

THE DEMOCRATIZATION OF ANARCHY IN PAYMENTS



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WHAT

Considering how technology has aided the scaling of payment fraud attacks, and how technology can be leveraged to scale security against these attempts.



WHEN

Tuesday, July 25, 2023
2:00 PM - 3:00 PM EDT



WHERE

Live online presentation
Replays at StrategicTreasurer.com



Finexio

This presentation is provided by Strategic Treasurer and Finexio.

ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS

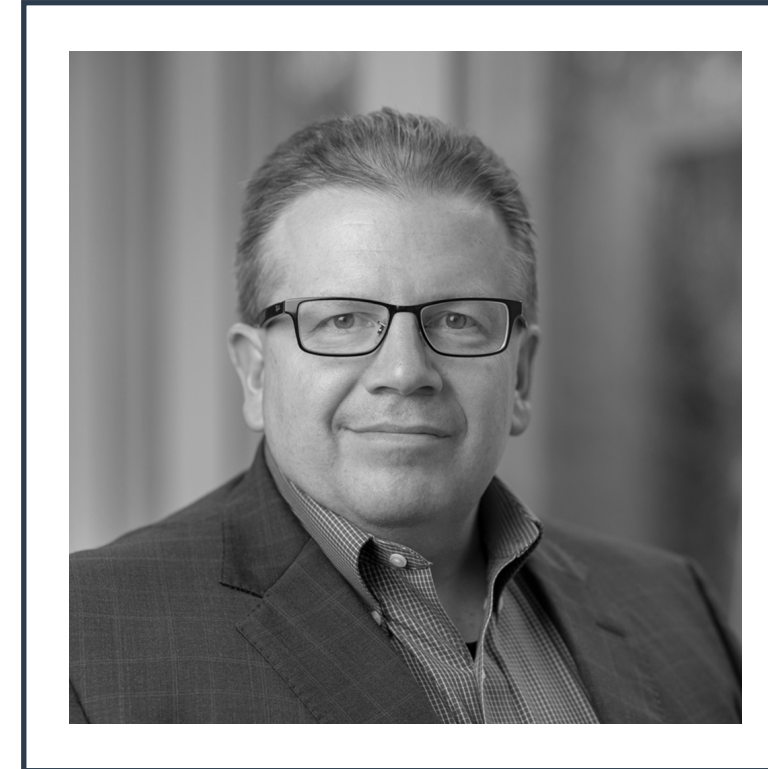


CHRIS WYATT

Chris Wyatt is a healthcare fintech and revenue cycle innovator. Chris has worked for Change Healthcare, Anthem, and United HealthCare, helping improve the financial health of payers, providers, and patients.

In his tenure at Change Healthcare, Chris oversaw the disbursement of \$300B in payer payments, helped health systems and providers collect over \$25B from patients, and made \$400M (interest-free) available to patients needing help to pay their medical bills.

As the Chief Strategy Officer at Finexio, Chris drives payments innovation, ensuring the most modern payments fraud prevention measures protect Finexio's customers' and partners' payments.



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer 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.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &
ANALYSIS



CRIME PAYS

FRAUD IS COMMON AND
LUCRATIVE



CRIMINAL PLAYBOOK

THE VARIOUS APPROACHES
TO STEALING MONEY



IMPLICATIONS OF TECH ADVANCEMENT

ON FRAUD



IMPROVEMENTS IN FRAUD ATTEMPTS

EXAMPLES



POINTS TO CONSIDER

HOW TO RESPOND TO
INCREASED FRAUD

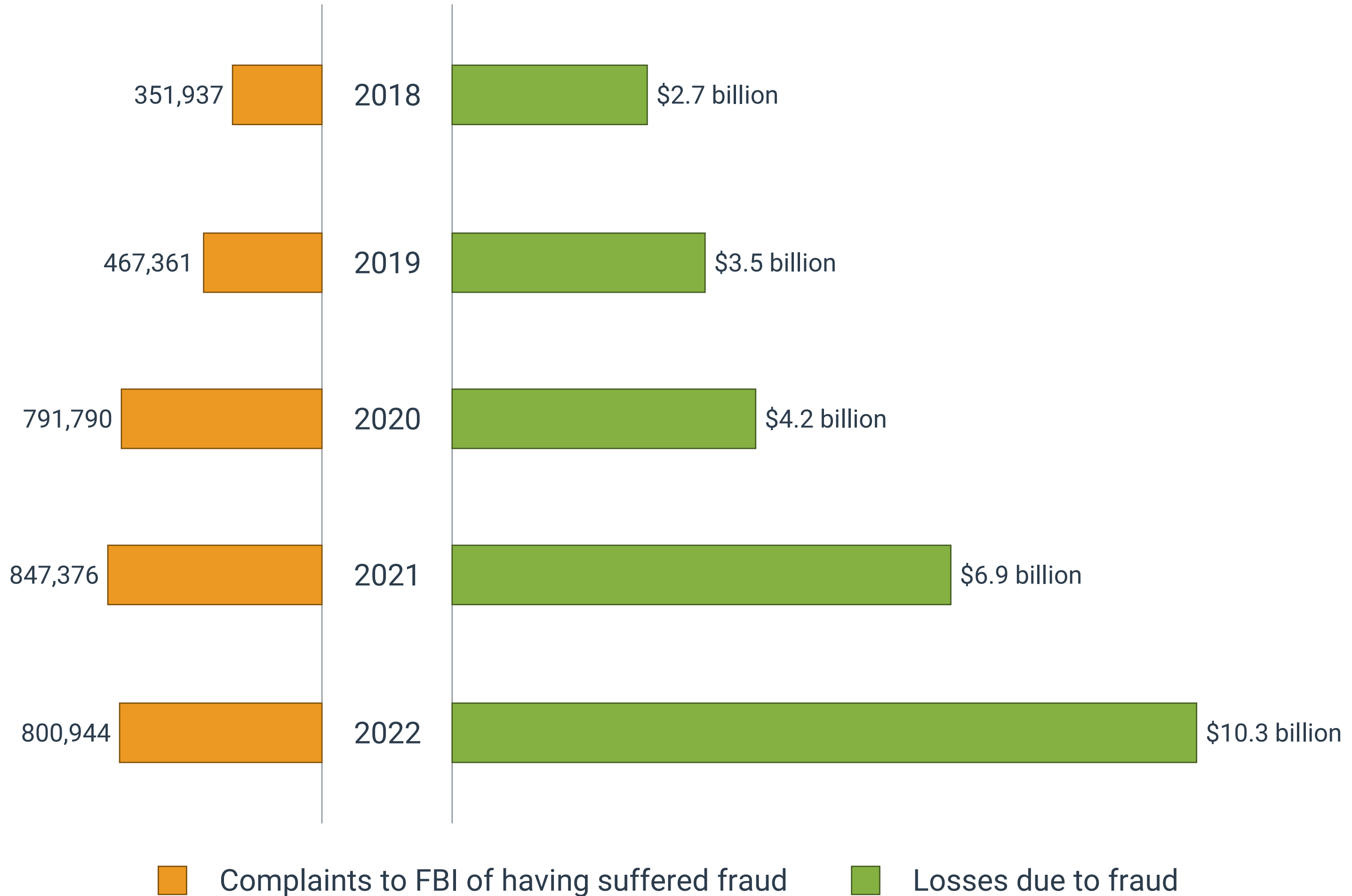


KEY TAKEAWAYS

AND FINAL THOUGHTS

FRAUD LOSSES CONTINUE TO INCREASE

DESPITE FLATTENING OF NUMBER OF COMPLAINTS



THE THREAT

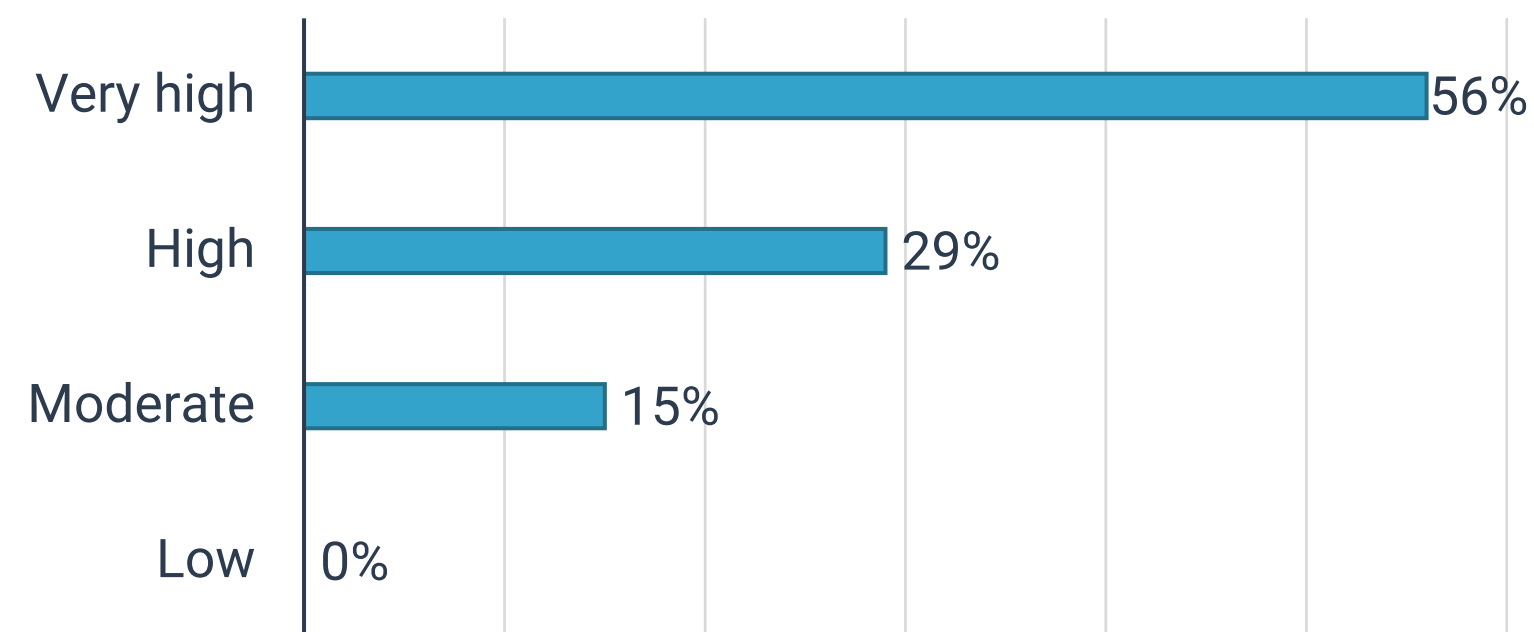
WIDESPREAD AMONG BUSINESSES

> *In the past twelve months, we have experienced _____*

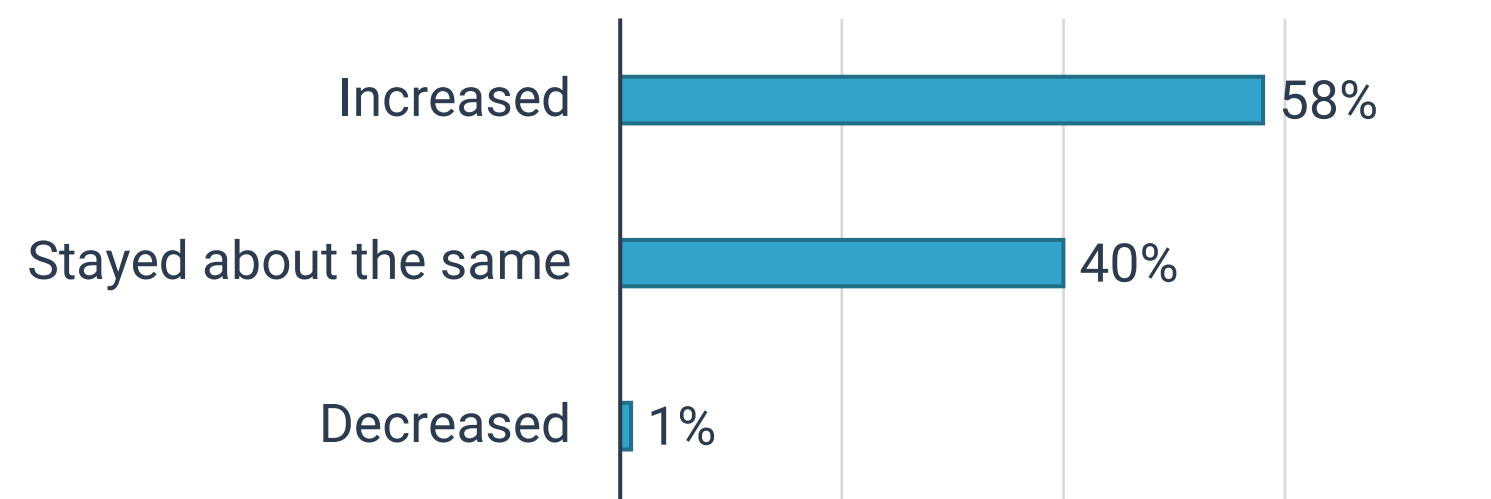


POLL QUESTION

Poll 1 - Our concern about payment fraud is:



Poll 2 - Over the past year, our level of concern about payment fraud has:



THE CRIMINAL PLAYBOOK

FOUR KEY AREAS OF FRAUD



Take money directly

- System-level fraud



Convince you to send money

- Social engineering



Steal your data and sell it

- Cyber theft



Lock up your data for ransom

- Ransomware

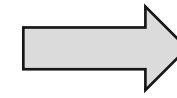
TECH ADVANCEMENTS

WIDER IMPLICATIONS FOR FRAUD



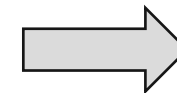
Advancements in technology democratize not only the good, but also the bad

Crime pays



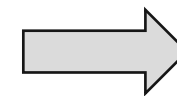
Crime pays very well, and more people can get paid by it

Unsophisticated attempts



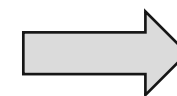
Sophisticated attempts

Resource heavy



Readily available tools

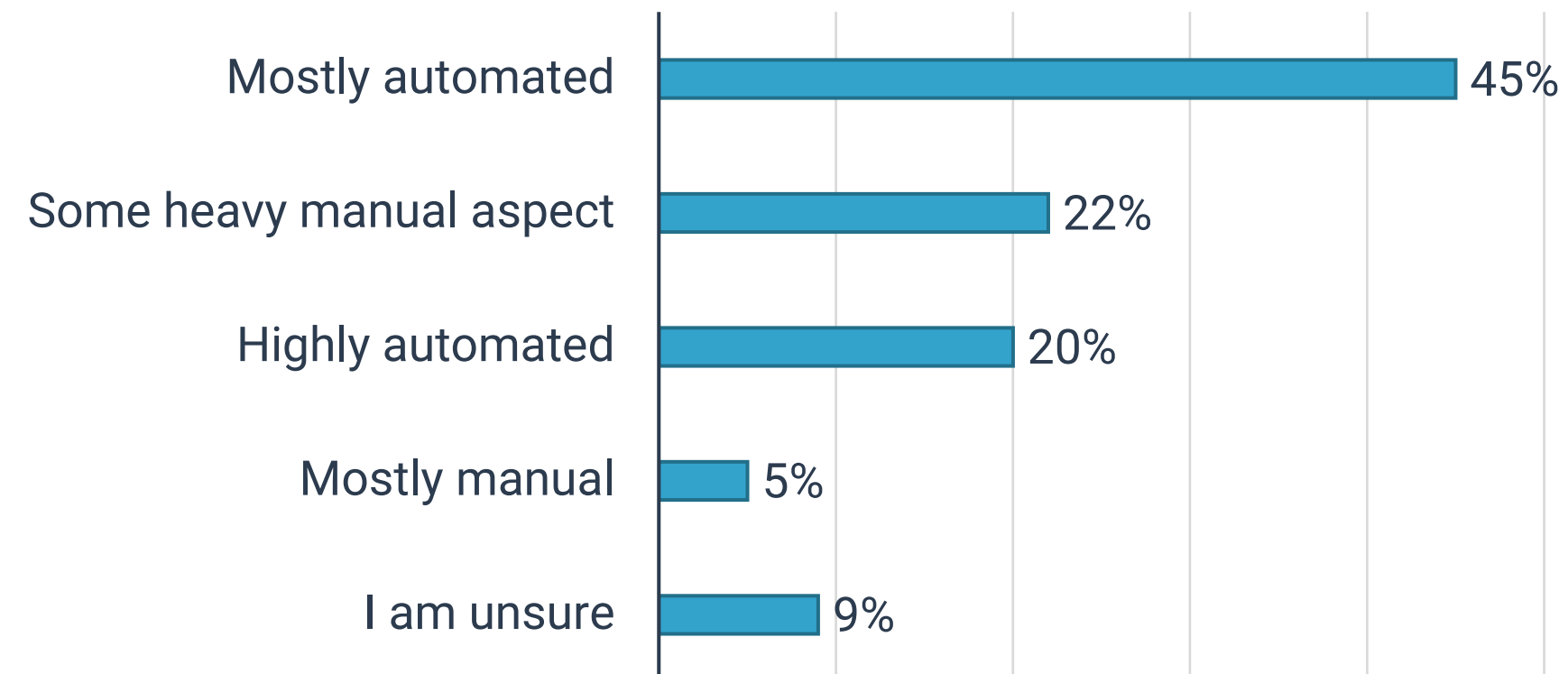
Demands high technical knowledge



Common person can engage

POLL QUESTION

Poll 3 - Our AP process is:



DEVELOPMENTS IN FRAUD I

FRAUDULENT EMAILS



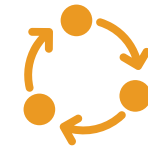
Content	<i>You have strong account.</i>	<i>Can you help us facilitate a funds move for \$5,000?</i>	<i>John, the CEO, insisted we move money on 14 September for a critical purchase.</i>
Impression	Prolific with grammatical and spelling errors	English as 1 st language	Natural and customized
Effectiveness	Humorous	Gained traction	Very believable
Method	Banging on the keyboard	People-enhanced	Generative AI



Fraud evolves along with technology. The more automated we get, the more automated the criminals get.

DEVELOPMENTS IN FRAUD II

CONTENT CREATION AND SOCIAL ENGINEERING



Counterfeiting

- High barriers to entry
- Must continually change expensive templates



Email: "Important message" from CEO

- Contains malicious attachment



Generative AI

- Image
- Video
- Text (ChatGPT)
- Code (ChatGPT)



Deepfake

- Voice: Capture audio from earnings calls
- Video: Capture video from YouTube or social media

THE DEFENSIVE PLAYBOOK

TACTICS TO FIGHT FRAUD ACROSS VARIOUS FRONTS



Point of setup

(e.g., establishing payment information for new vendor)

- Out-of-band validation
- Segregation of duties



Point of change

(e.g., moving from check to ACH, thus adding new payment information)

- Self-serve
- Validation (proper formatting of account or ABA number)
- Confirmation (receiving totals from bank showing all received items)



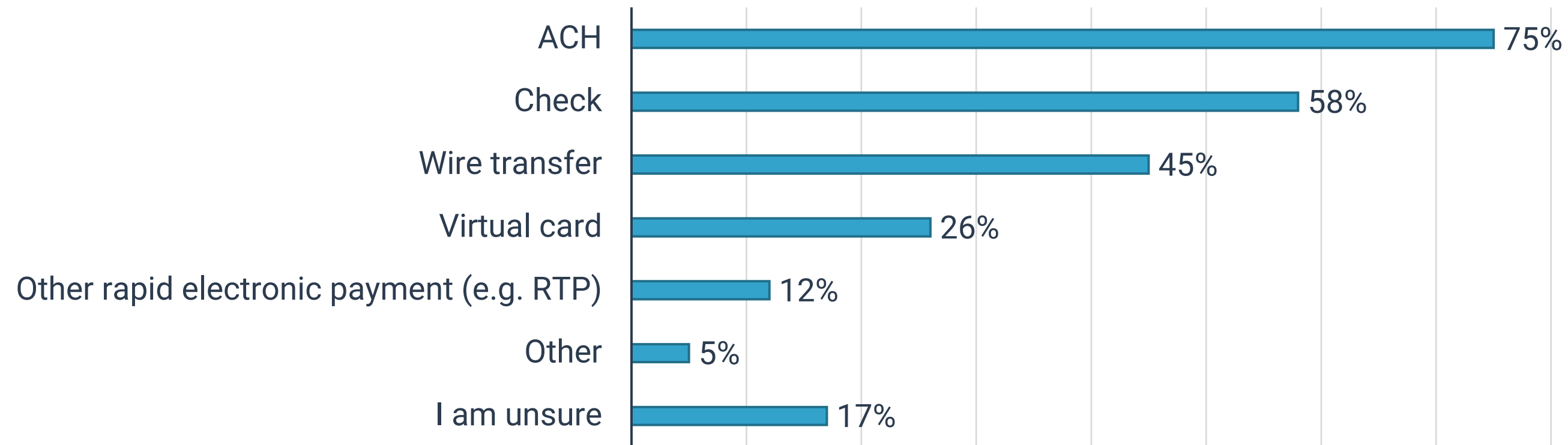
Point of execution

(e.g., securing a payment happening today)

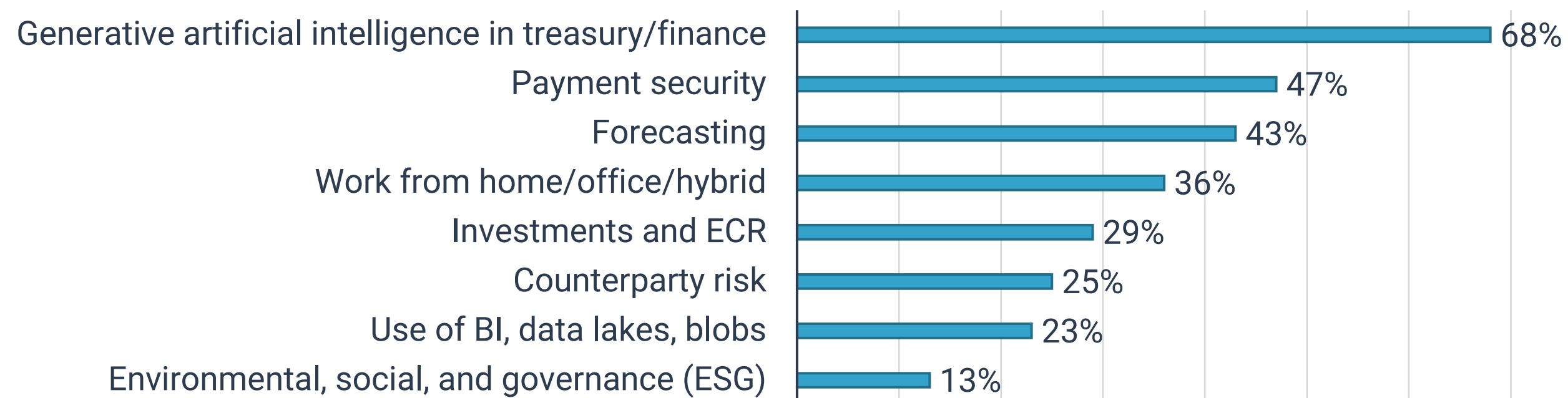
- Hashing
- End-to-end encryption
- Validation (account name match)
- Confirmation (positive pay, electronic preauthorization)

POLL QUESTION

Poll 4 - Our payables process has automated payment generation of the following types: (select all that apply)



Poll 5 - We will be doing flash (~15 questions) surveys on timely topics impacting the treasury industry. What topics would be most interesting or helpful to you? Please pick your TOP THREE selections.



STORIES FROM THE VAULT

ACROSS VARIOUS PAYMENT CHANNELS



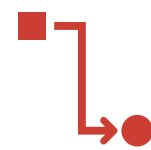
Checks

- Physical item
- High volume



ACH

- High value
- Attractive for fraud



Wire

- Highest value
- Irreversible

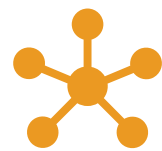


Virtual card

- Unique use
- Very secure

CONSIDERATIONS AND STRATEGIES

THE COMPREHENSIVE RESPONSE TO FRAUD



Surface area of attack

- Full inventory of payment channels with assessment
- What is the exposure of each payment channel?



Sophisticated attacks require sophisticated defenses

- Upgrade:
 - Technology
 - Processes
 - People
 - Services

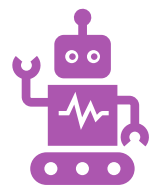


Continual scaling by criminals and democratization of tools for fraud

- Continual improvement mindset and actions

FINAL THOUGHTS

HOW TO PROCEED



TECHNOLOGY

- Anarchy in payments is facilitated by tech
- Tech is required to bring order to the anarchy
- The use of tools can help reduce the levels of exposure and protect the surface areas of attack



PARTNERS

- Specialization: proper security around payments requires partners to achieve your standards
- Training as an update: the human firewall requires specialized payment security training



SECURITY PRINCIPLES

- Principle of least privilege reduces the total exposure
- Layers so protection is maintained if one is compromised
- Update your list

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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Episode 263
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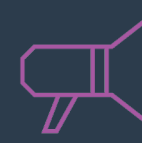
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