



TREASURY FRAUD & CONTROLS

2021 SURVEY RESULTS



CRAIG JEFFERY

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Bottomline



WHAT

Results, analysis, discussion and take-aways from the 2021 Treasury Fraud & Controls Survey.



WHEN

Tuesday, February 10, 2021
11:00 AM – 12:00 PM EST



WHERE

Live Online Presentation
Replays at StrategicTreasurer.com



This presentation is provided by Strategic Treasurer and Bottomline

SPEAKERS

GET TO KNOW TODAY'S
SUBJECT MATTER EXPERTS



CRAIG JEFFERY

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 20+ 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.



OMRI KLETTER

Prior to joining Bottomline, Omri was responsible for managing the fraud and authentication solutions in the EMEA region for NICE Actimize. Omri began his career in Israel's elite technological intelligence army unit, where he served as the Head of the Global Counter-Terrorism section.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &
ANALYSIS



ABOUT THE SURVEY
KEY POINTS OF INTEREST



FRAUD IN CONTEXT
CURRENT STATE



SECURITY PRACTICES
TOP AREAS OF SPEND AND
FOCUS



CONTROLS
USE OF TECHNOLOGY



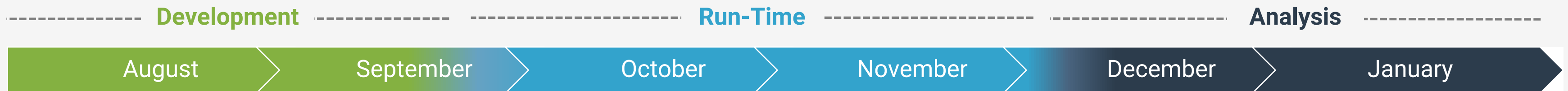
**PAYMENT
MODERNIZATION**
SPEED & SECURITY



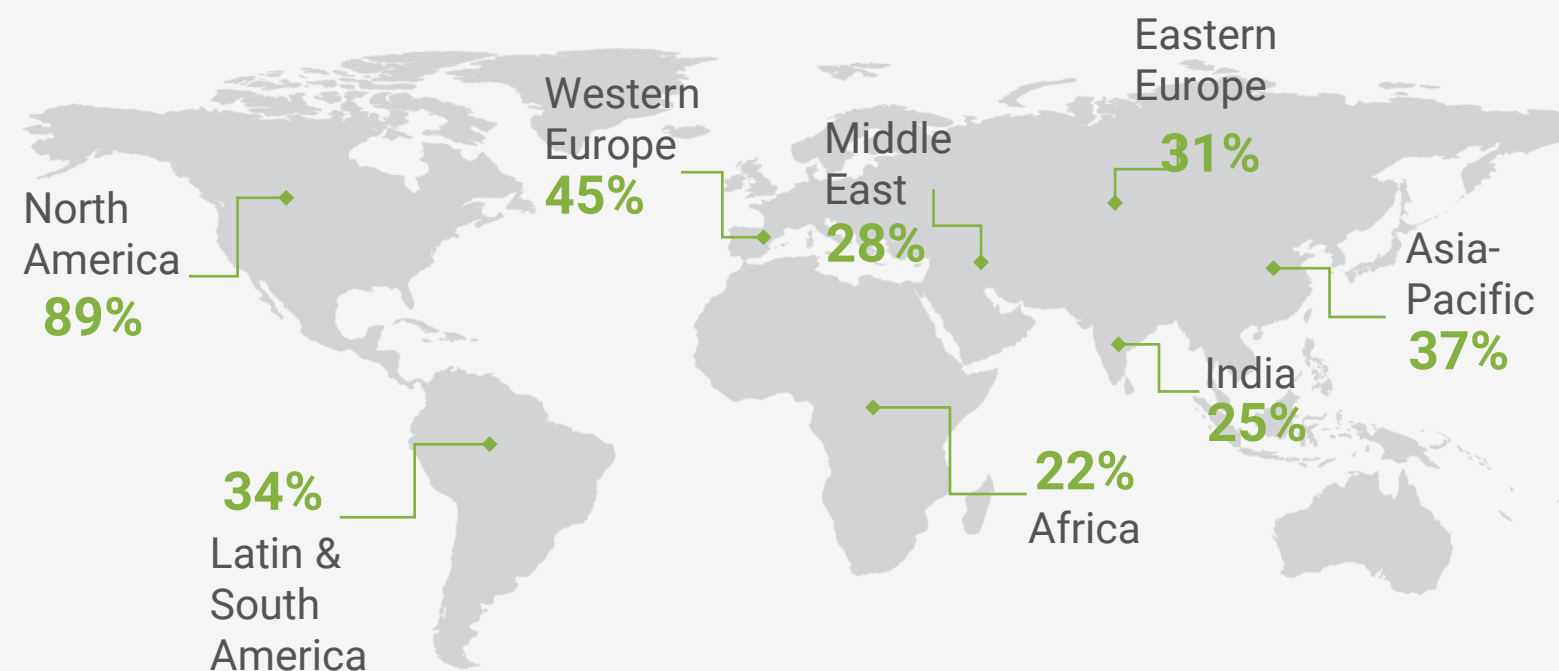
KEY TAKE-AWAYS
FROM THE RESEARCH

SURVEY QUICK STATS

2021 TREASURY FRAUD & CONTROLS

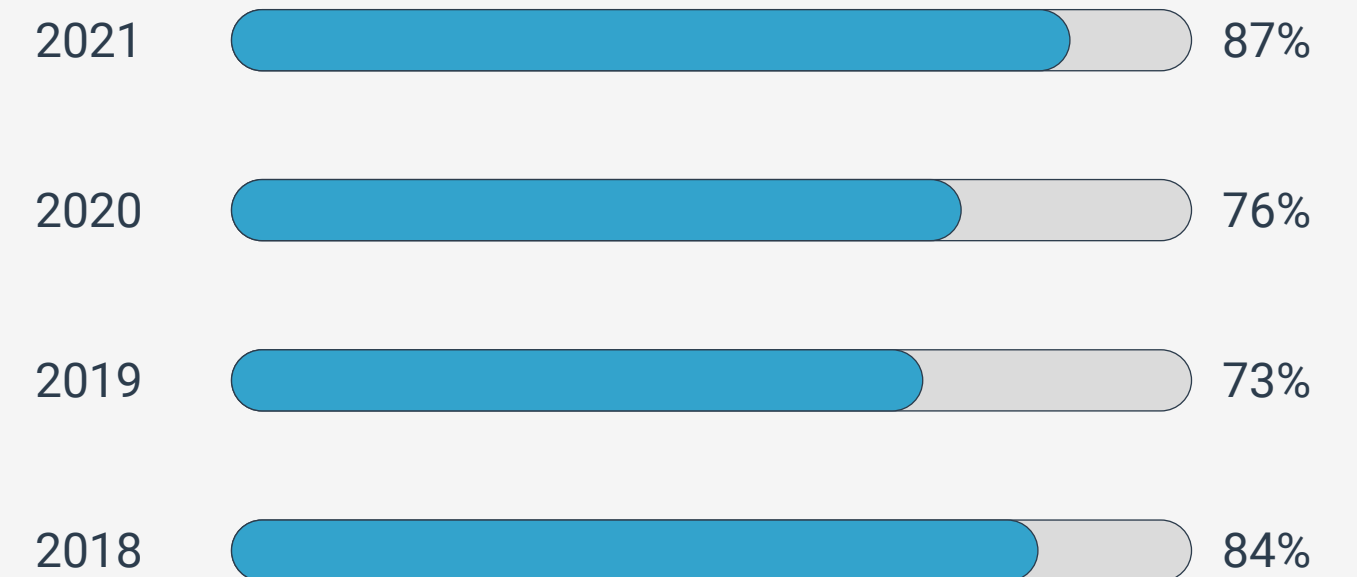


Regions of Operations



Fraud Increasing at an All Time High

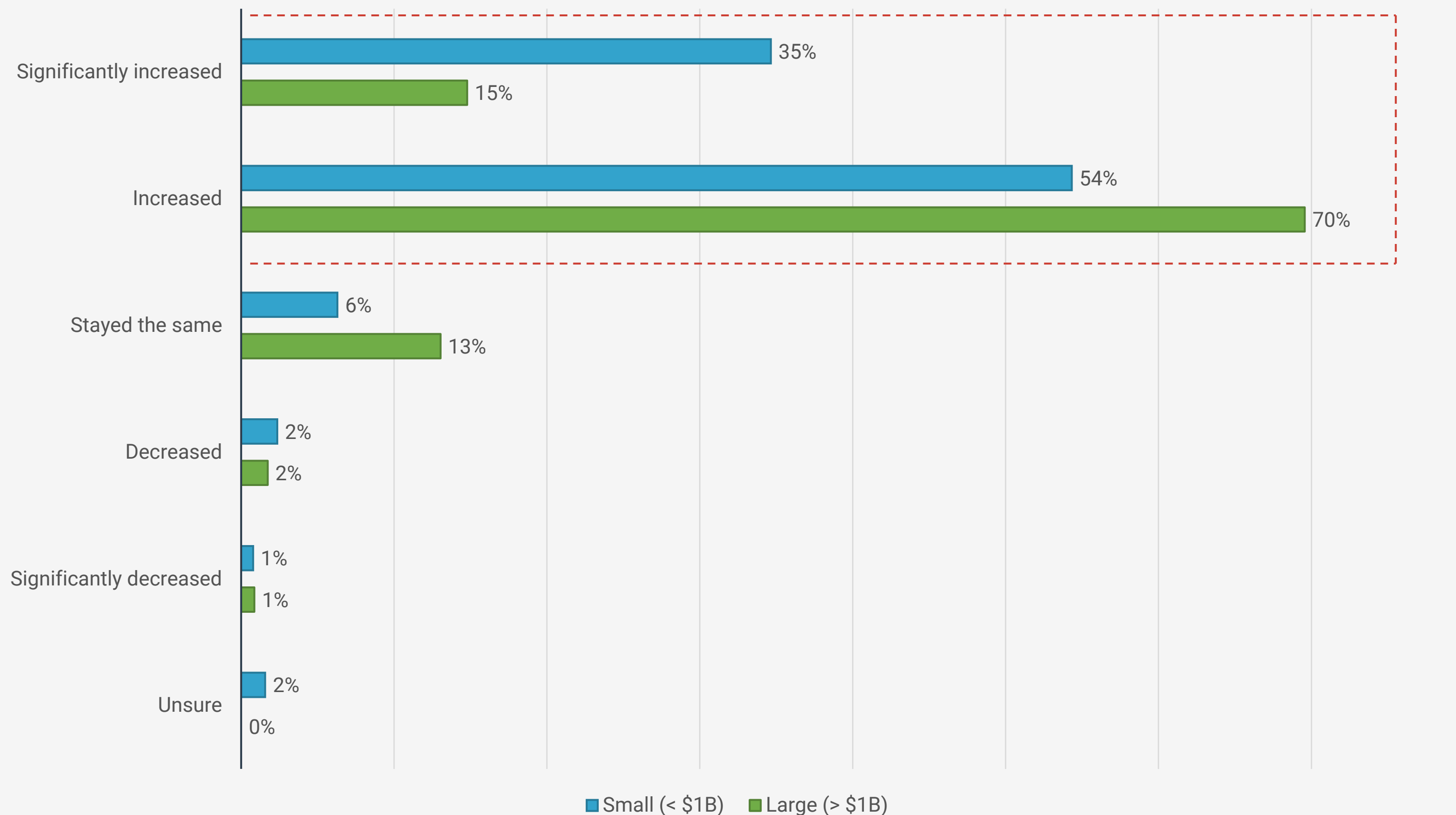
Corporate respondents that think the threat-level of fraud has increased or significantly increased in the past year.



FRAUD ESCALATION

AUTOMATION ASSISTS IN BROAD ATTACKS

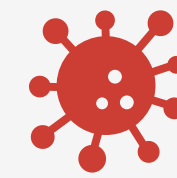
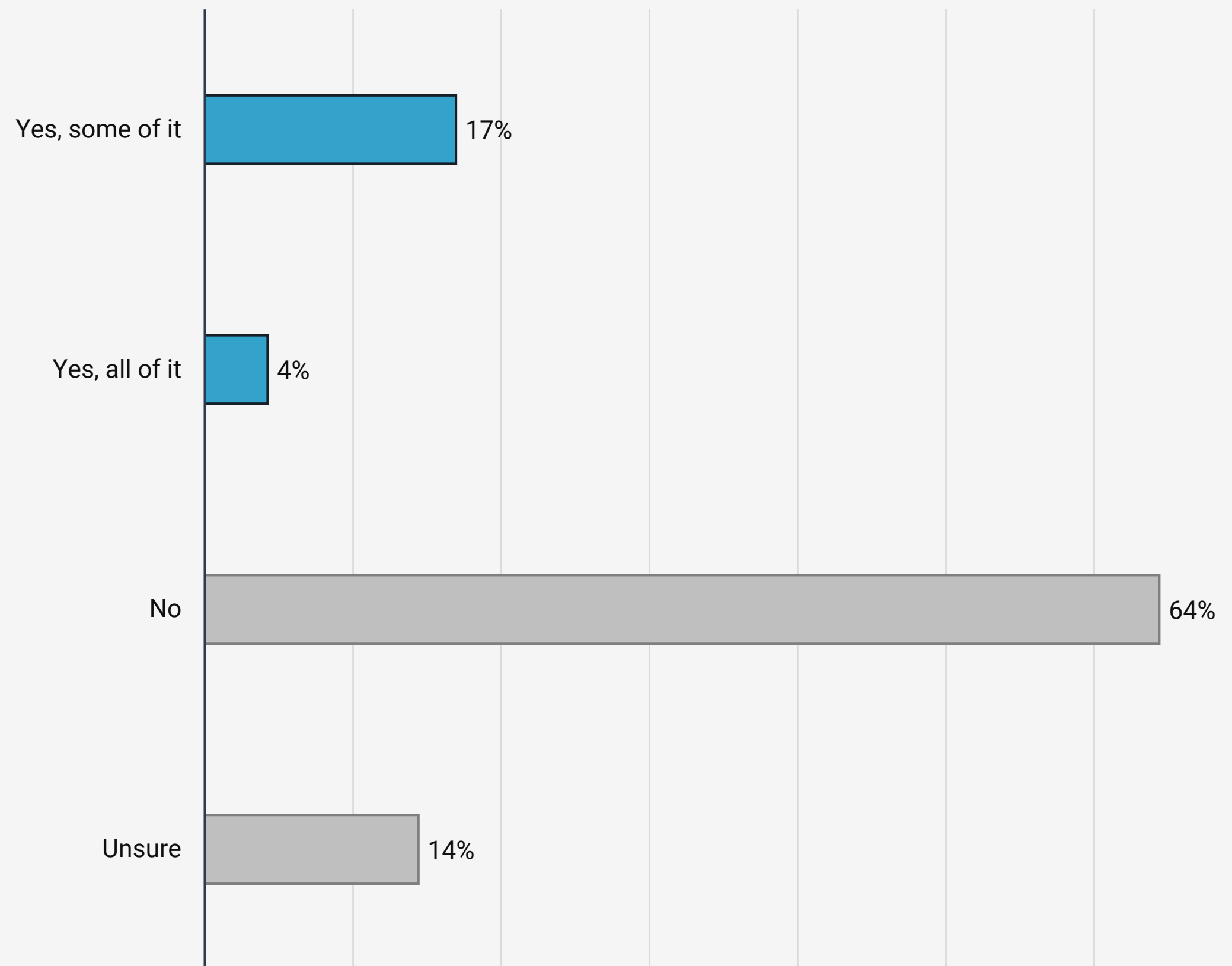
» Corporate: In the past year, I think that the threat-level of fraud has:



COVID-19 CONNECTION

FRAUD RELATED TO THE PANDEMIC

» Corporate Sub Question: Was the fraud you experienced related to COVID-19?

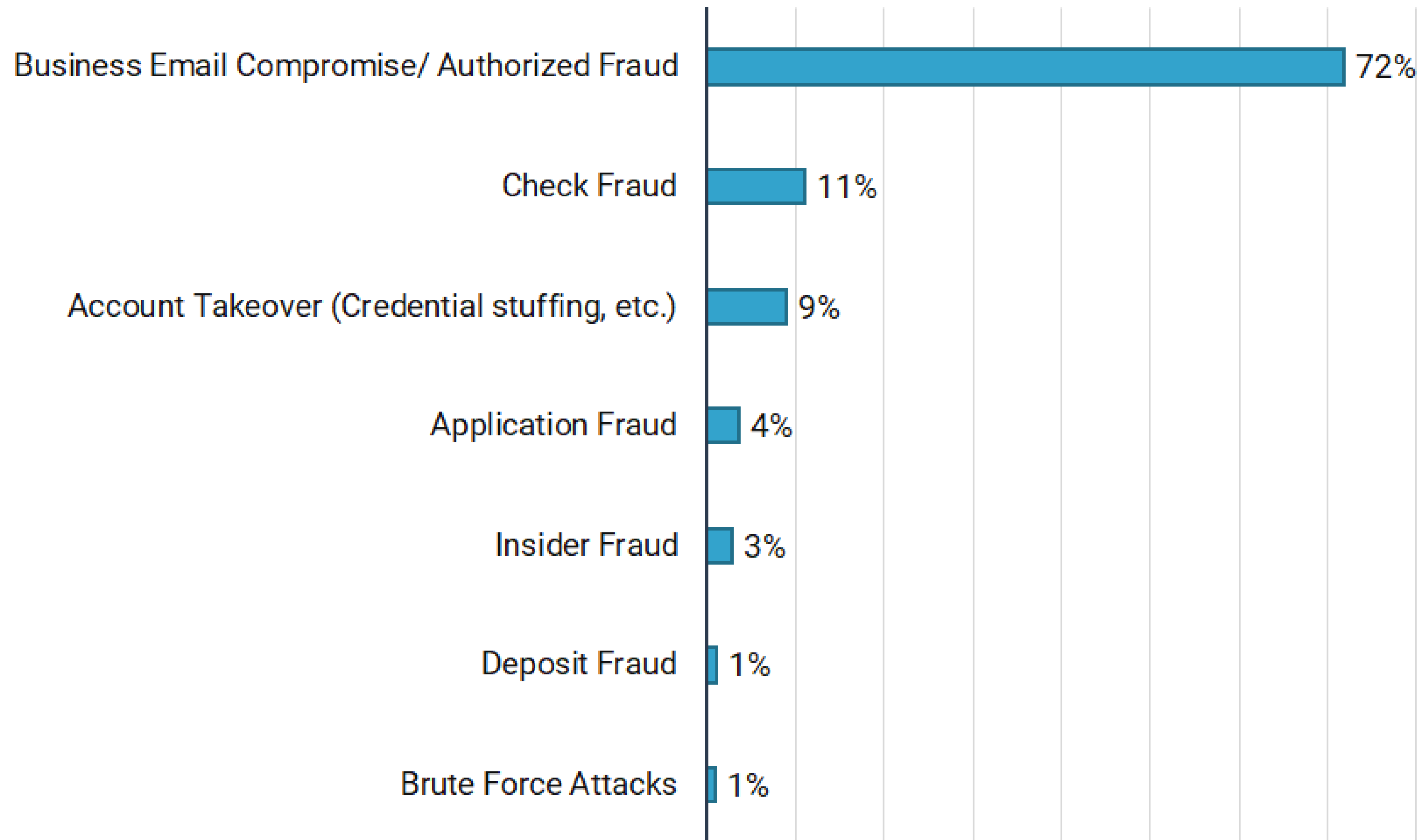


1/5 OF COMPANIES EXPERIENCING FRAUD SAW THE COVID-19 CONNECTION.

Criminals are opportunistic and used the pandemic to improve their yield.

POLL QUESTION

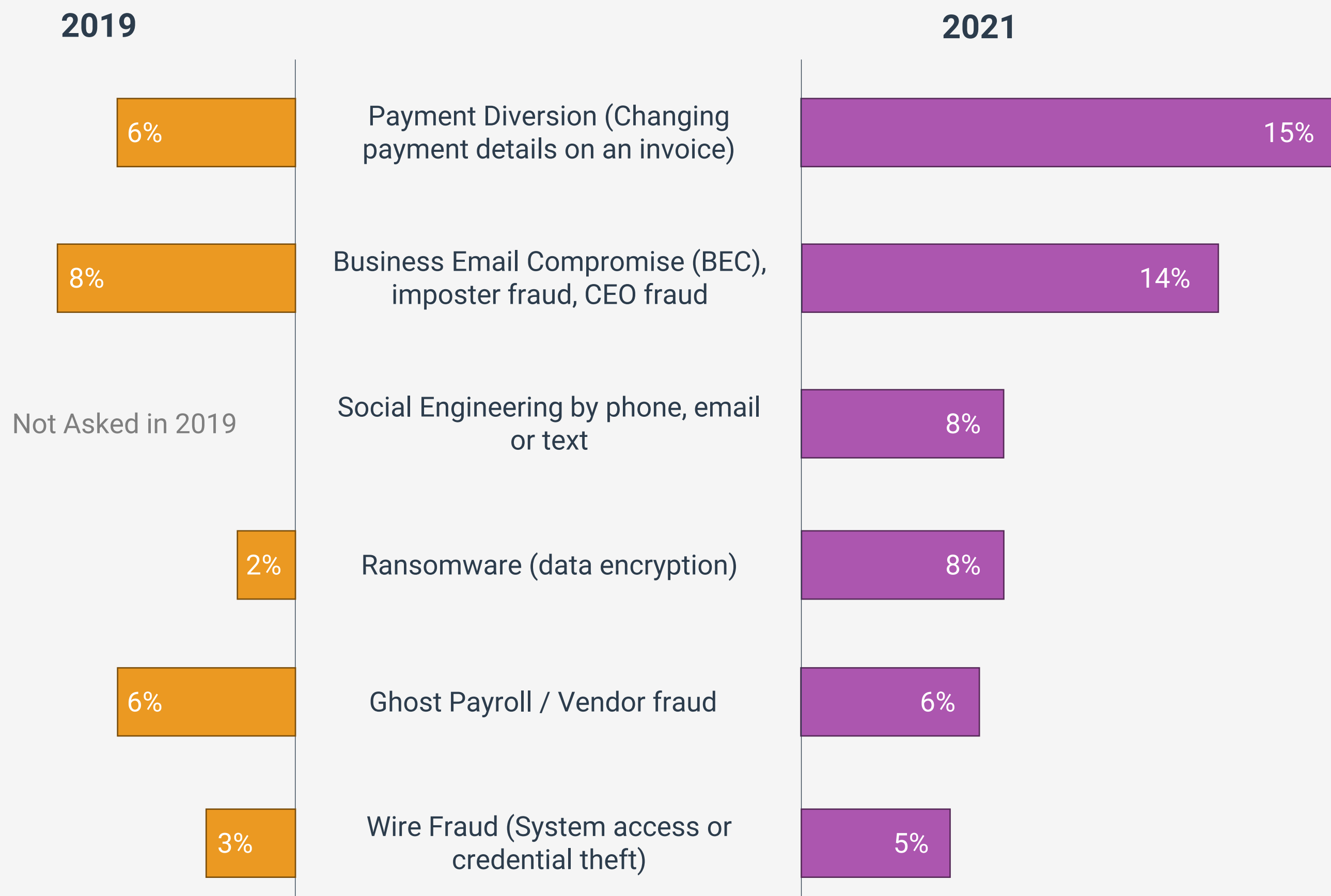
What do you perceive as your greatest fraud risk over the coming 12 - 24 months?



THEN & NOW

LOSSES FROM FRAUD

Fraud attempts are increasing along with the losses. Those that report suffering a loss in the last 12 months have significantly increased over a two-year period.



Note: Only top 6 responses from 2021 displayed



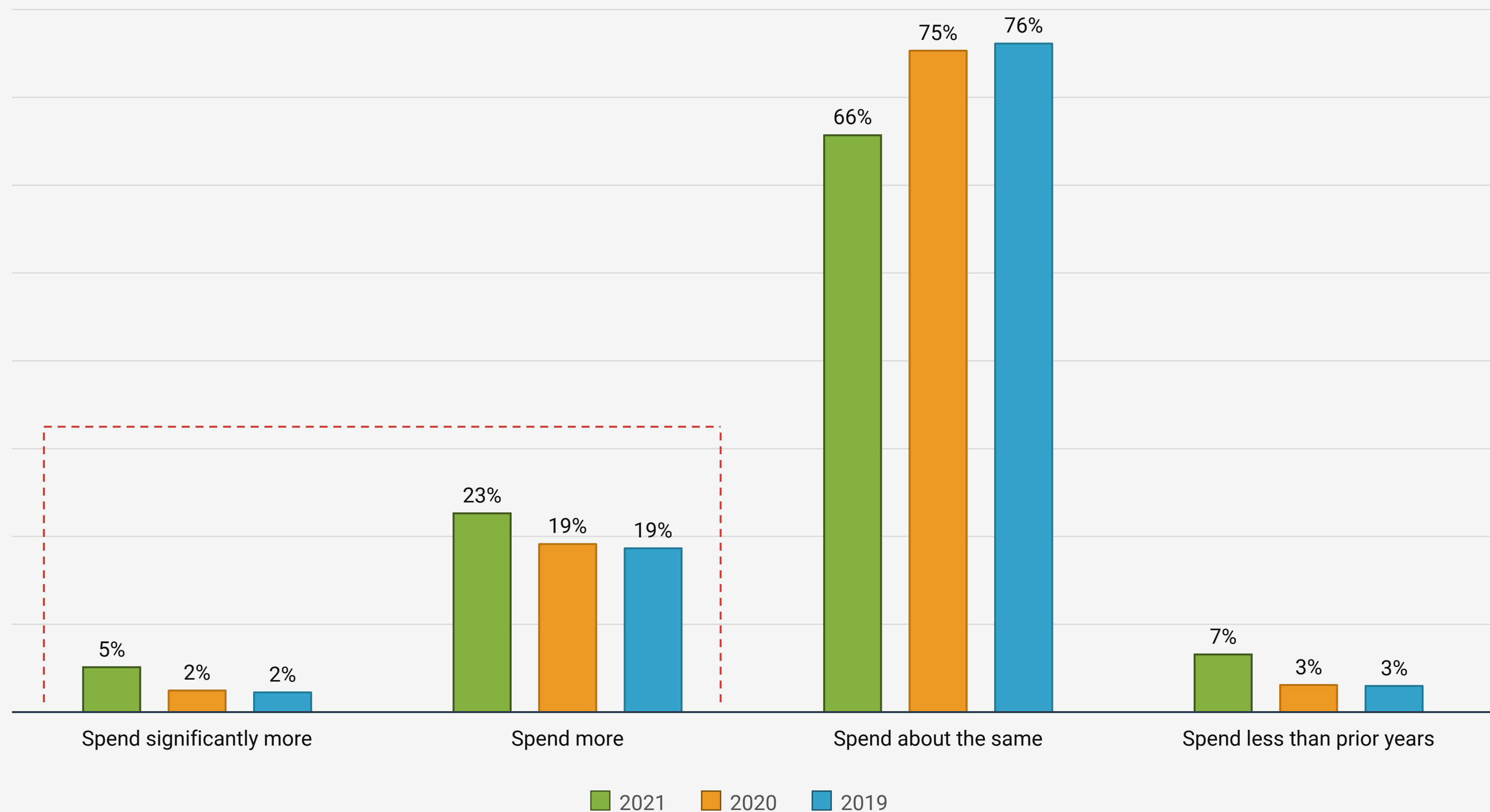
Discussion & Implications

ESCALATION OF FRAUD

SECURITY SPEND

A THREE-YEAR TREND ON SPENDING MORE/SIGNIFICANTLY MORE

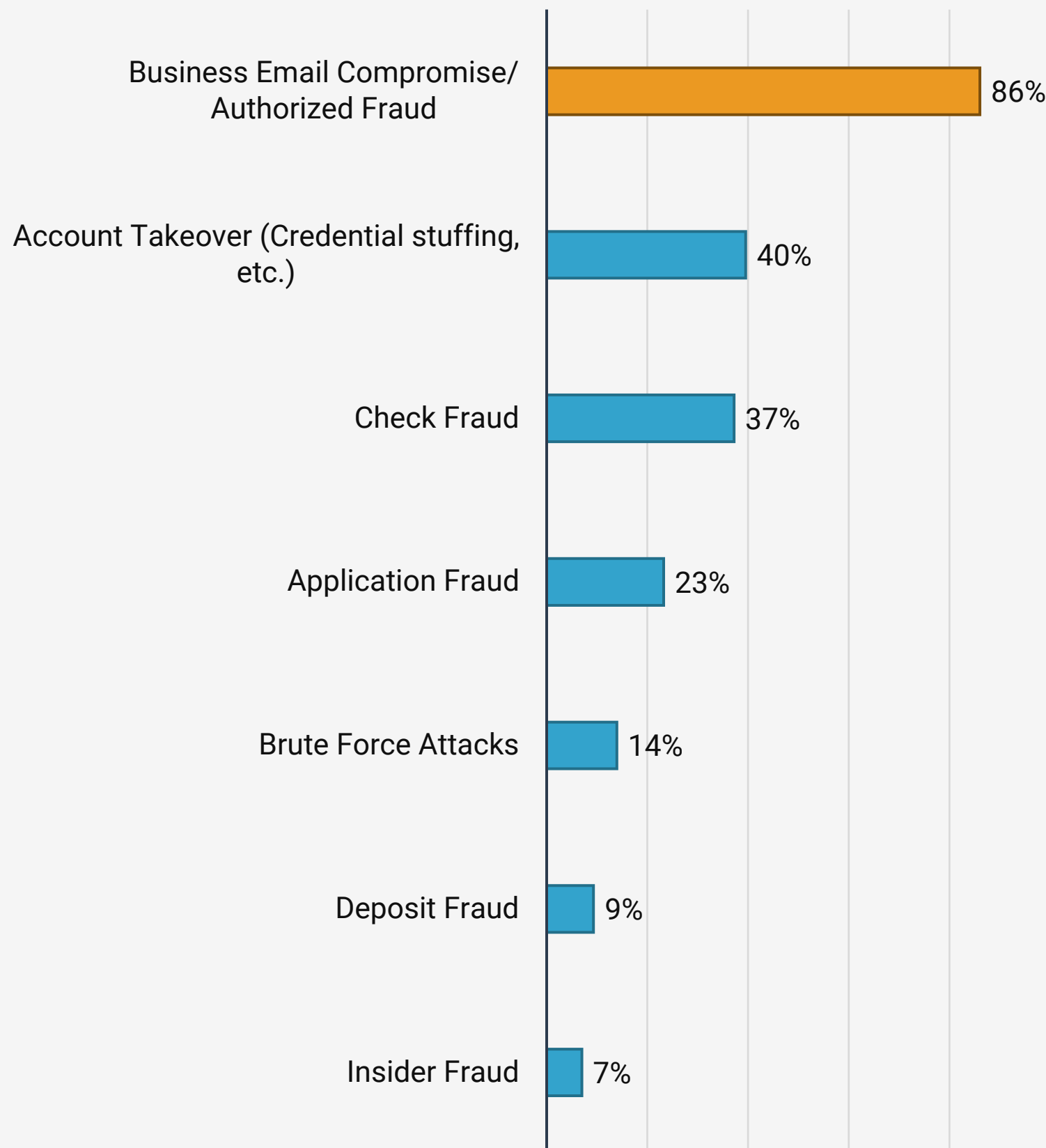
» Corporate: What are your spending plans for treasury fraud prevention, detection, and controls?



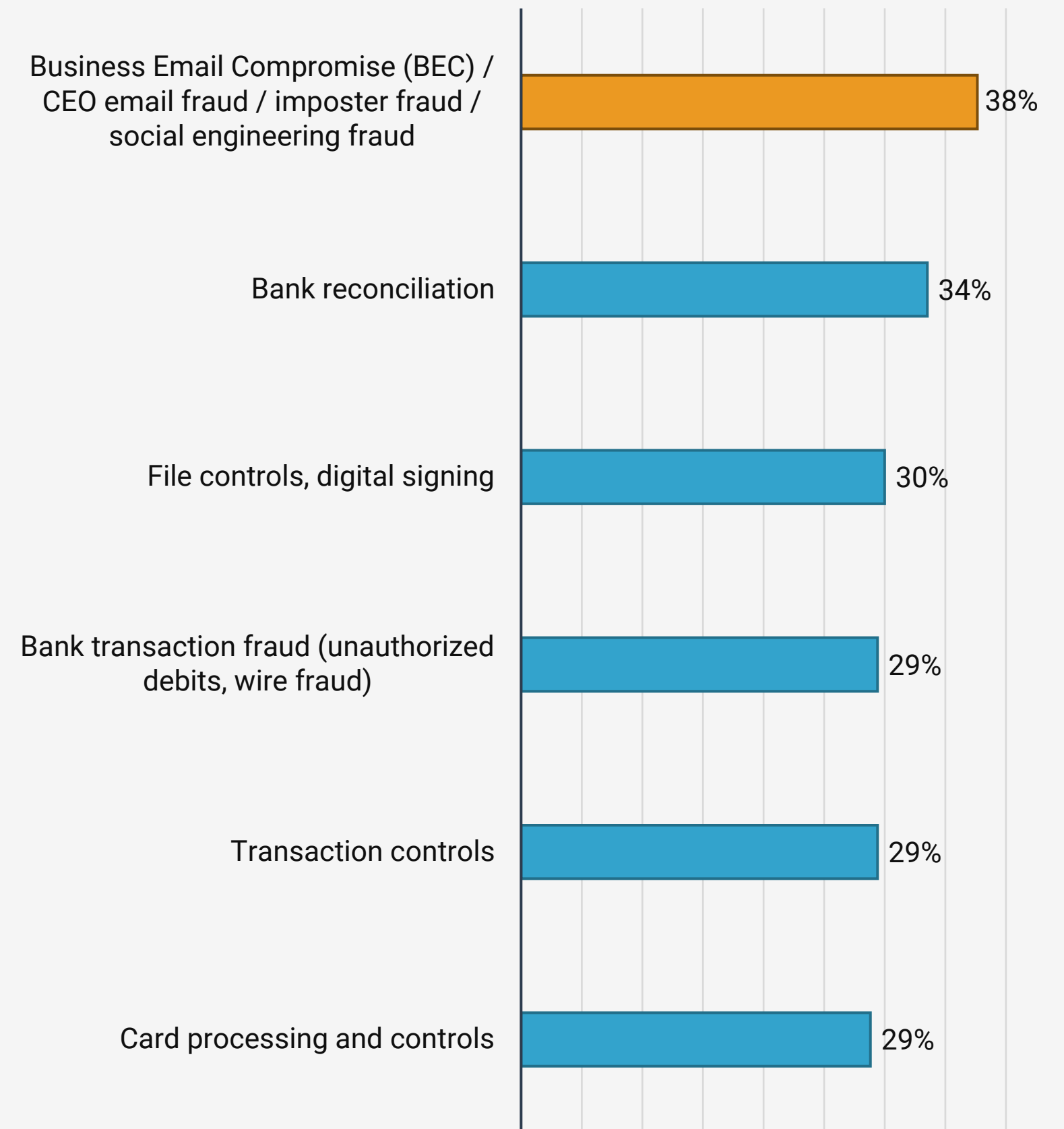
FOCUSING ON BEC

LARGEST RISK AND AREA OF SPEND

» Banks: What do you perceive as your greatest fraud risk over the coming 12-24 months? (Select up to three)



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



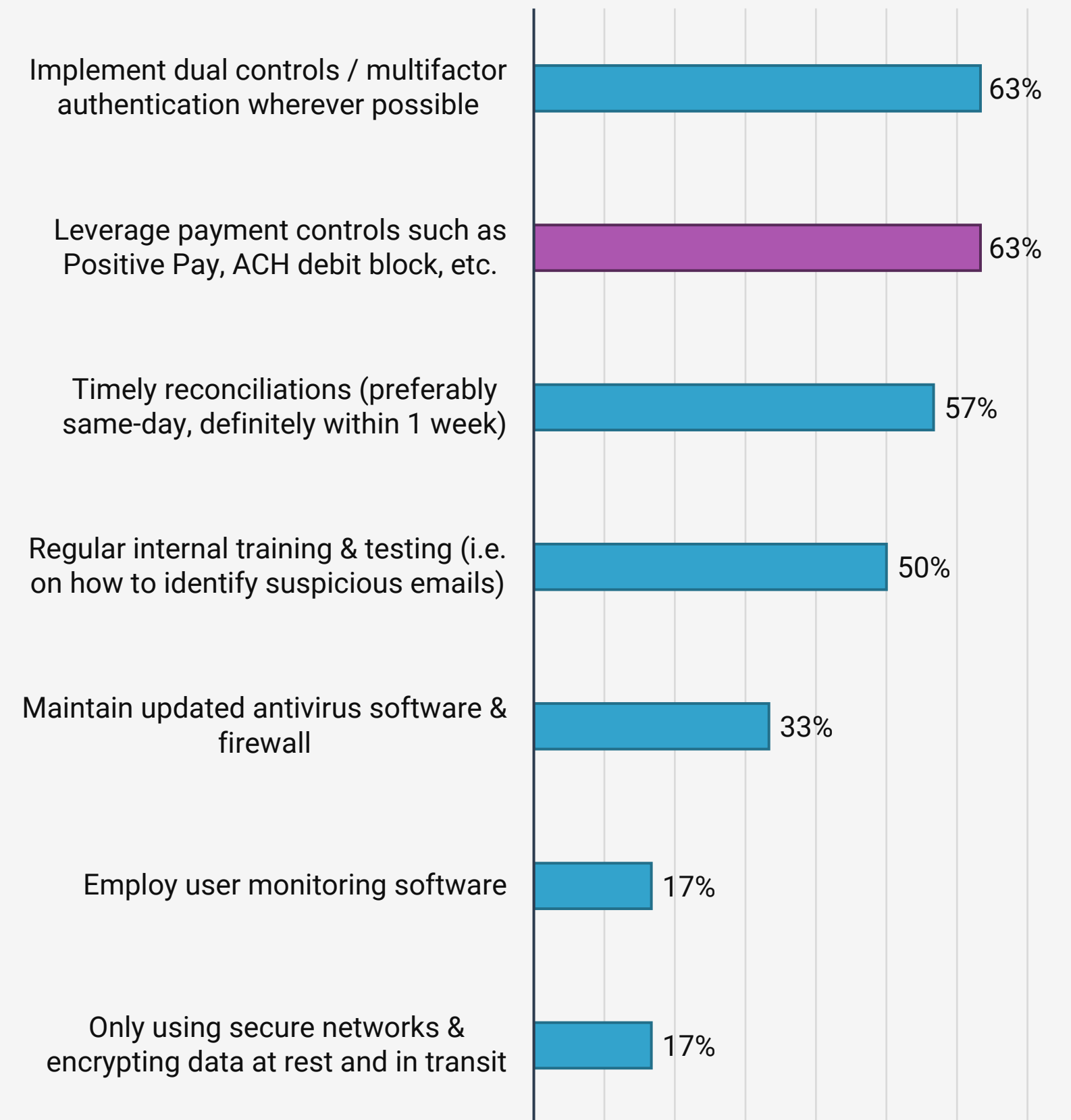
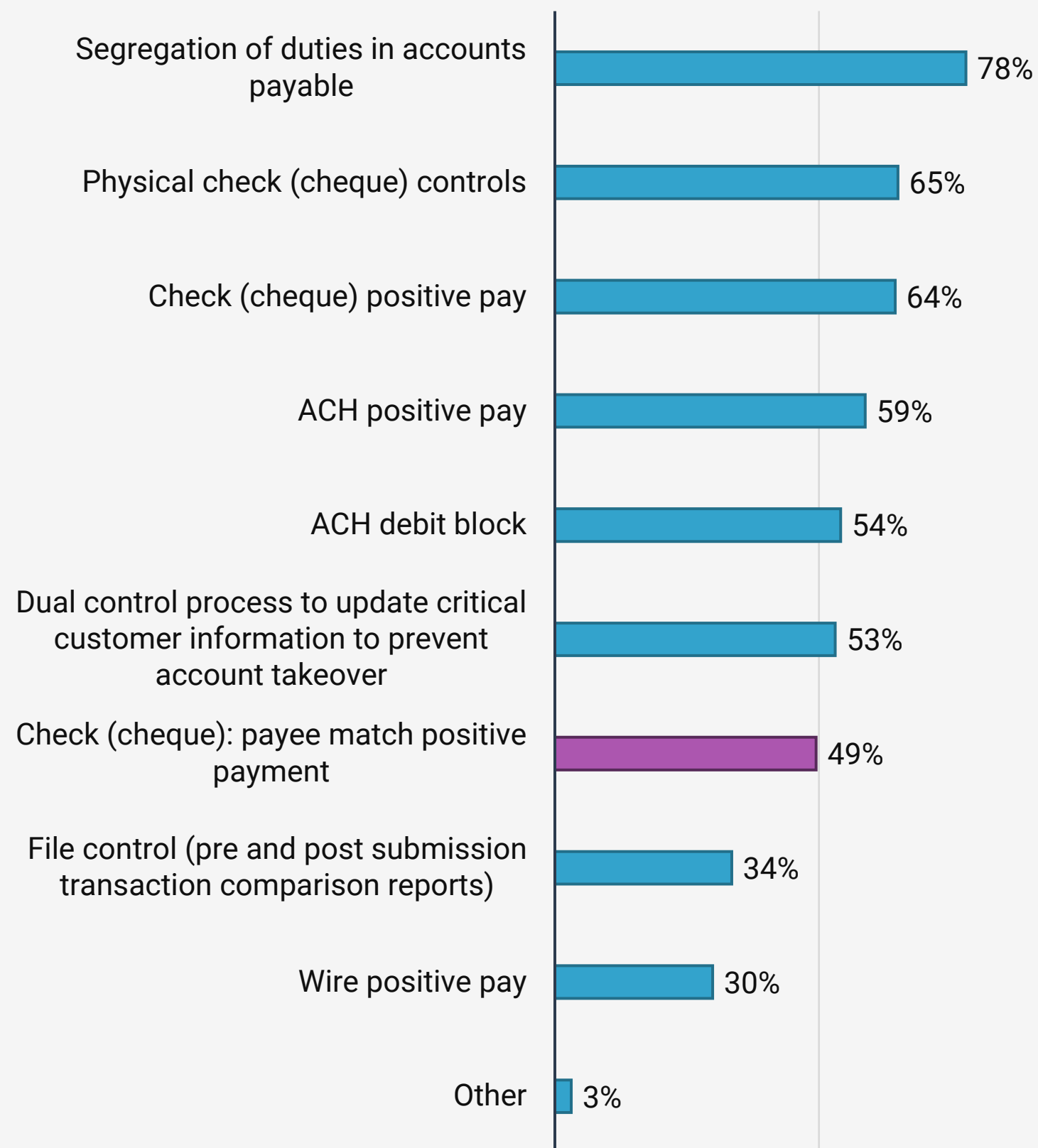
Note: Only top 6 responses displayed

USE OF CONTROLS

THE TOOLS ARE AVAILABLE – NOT ALL ARE TAKING ADVANTAGE OF THEM

» Corporate: What controls does your organization have to prevent payment fraud? (Select all that apply)

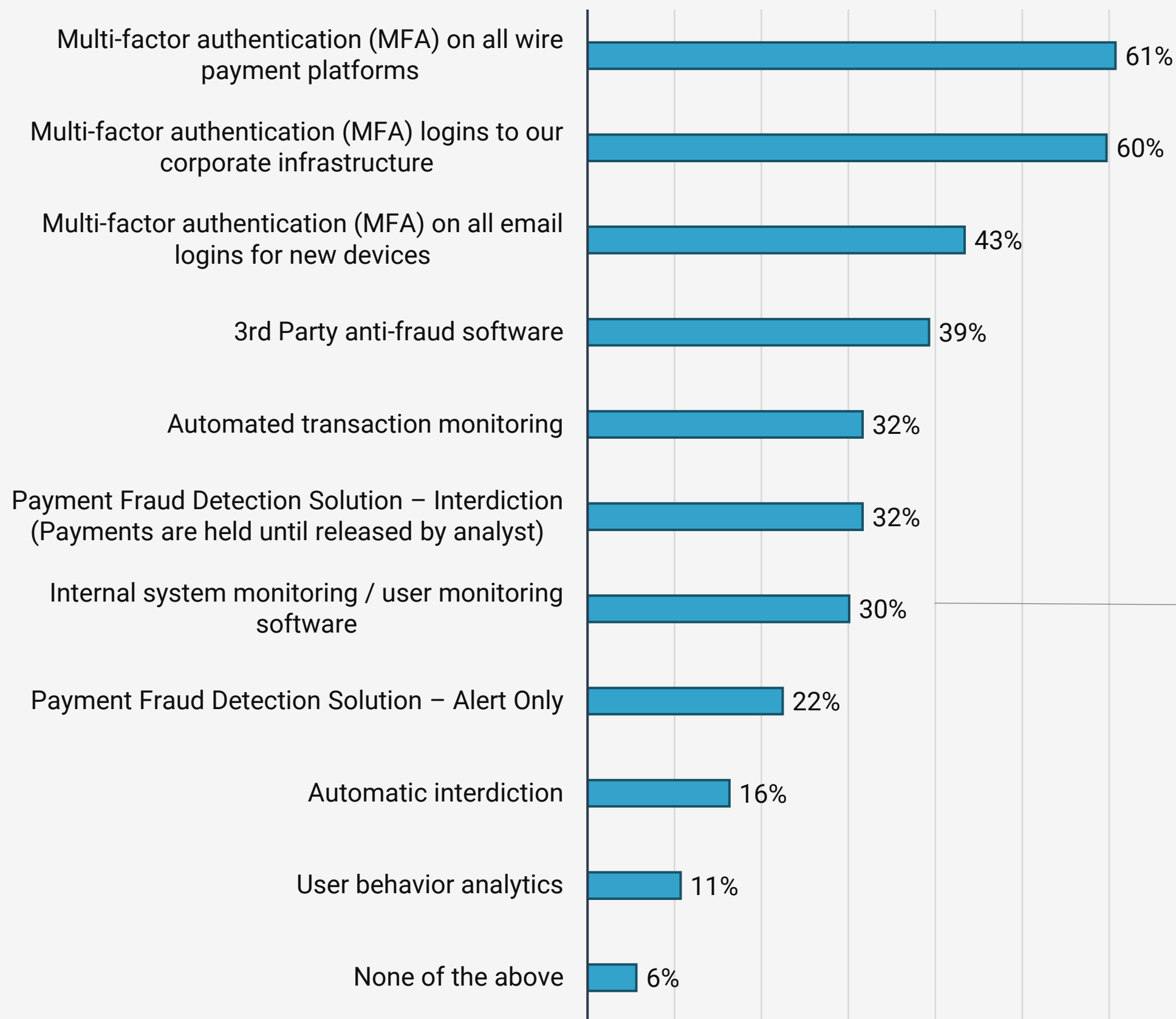
» Bank: What are the top three security practices or tools you wish all your clients used but that many are not currently leveraging?



THE POWER OF MACHINES

LEVERAGING TECH

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



OF THOSE WITH INTERNAL SYSTEM MONITORING

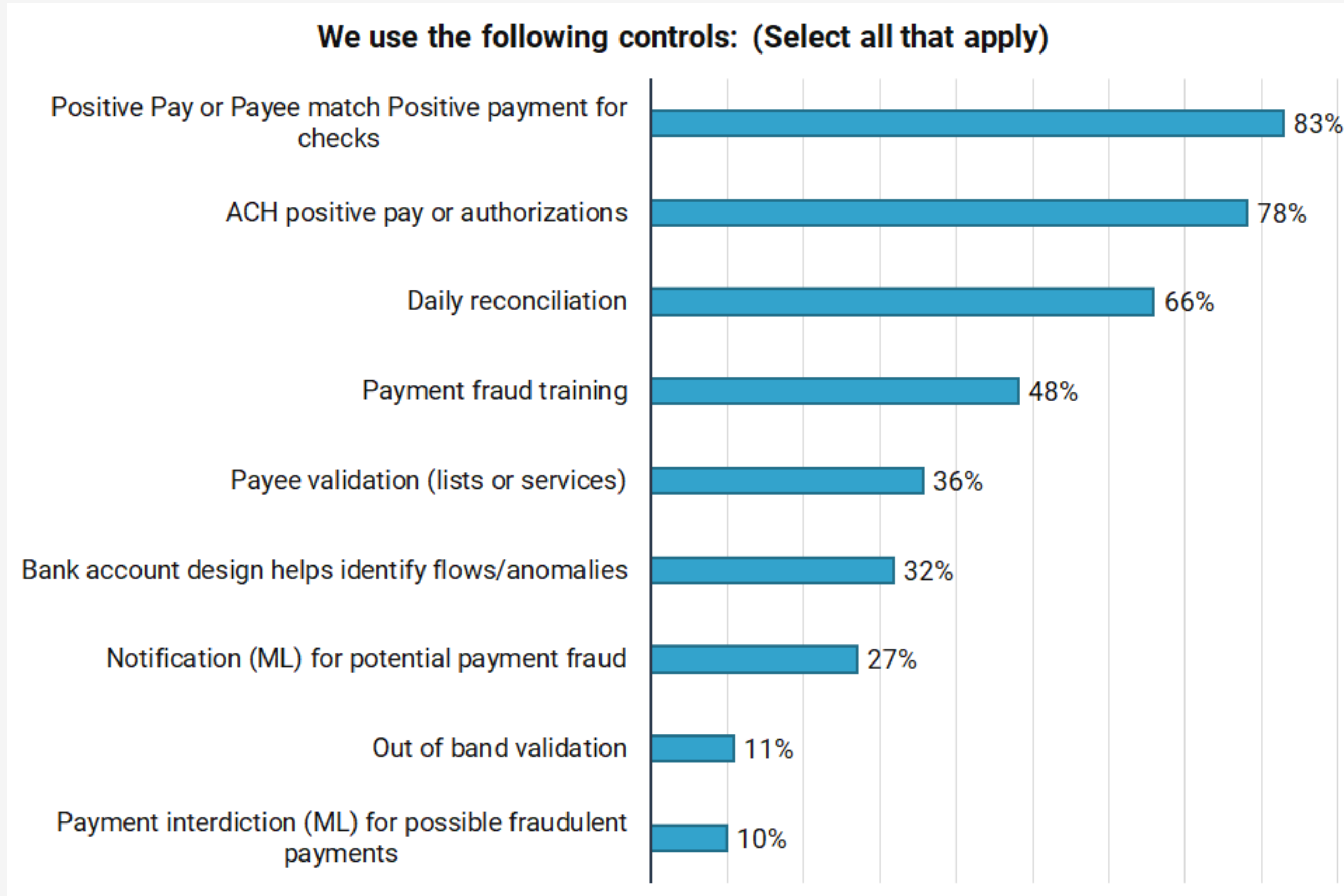
68% detect unauthorized users trying to access restricted systems

51% detect unusual changes to payment beneficiary information

47% detect unusual payment amounts

39% detect unusual payment volumes

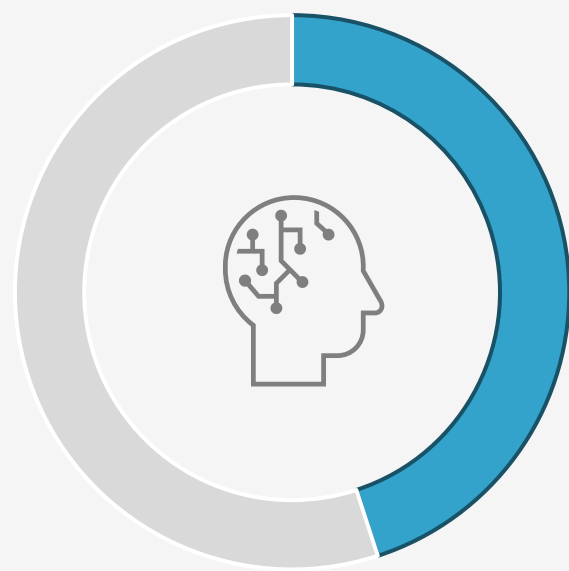
POLL QUESTION



ADOPTING TECH

FOR PREVENTION AND DETECTION

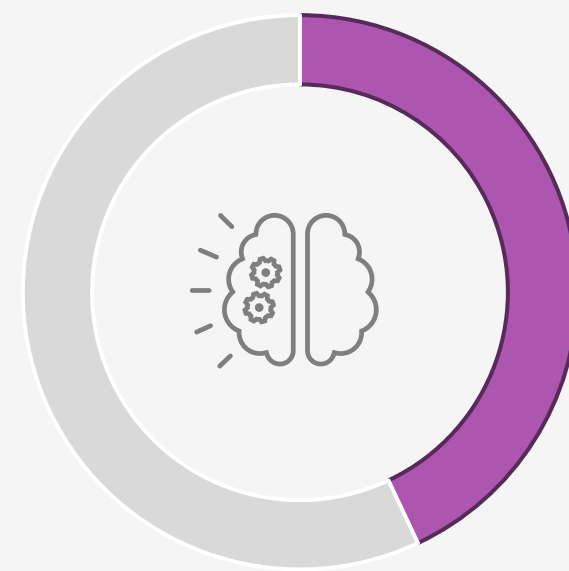
Corporate respondents reported that they are exploring the following technologies:



45%

**Fraud
detection
AI/ML**

+14% that have
implemented or
have plans to
implement



43%

**Fraud
prevention
AI/ML**

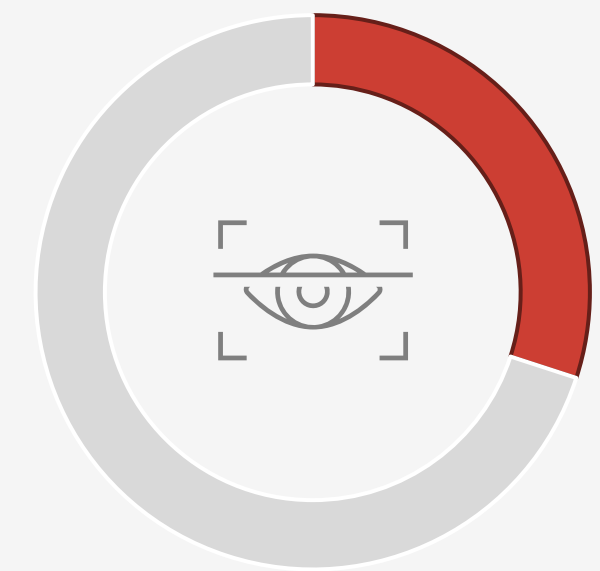
+14% that have
implemented or
have plans to
implement



32%

**Fraud
prevention
biometrics**

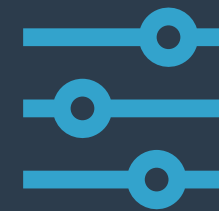
+16% that have
implemented or
have plans to
implement



30%

**Fraud
detection
biometrics**

+12% that have
implemented or
have plans to
implement



DISCUSSION & IMPLICATIONS

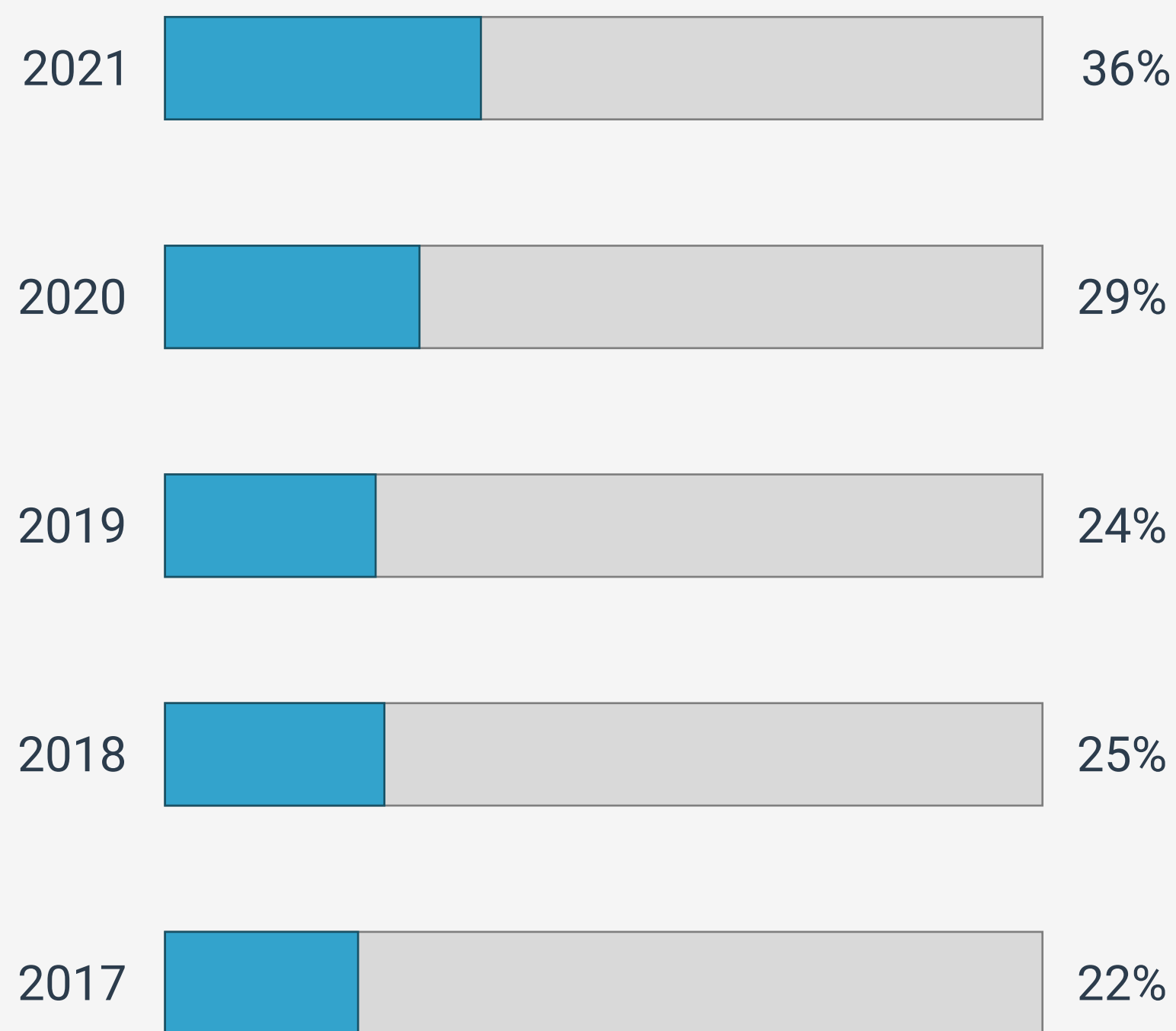
SPENDING, CONTROLS & TECH

ACCOUNTABILITY & REPORTING

REALIZING THE NEED TO TRACK AND STAY CURRENT

DIRECT ACCOUNTABILITY TO MONITOR FRAUD DEVELOPMENTS JUMPS OVER FIVE-YEAR PERIOD

Corporates that formally assign roles and have a regular reporting cadence to the group:



FRAUD PREVENTION AND DETECTION DEPENDS ON EVERYONE



86% of corporates have employee training at least annually on fraud



66% of corporates have a centralized hub for reporting suspicious activity

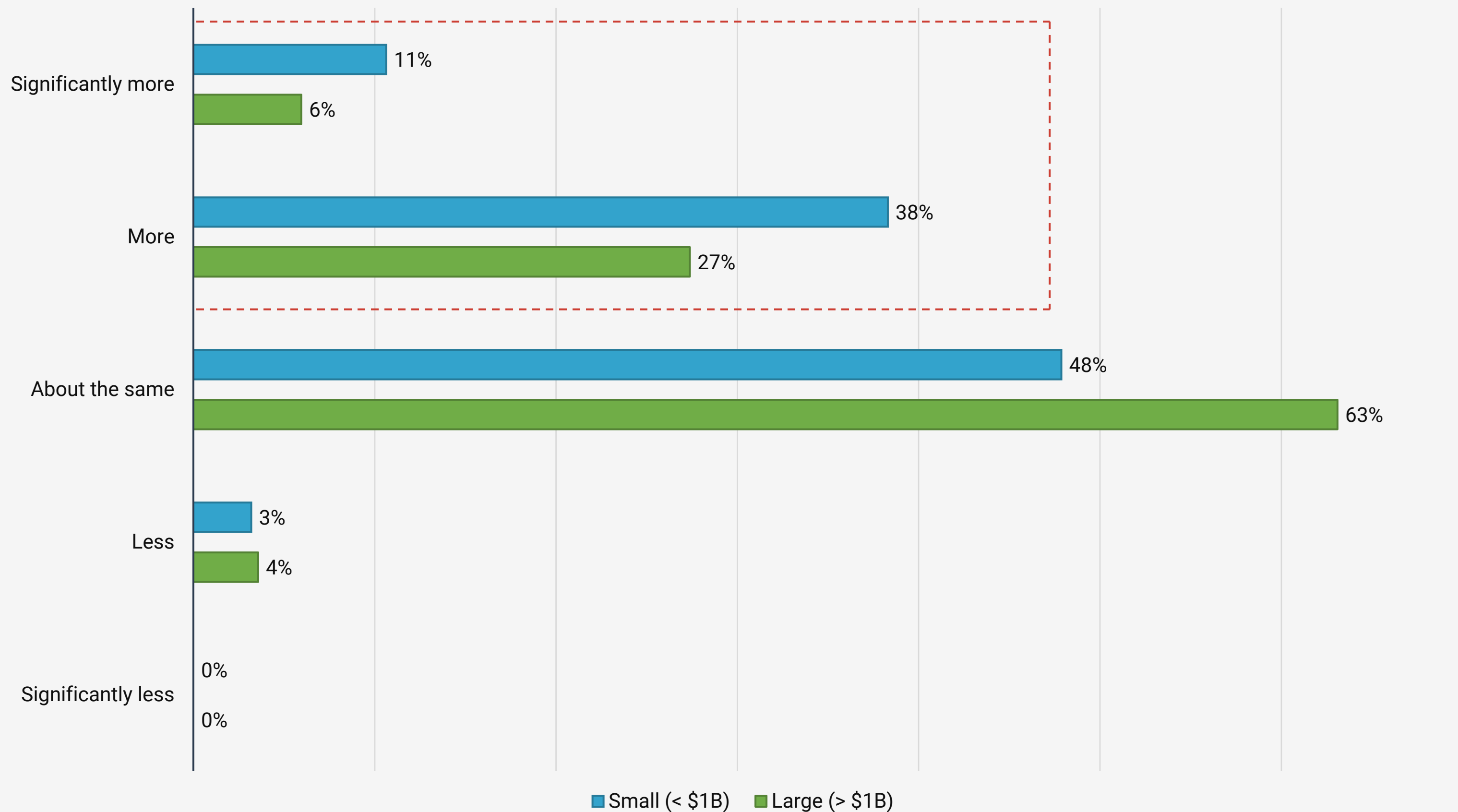


57% have a hotline to anonymously report fraud concerns

THE PRICE OF COMPLIANCE

FEELING THE PAIN, ESPECIALLY FOR SMALL FIRMS

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





DISCUSSION & IMPLICATIONS

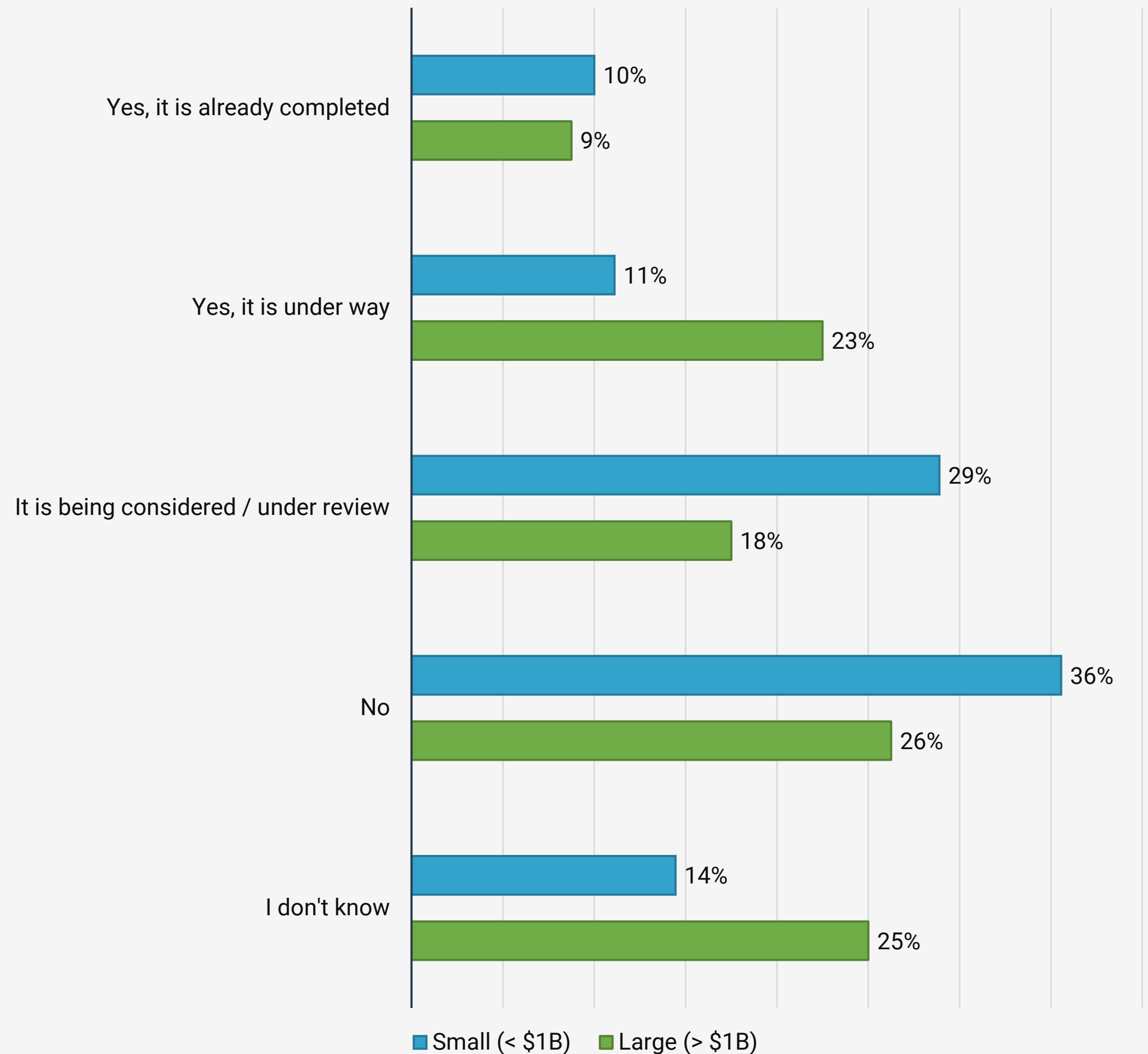
ACCOUNTABILITY & COMPLIANCE

LARGE IS LEADING THE WAY

IN PAYMENTS MODERNIZATION

Modernization often translates to speed (faster) and new formats/methods (better) for making payments. Interdiction of payment anomalies is a critical defensive measure that follows the “Speed Matters” security principle.

» Corporate: Do you have a Payments Modernization program?

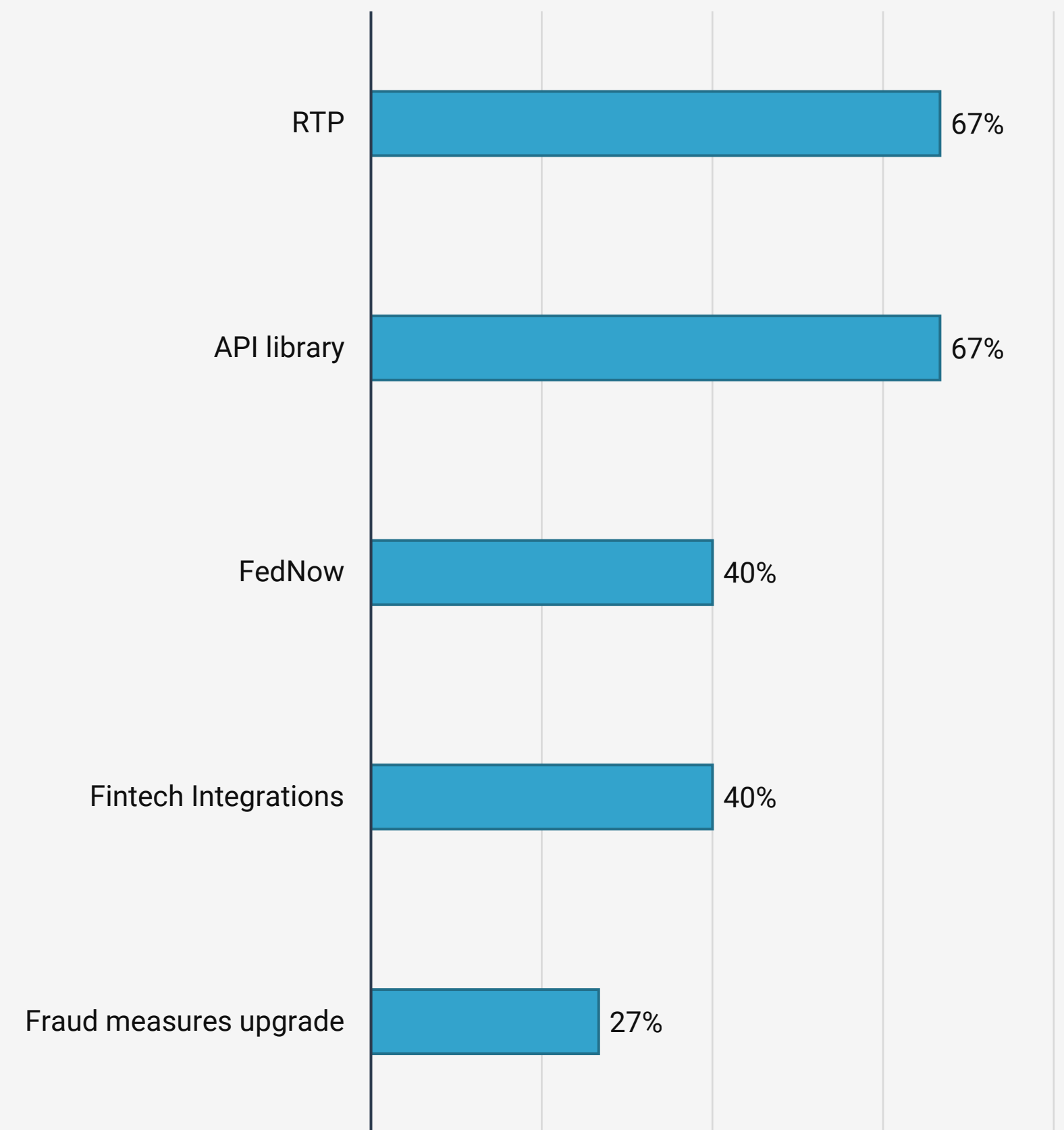
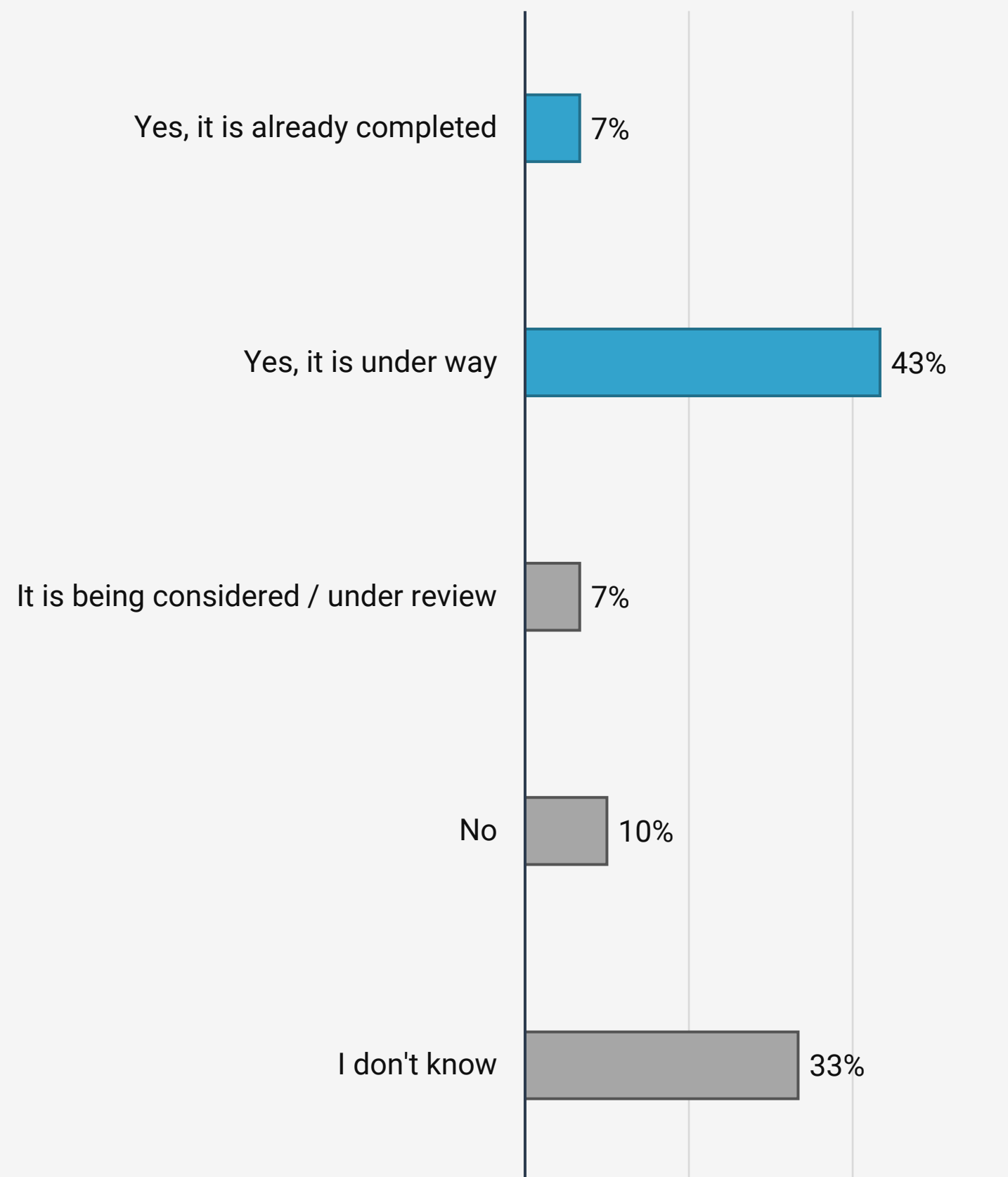


BANKS ON MODERNIZATION

OFFERING REAL-TIME PAYMENTS & API LIBRARY

» Bank: Do you have a Payments Modernization program?

» Bank: What does your Payments Modernization program include? (Select all that apply)



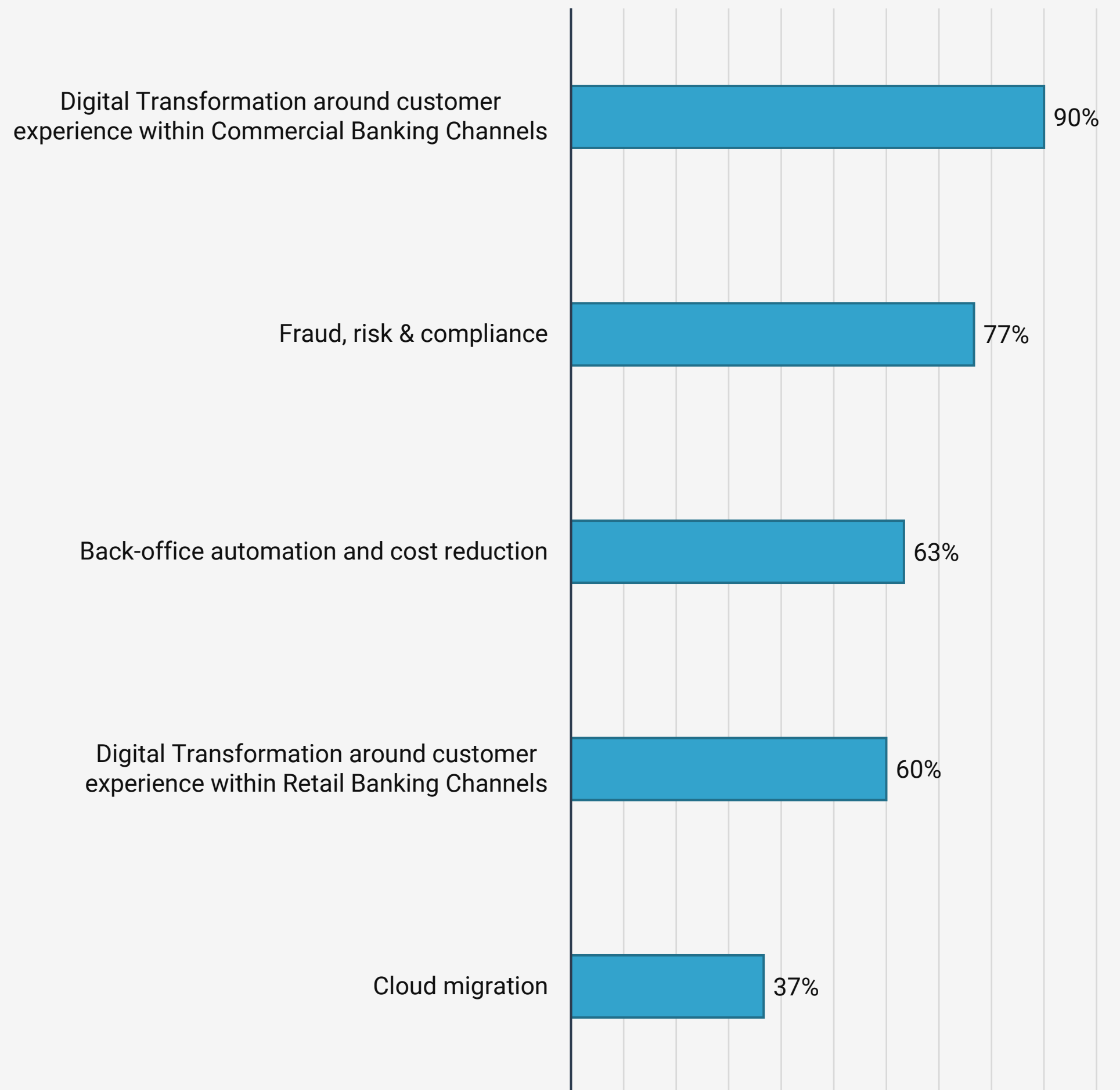
Note: Only top 5 responses displayed

DIGITAL TRANSFORMATION & CUSTOMER EXPERIENCE

WITHIN COMMERCIAL BANKING

The movement away from checks towards digital banking and electronic payments is nearly universal, and most banks indicate the need to leverage a solution provider to make this transformation secure. COVID-19 drove a wholesale and long-term WFH environment, which saw many business continuity planning (BCP) adjustments, changes in the workforce, pressure to move to digital due to distance, and even printers moved to the home office.

» Bank: What are the key areas of technology investment within your organization? (Select all that apply)

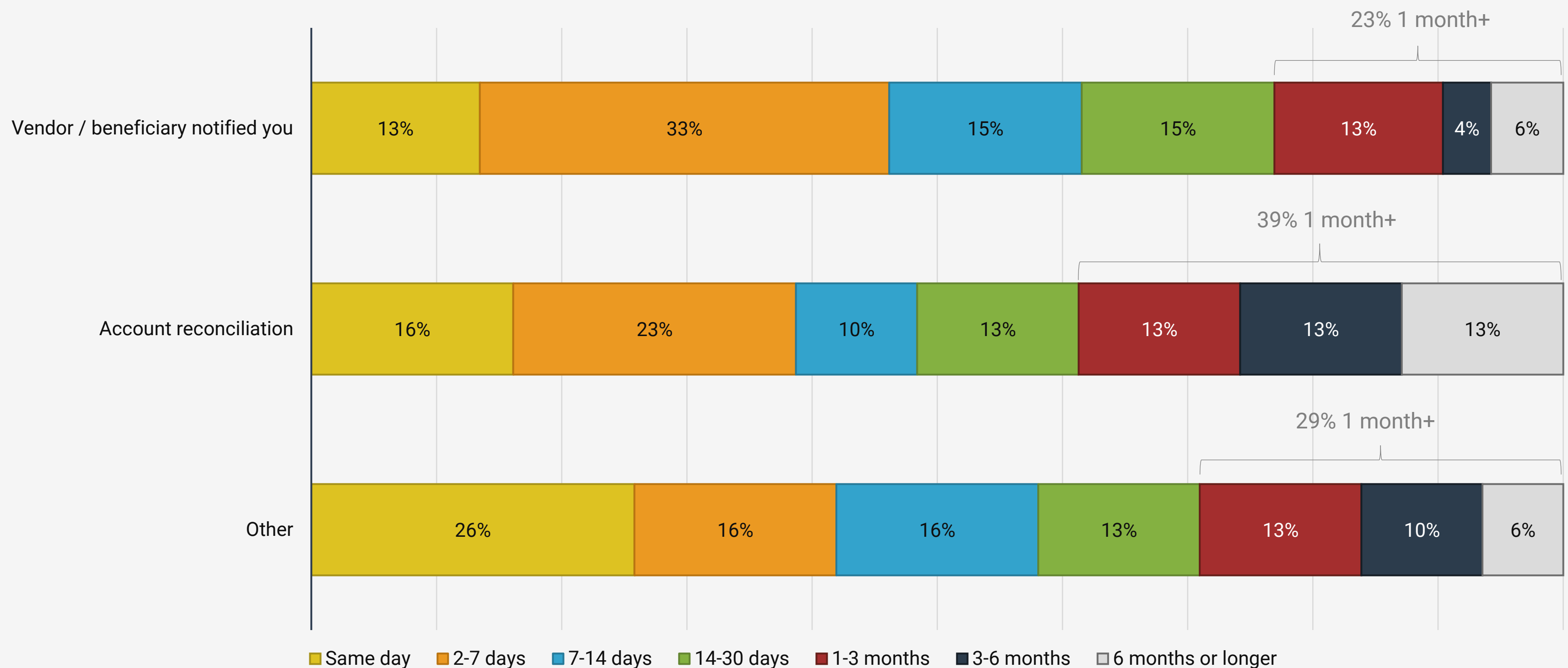


PAYMENT HAS LEFT THE BUILDING

AND IT'S TAKING A WHILE TO REALIZE IT

Nearly a third (32%) of corporates reported having an ACH or Wire Fraud that left the building this year, up from 25% in the previous survey.

» Specifically considering your largest ACH or Wire Fraud incident, how long did it take you to detect it and by what method did you detect it?



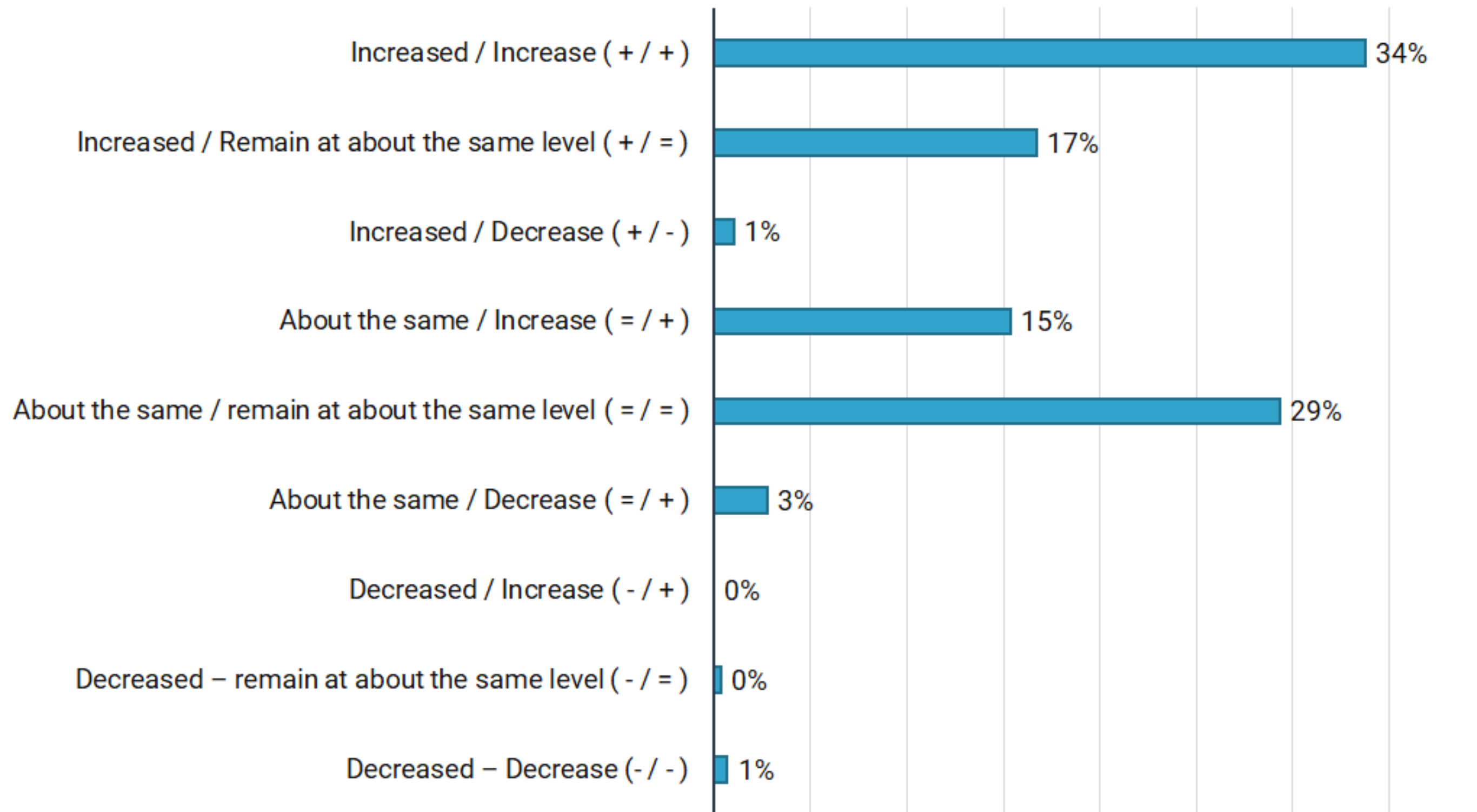


DISCUSSION & IMPLICATIONS

DIGITAL TRANSFORMATION & CONTROL

POLL QUESTION

Our spending and plans to spend on technology for payment security for the prior year versus your expectations for the next year.



TAKE-AWAYS

IDEAS AND POINTS TO BRING BACK TO THE OFFICE



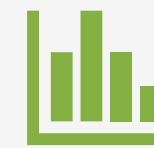
EVERYONE IS NOW A TARGET

- Train & test employees on payment security
- Assign specific people to particular areas of security



EVALUATE WFH RISKS

- Time to do a one-year review
- Identify exposures from workarounds that were “temporarily” adopted



TIME TO BENCHMARK

- Measure yourself against others (benchmarks) and against leading industry standards



INVEST IN TECHNOLOGY

- Your adversaries are using tech to attack
- Identify and acquire payment tools that support security objectives

LET'S CONNECT

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well-informed.



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<https://bit.ly/3rC6AOn>



SURVEY REPORT & INFOGRAPHIC

Thanks to those who completed this year's survey! Treasury Ambassadors and respondents to the 2021 Treasury Fraud & Controls Survey will be emailed the comprehensive results report and infographic.

Non-respondents can download the summary report and infographic by clicking the link below.



Request Report