



2017 Treasury Fraud & Controls

Survey Results

April 2017

Co-Presented By:



**STRATEGIC
TREASURER**

Consultants in Treasury



**Bottomline
Technologies.**

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2017 Treasury
Fraud & Controls
Report





About the Speakers



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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.

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Michael Vigue
VP Product Strategy, Cyber Fraud & Risk Management
Bottomline Technologies

Bottomline Technologies (NASDAQ: EPAY) helps businesses pay and get paid. Businesses and banks rely on Bottomline for domestic and international payments, effective cash management tools, automated workflows for payment processing and bill review and state of the art fraud detection, behavioral analytics and regulatory compliance.



 **Agenda**

 **Survey Background**

 **Main Takeaway**

 **Quick Facts**

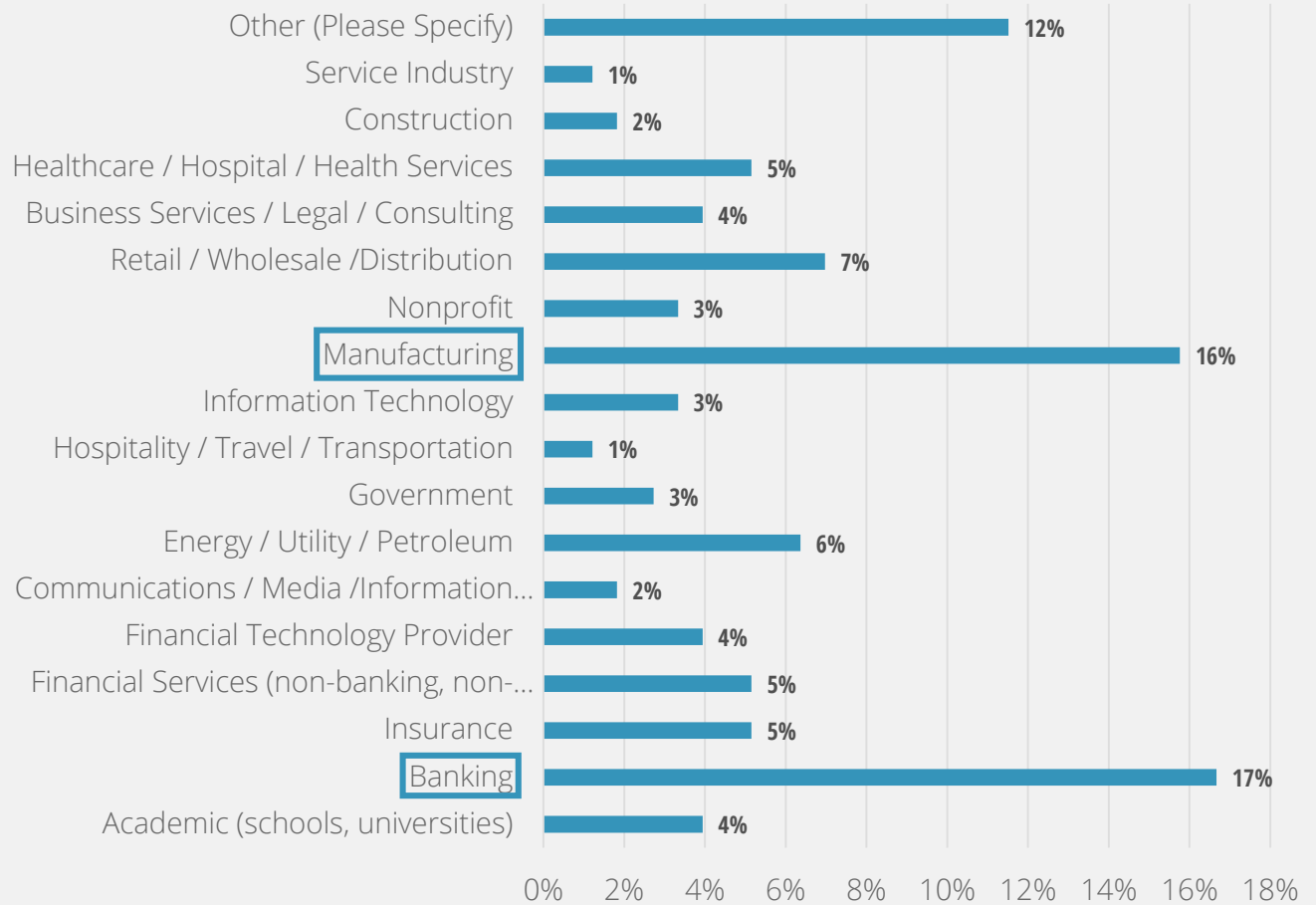
 **Key Findings**

 **Final Thoughts**

Survey Background

- **Second annual survey**
- **330 respondents**
- **Ran from 12/20/16 to 3/3/17**

What is your organization's industry?





Main Takeaway

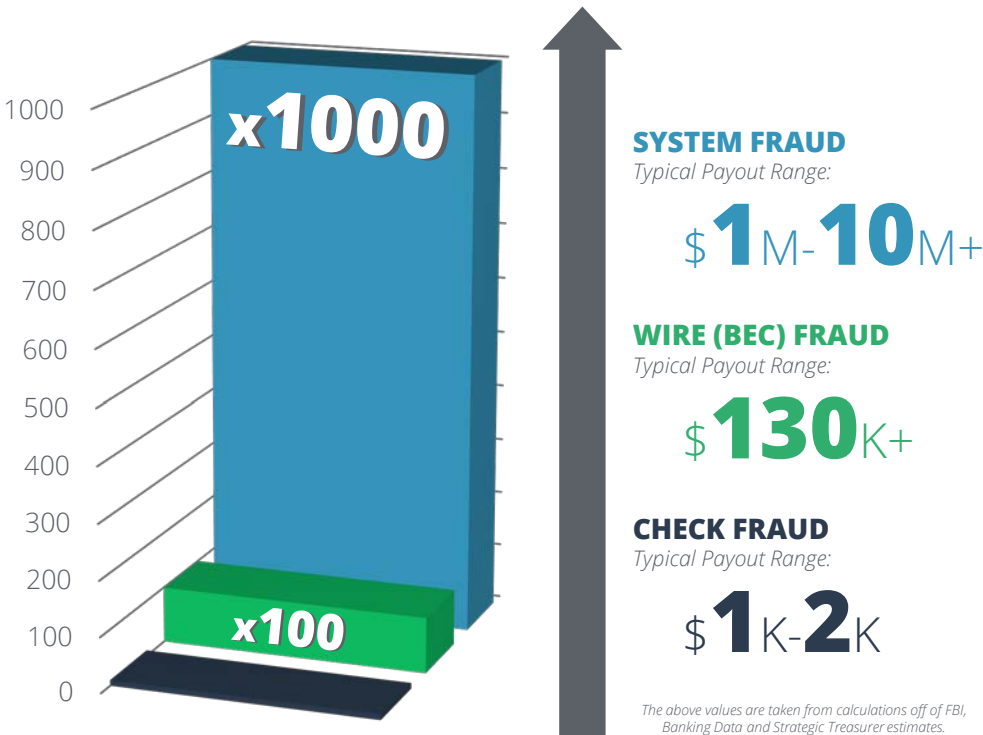
Fraud is Rising,
Crime Still Pays,
& Firms Must Act.



What has changed then?

2016

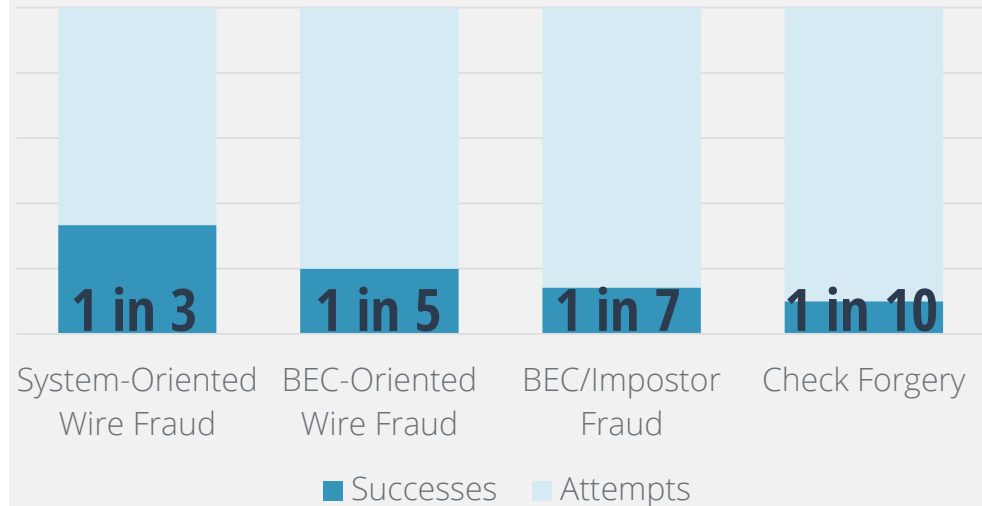
Crime is **on the rise** as the potential for **criminal returns** are **higher than ever**.



2017

The threat of **financial loss** and **reputational damage** is growing **exponentially** due to **increased frequency** and **new methods** of fraud.

What's Become More Successful? Criminals.
At almost double the success!



 Quick Facts



86% of corporates experienced some sort of fraud in the past two years
(ransomware, cyber fraud, payment fraud, BEC)



81% of fraud was perpetrated by external, non-employee sources
(up from 59% in 2016)



27% of firms test their employees with fake phishing emails



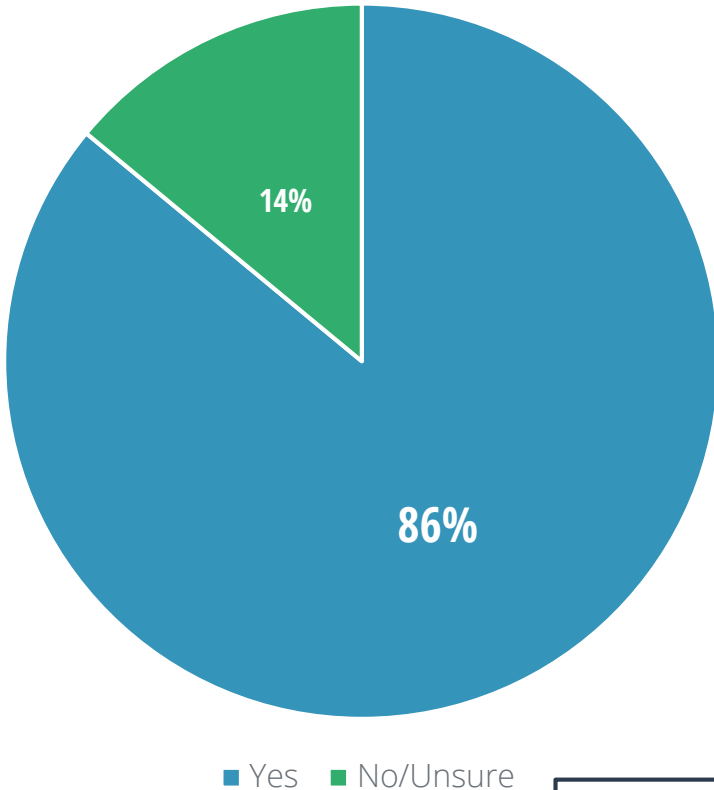
37% of firms reconcile less than half of their bank accounts daily



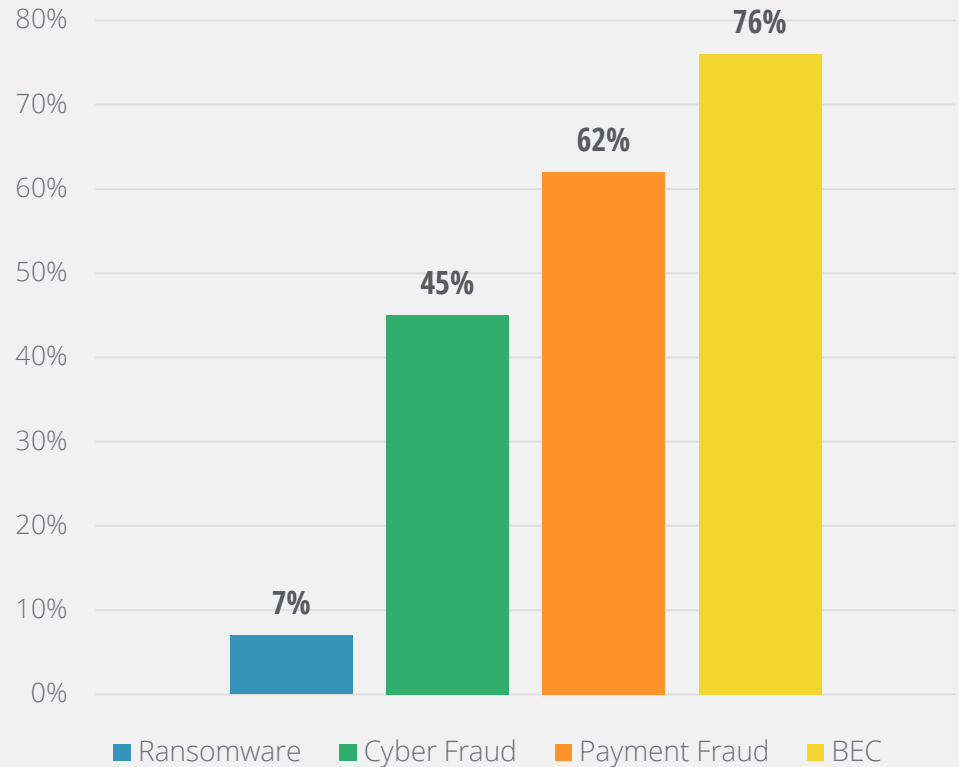
Corporate Fraud Experience



Overall Fraud Experience



Break-down of Fraud Experience



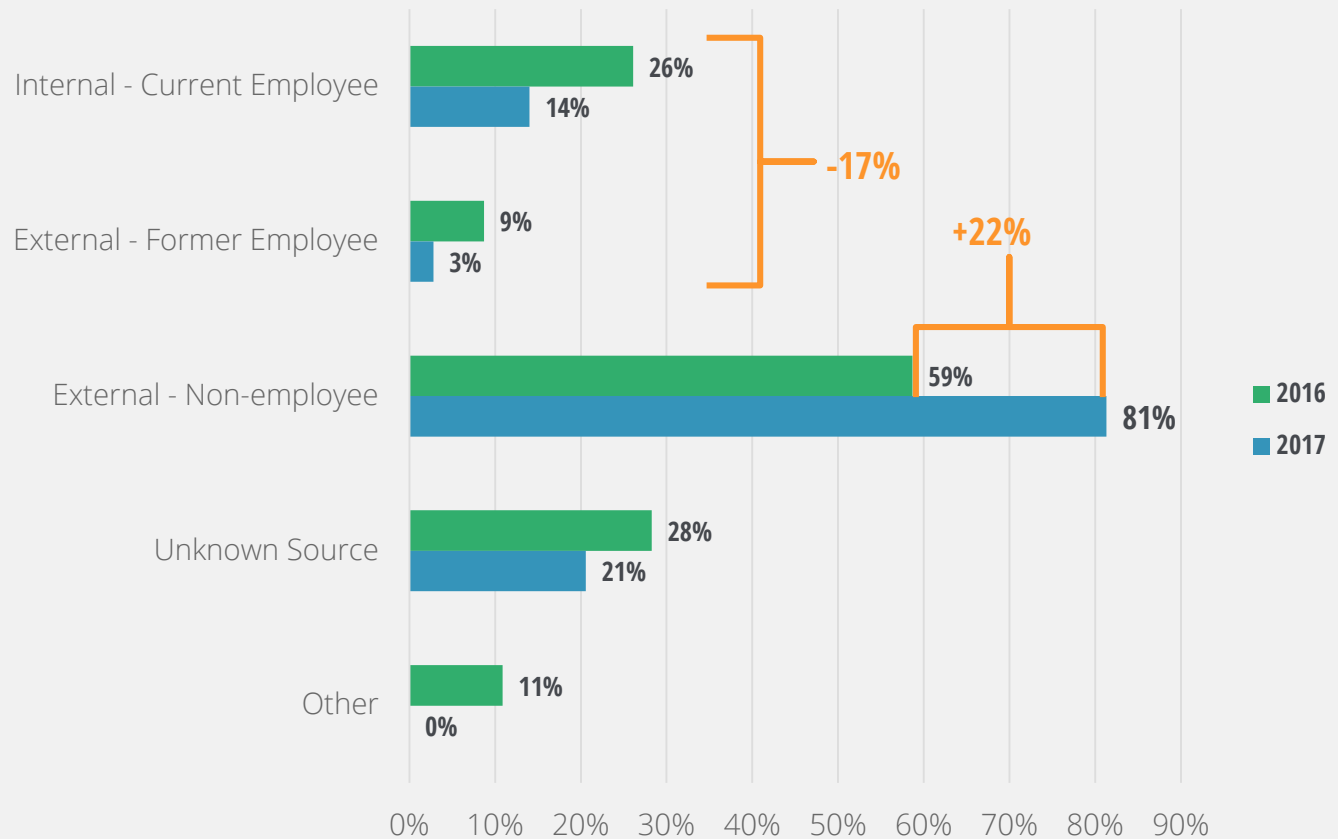
86% of **corporates** have experienced **at least** one type of fraud



Sources Shift as External Dangers Dominate

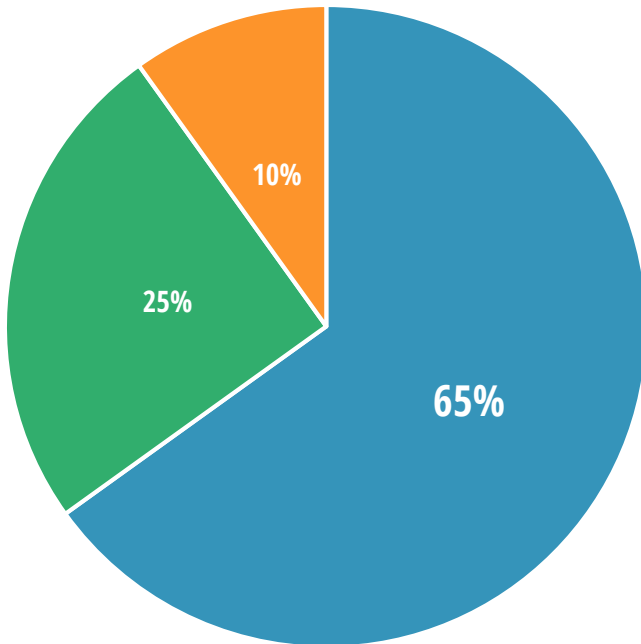
- Outside sources of fraud have **skyrocketed**.
- Fraud from current / former employees has **diminished**.
- **Potential** causes for this could be due to the significant increase in BEC as well as other types of fraud.

From which party did you experience fraud? (Select all that apply)



Easy Target: Money in Motion

Has your company experienced any payment fraud attempts in the last 12 months?



■ Yes ■ No ■ Unsure

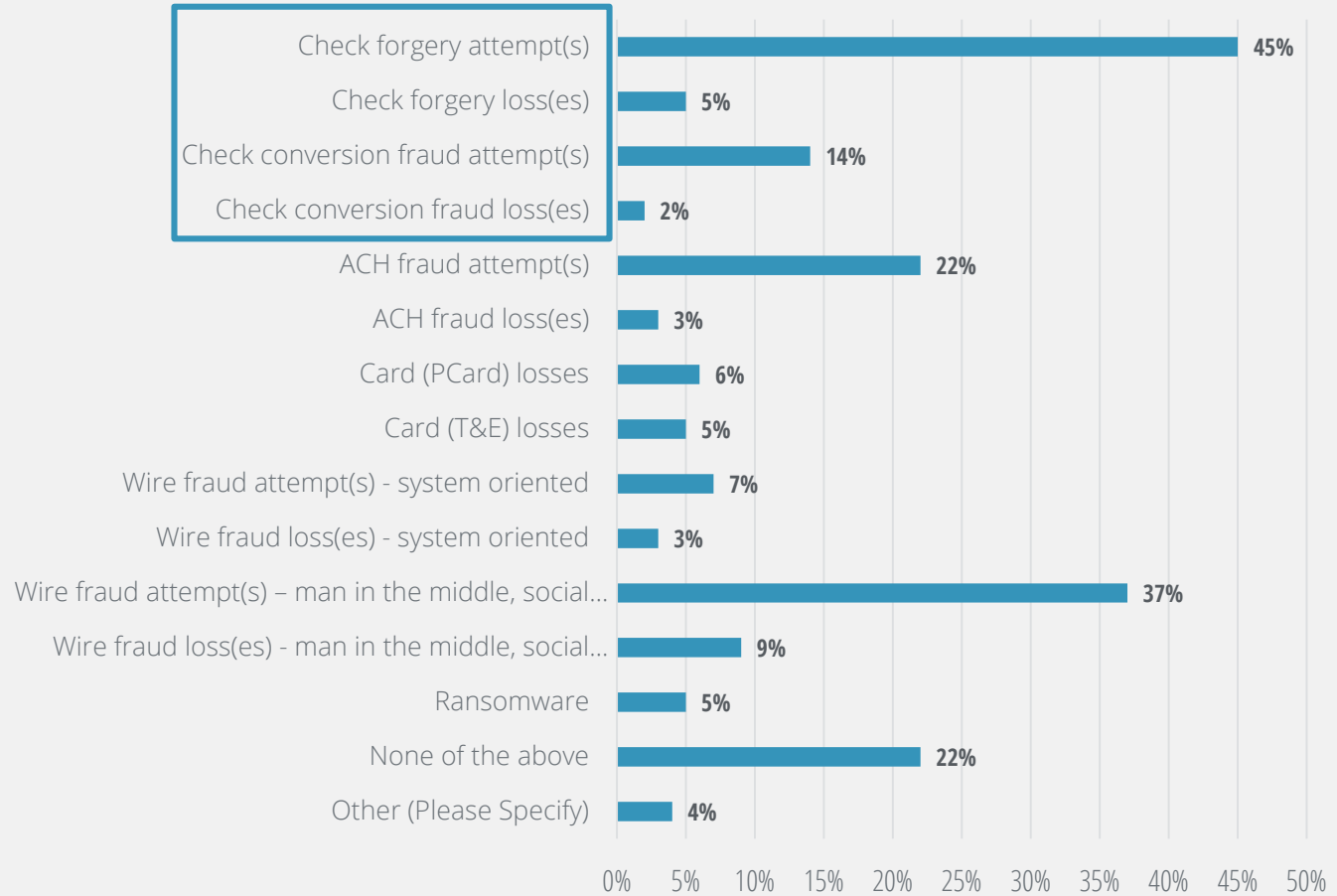
The **funds transfer process** is an **easy target** due to the fact that any area of a business where funds change hands represents a **major exposure point**.

Check Fraud: Still a Major Contender

Even as the use of checks has **decreased**, **check fraud** still remains **one of the highest forms of fraud** experienced by corporates.

With a **success rate** of almost **1 in 9**, this is still a **high risk target** for all corporates to be aware of.

Have you experienced any of the following in the past 2 years? (select all that apply)

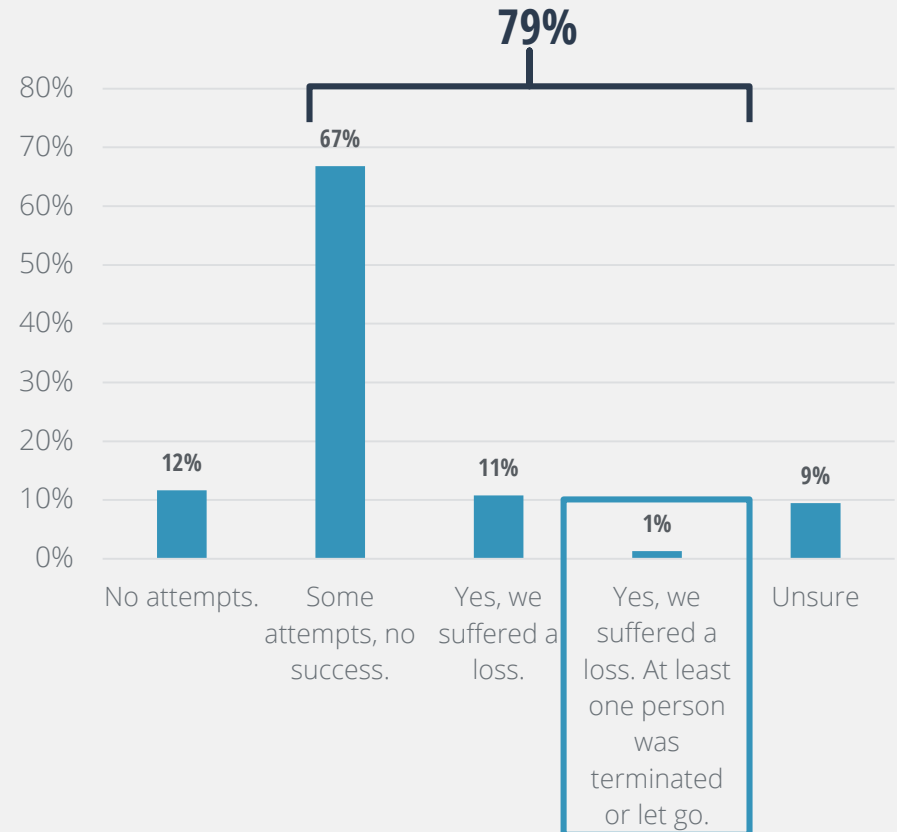


Corporate Business Email Compromise

15% of firms targeted **lost money**
(up from 8% in 2016)

Of those **who suffered a loss, 11%**
then terminated an employee

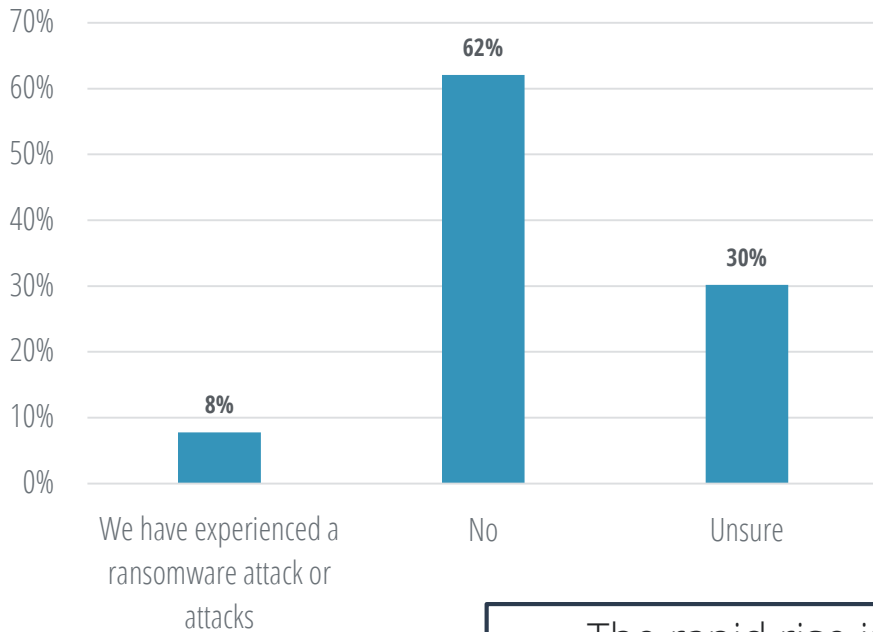
Has your organization experienced any type of impostor fraud / business email compromise attempts or otherwise in the past two years?



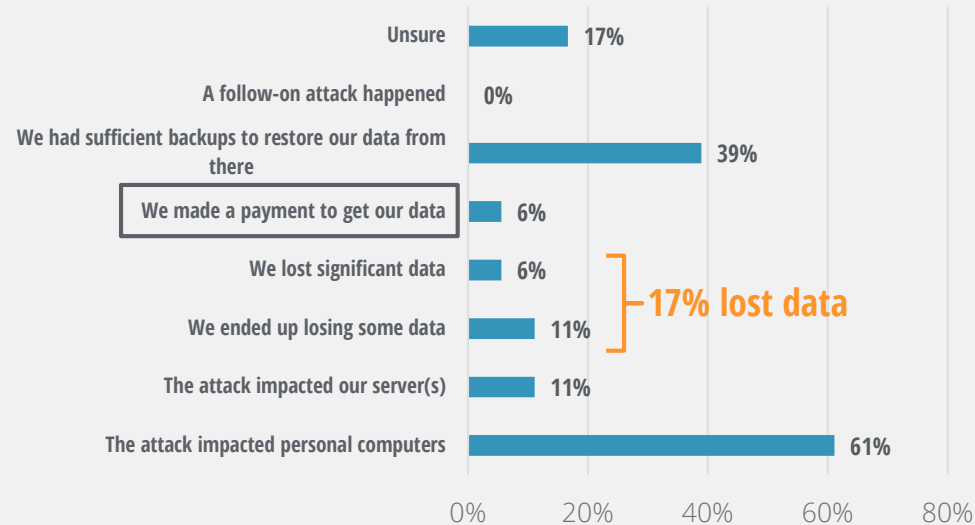


A New Type of Attack

Has your organization experienced a ransomware or encryption attack in the past two years?



For the ransomware or encryption attack(s) that we experienced these were the results: (Select all that apply)

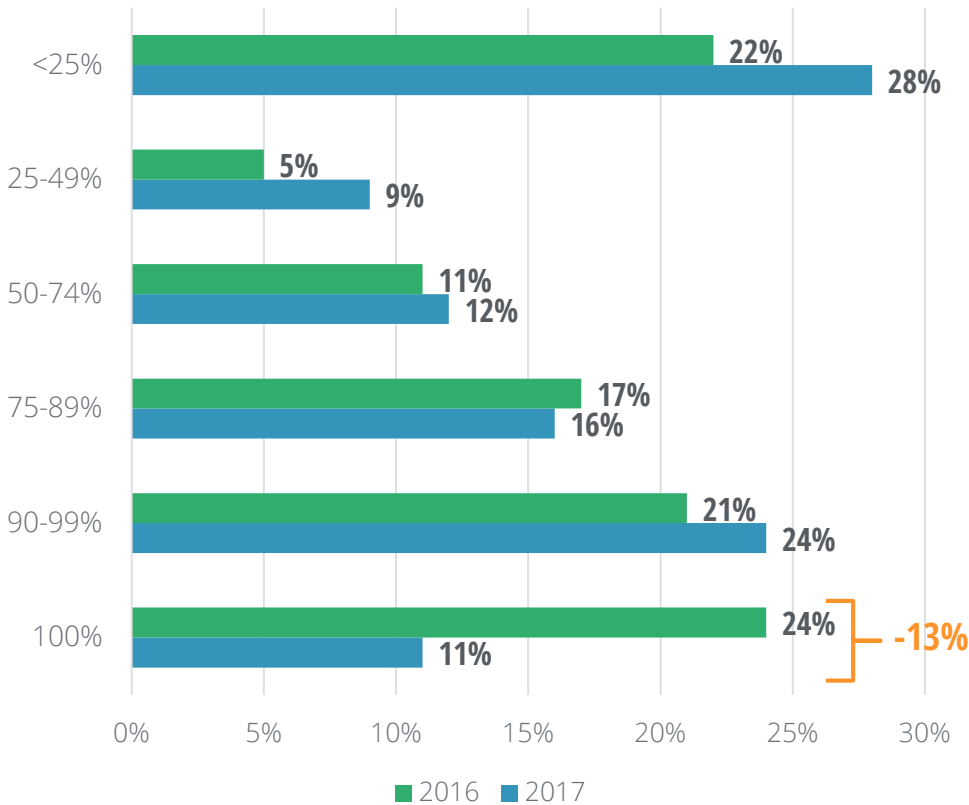


*Of the 8% who experienced a ransomware attack

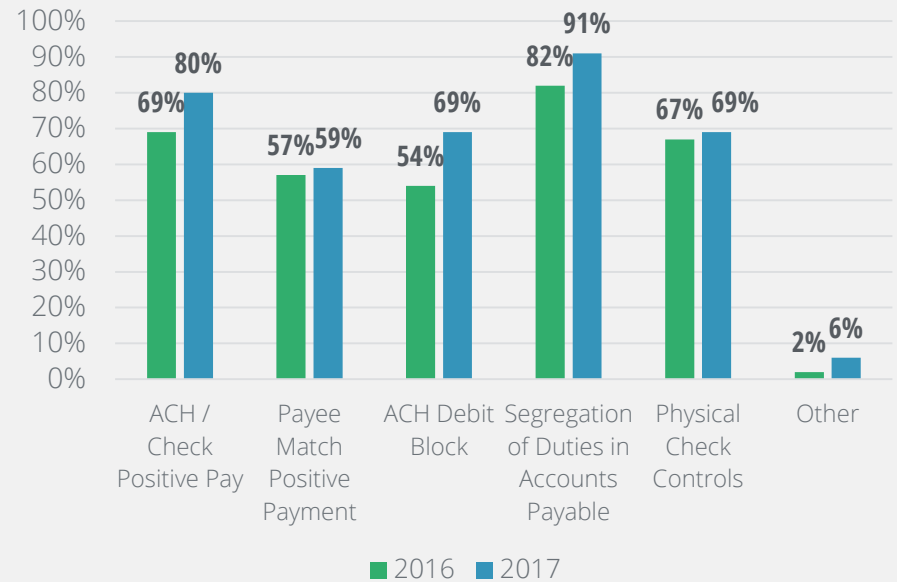
The rapid rise in ransomware, including ransomware as a service, represents a **new type of attack** against organizations with costly, time consuming, and frustrating results.

Prevention Practices: A Toss-Up

What percentage of your bank accounts are reconciled on a DAILY basis?



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



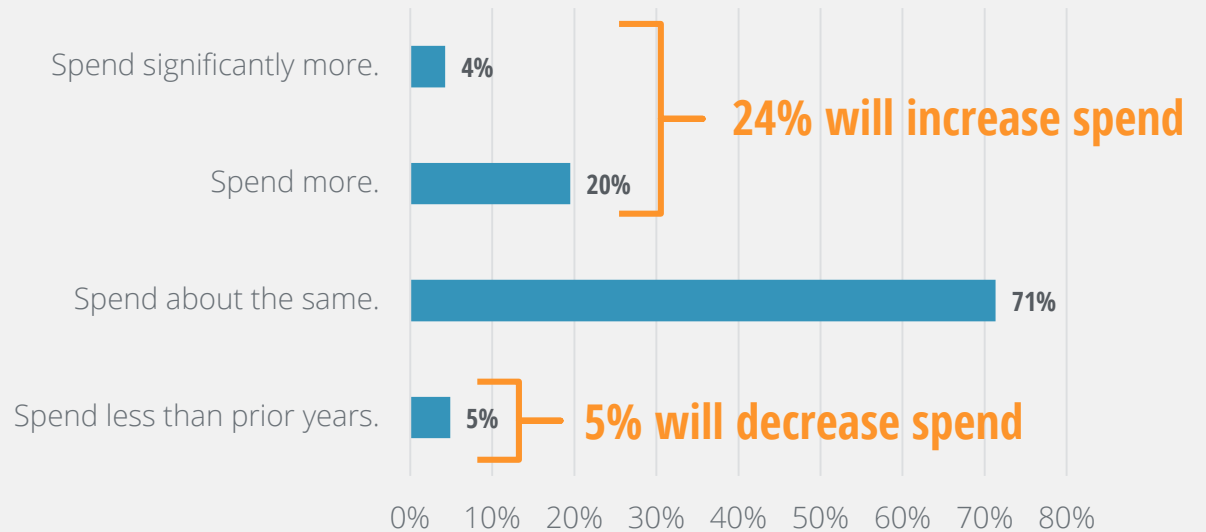
Increase across the board, especially with **ACH / Check Positive Pay**, **ACH Debit Block**, & **Segregation of Duties**



Insufficient Strategies, Insufficient Spend?





Nearly **5x** of corporates plan to **spend more** on prevention, detection, and controls compared to those who will spend less.

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



Final Thoughts

Today's criminals are using sophisticated and innovative methods to defraud companies out of thousands, if not millions, of dollars and they are willing to wait months or even years to carry out their schemes.

-  **Train your staff for BEC**
-  **Evaluate your banking relationships**
-  **Monitor Anomalous Behavior**
-  **Outsource Account Management**



About the Firms



Strategic Treasurer was founded in 2004 by Craig Jeffery, a financial expert and trusted advisor to executive treasury teams since the early 1980's. Partners and associates of Strategic Treasurer span the US, the UK, and continental Europe.



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