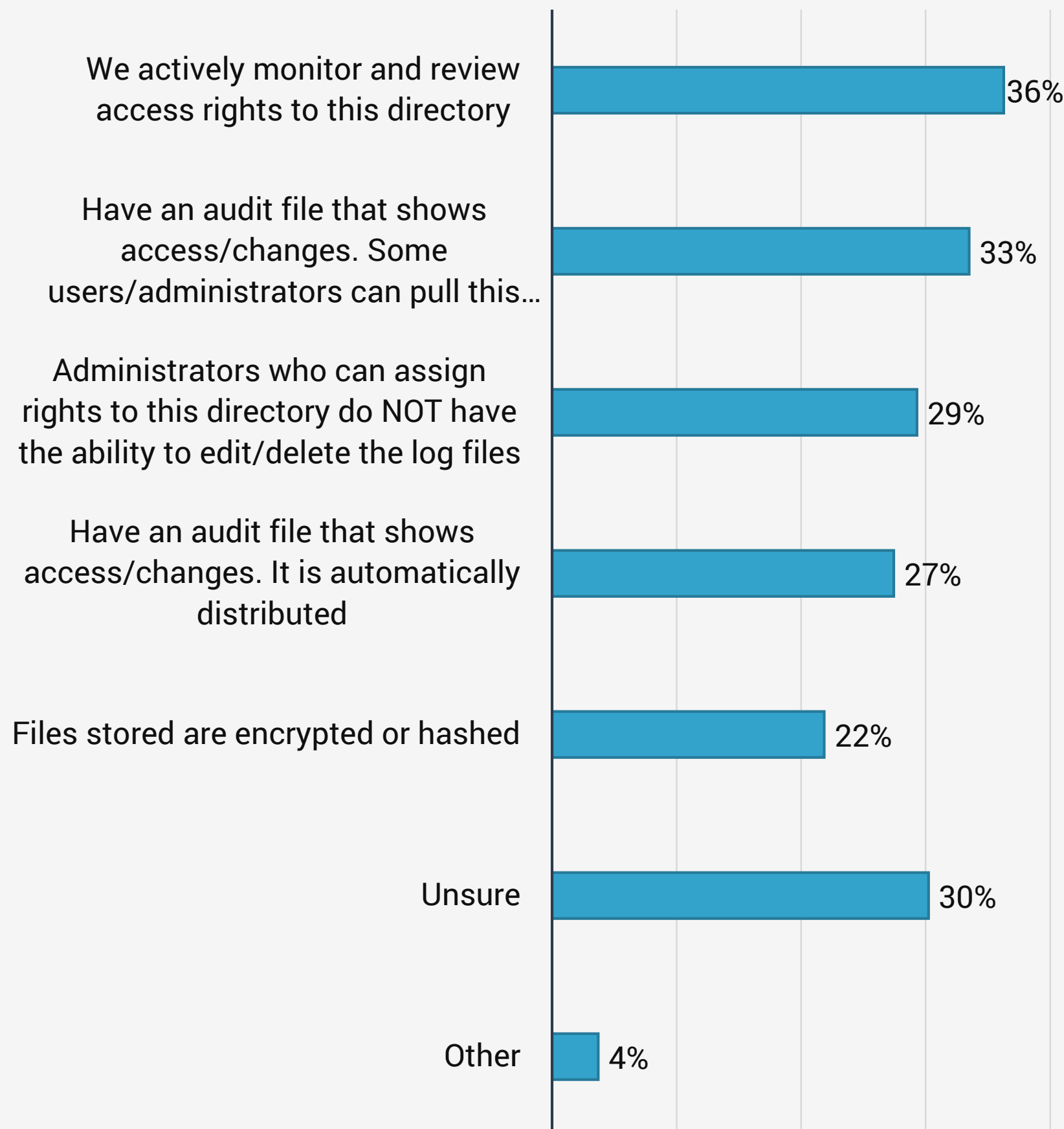
» Have you inadvertently made a payment to or received a payment from a sanctioned party in the past 12 months? (Select all that apply)



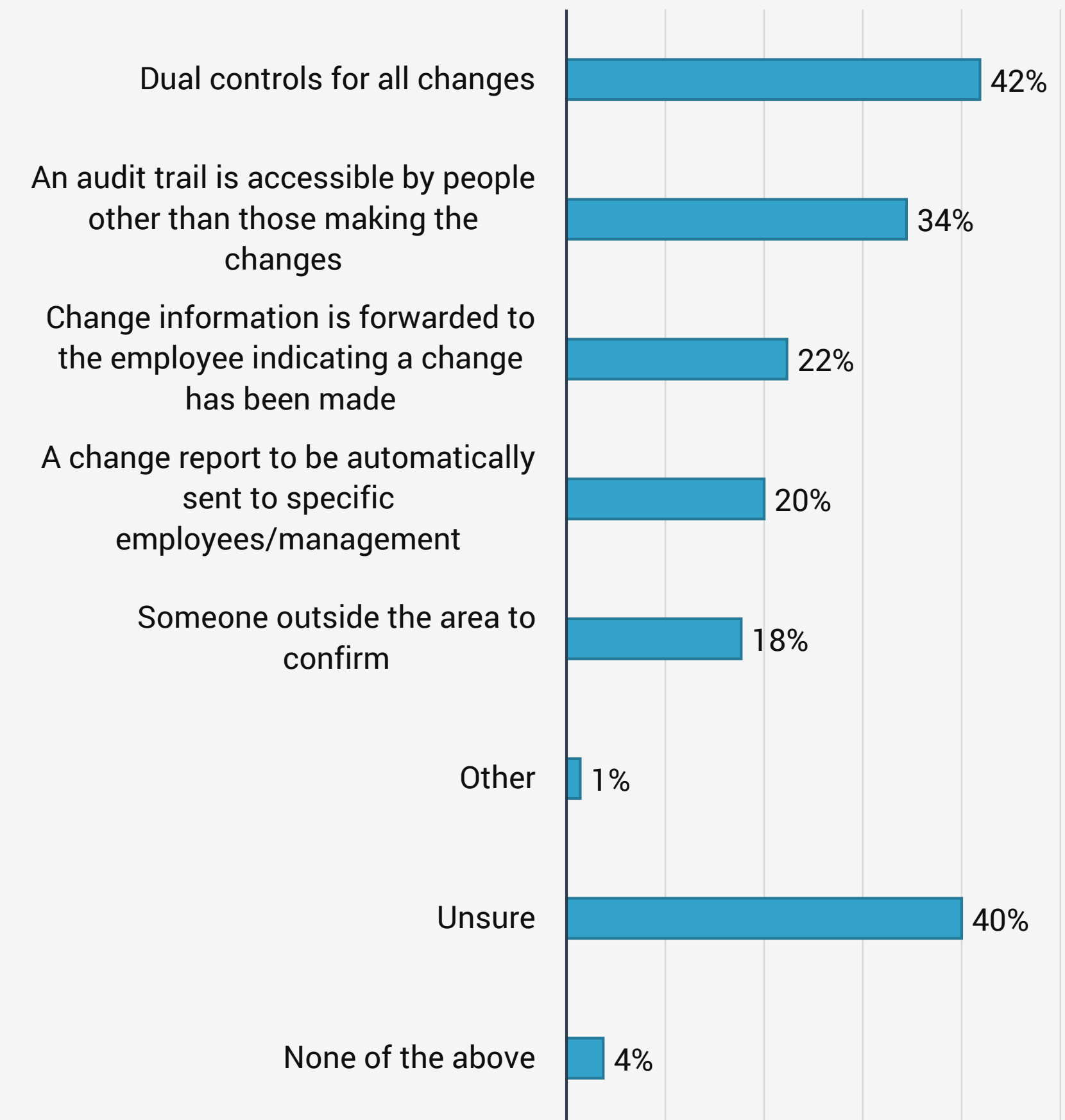
MORE CAN BE DONE

Slow To Adopt Defensive Policies

» For network directories that store payment files (i.e. ACH files that will be transmitted), we: (Select all that apply)



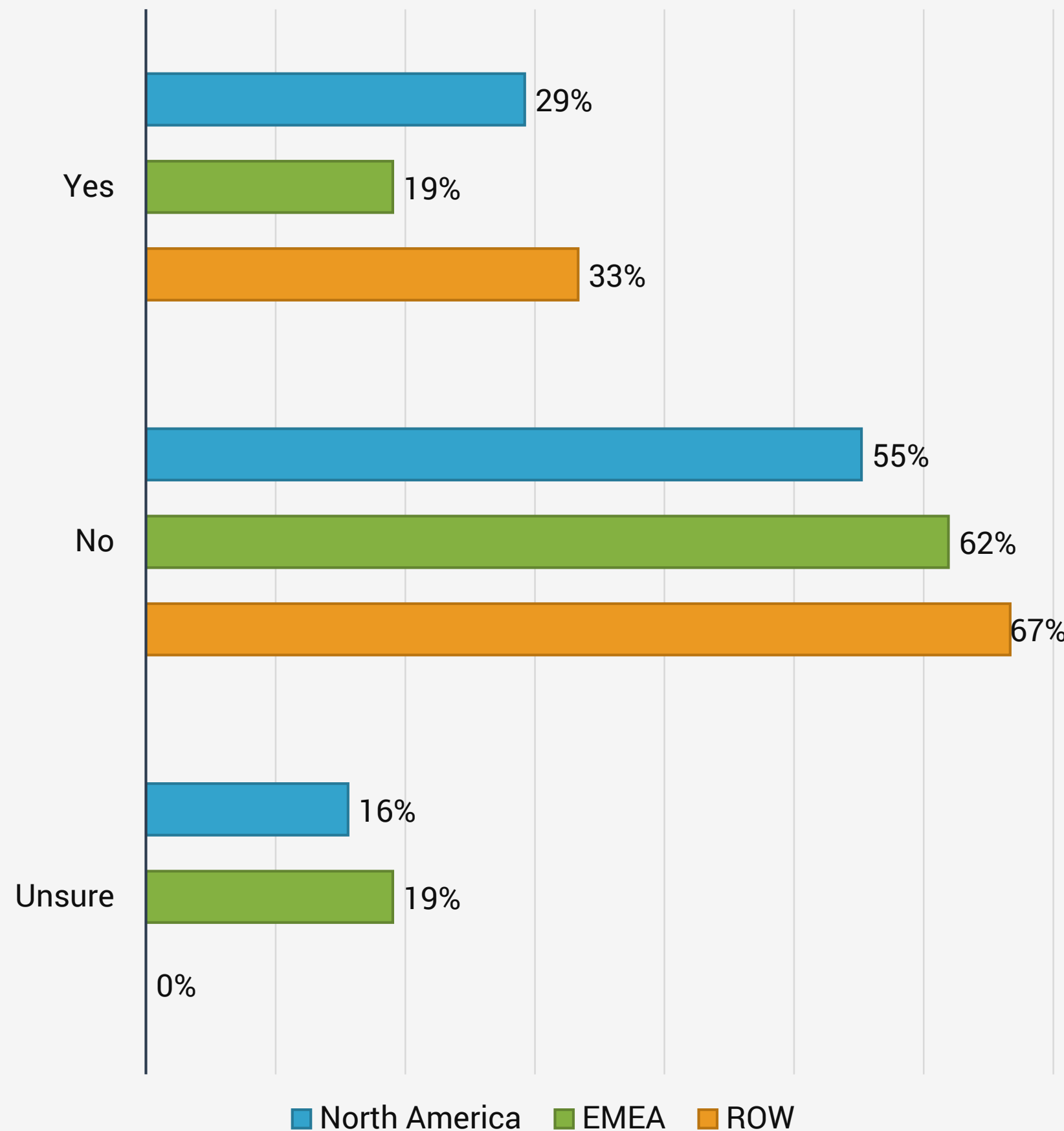
» For master record changes on Employee (EE) records, we require: (Select all that apply)



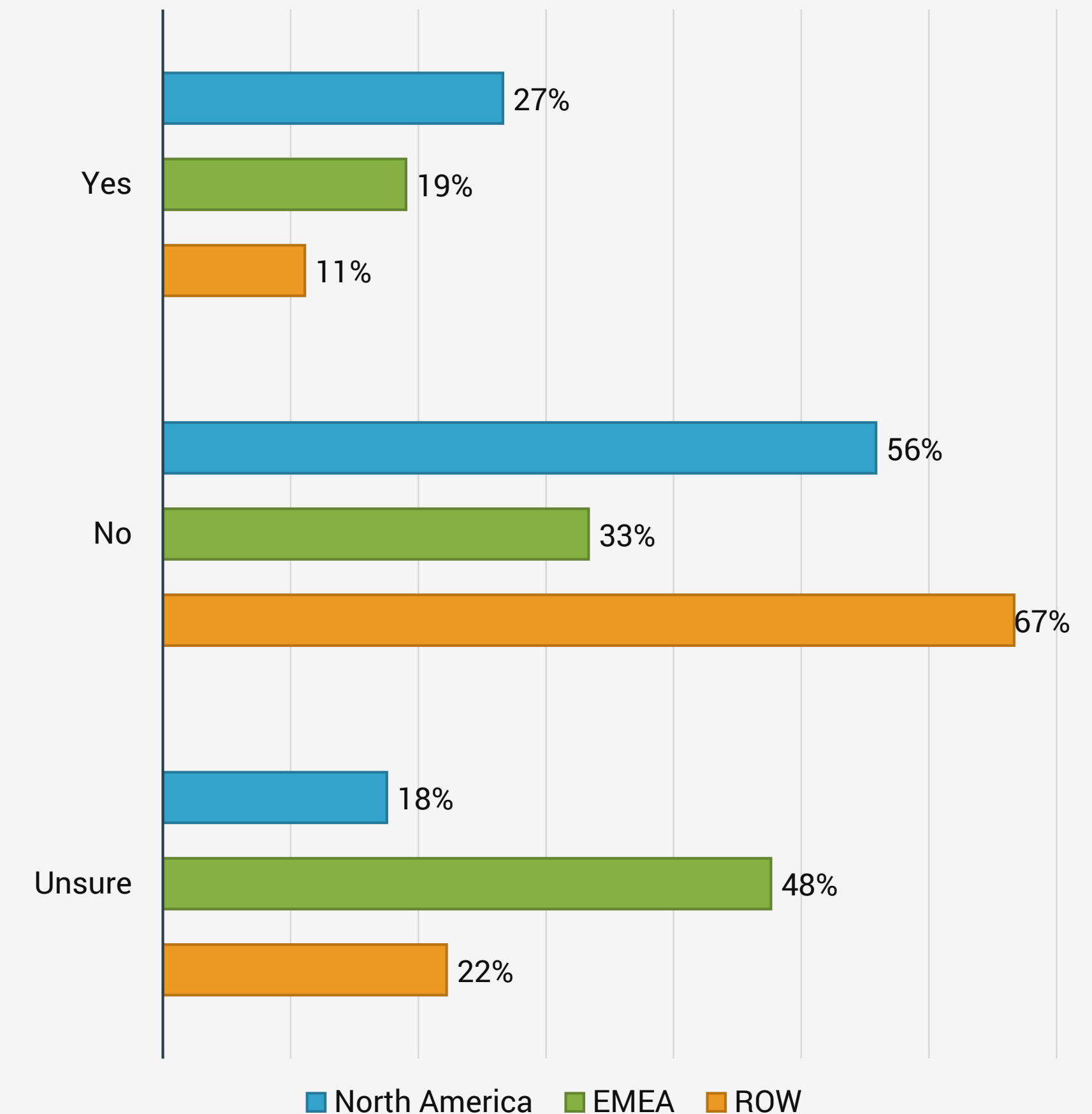
THE PAYMENT HAS LEFT THE BUILDING

Some Get Lucky

» Do you utilize a payment monitoring solution that will detect potentially fraudulent payments BEFORE they leave the building?



» Have you had a prior ACH or Wire Fraud that left the building?



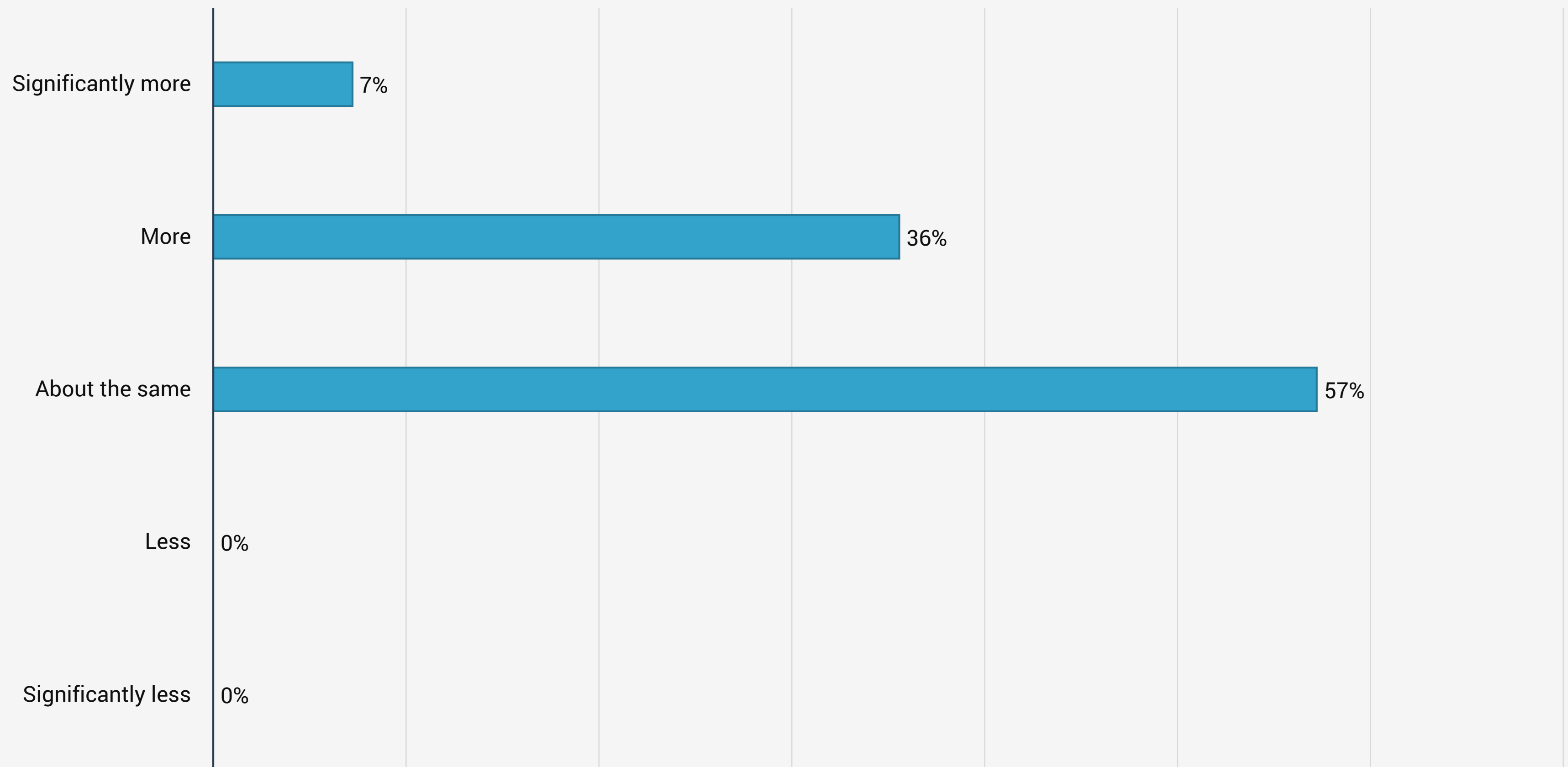


SECTION 4
SECURITY PRACTICES

IT'S A BURDEN

We Can All Agree On One Thing

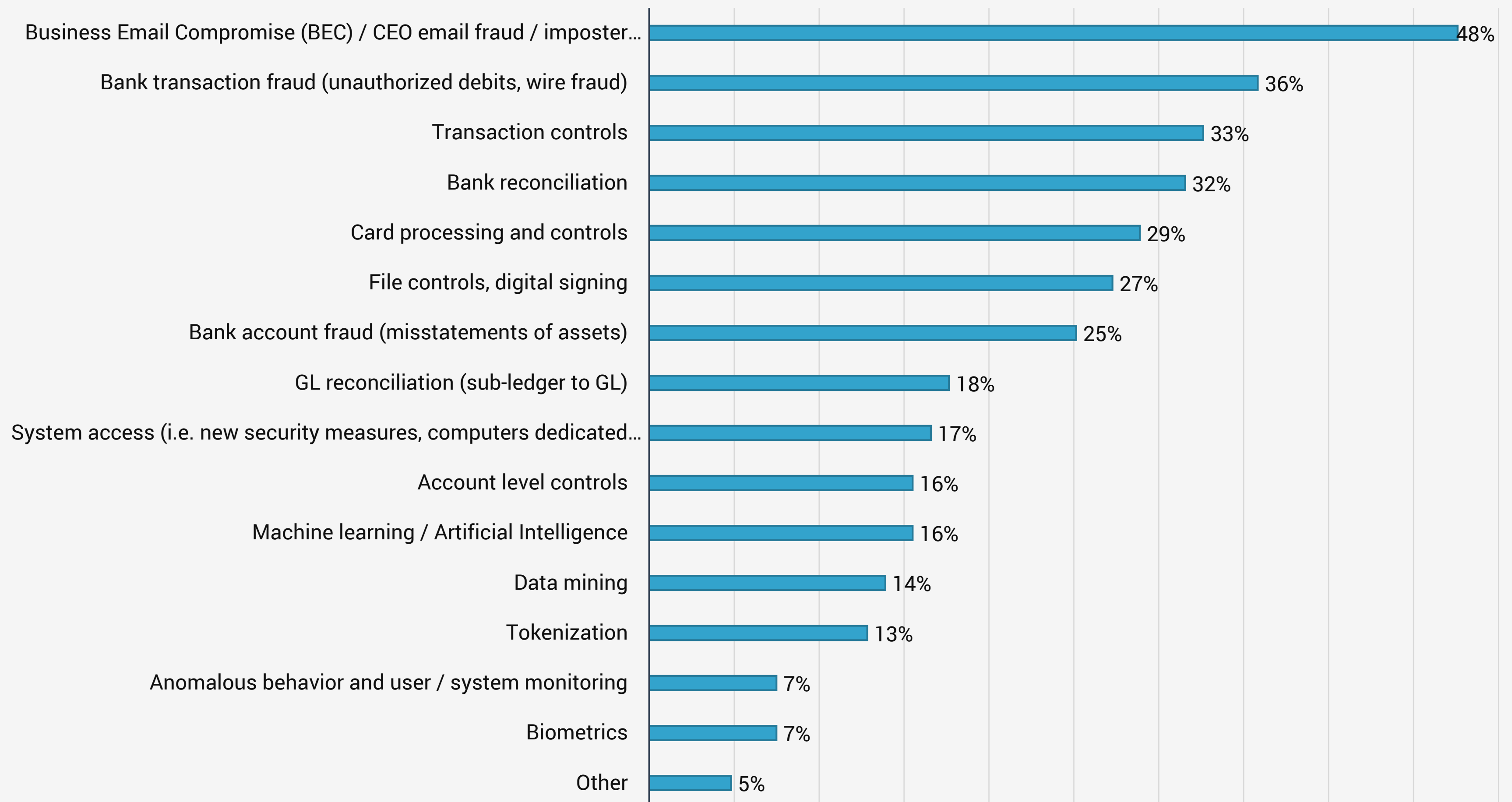
» In the past year, has the cost and burden of providing treasury fraud and controls services become more or less burdensome on your organization?



ATTRACTING THE SPEND

Focusing On Fraud & Detection

» Which areas do you intend to spend more or significantly more on fraud prevention, detection or controls?
(Select all that apply)



ACTION ITEMS

Security must remain a top priority. As criminals continue innovating, we have no choice but to continue focusing on and investing in security.



Human Firewall - Training



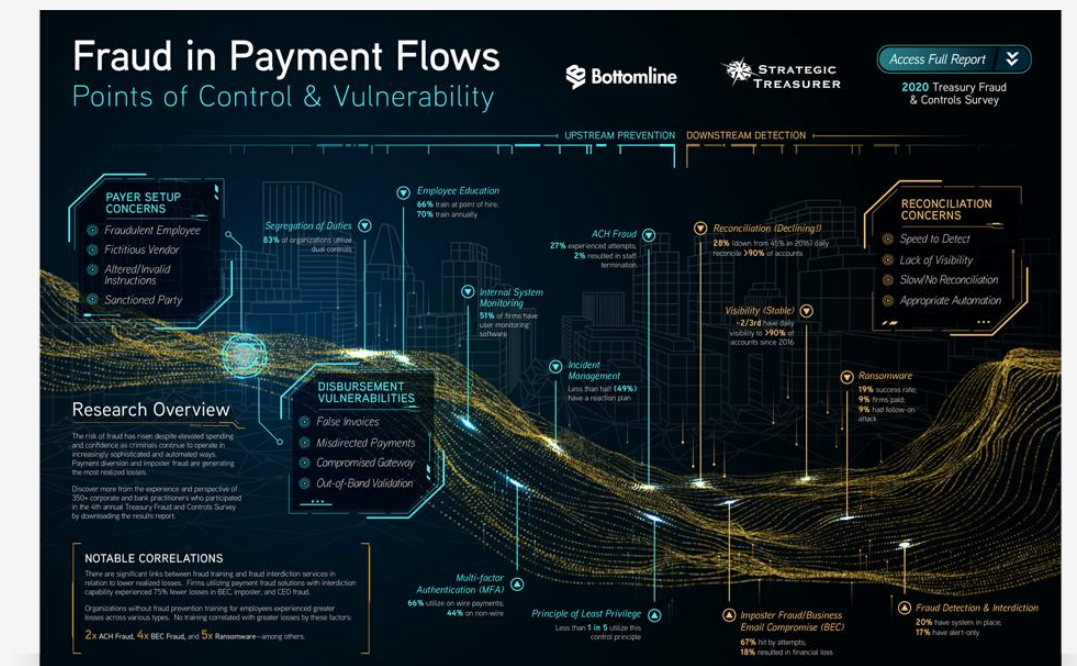
Learn About Payment Fraud Interdiction




Assess Your Payment Processes

LEARN MORE

Download the 2020 Treasury Fraud & Controls Report today! The survey report offers in-depth commentary on several key findings drawn out of this industry-wide survey. Also, don't miss this year's infographic highlighting the key findings from the survey.



 **Request Survey Report and Infographic**