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CONFRONTING EMERGING PAYMENT THREATS



CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer

PAUL GALLOWAY

Senior Director, Advisory Services, Strategic Treasurer



WHAT

Discussing emerging payment threats, along with strategies and technologies to safeguard your payment processes.



WHEN

Thursday, June 27, 2024
11:00 AM – 11:50 AM EDT



WHERE

Live online presentation
Replays at StrategicTreasurer.com



This presentation is provided by Strategic Treasurer.

ABOUT THE SPEAKERS

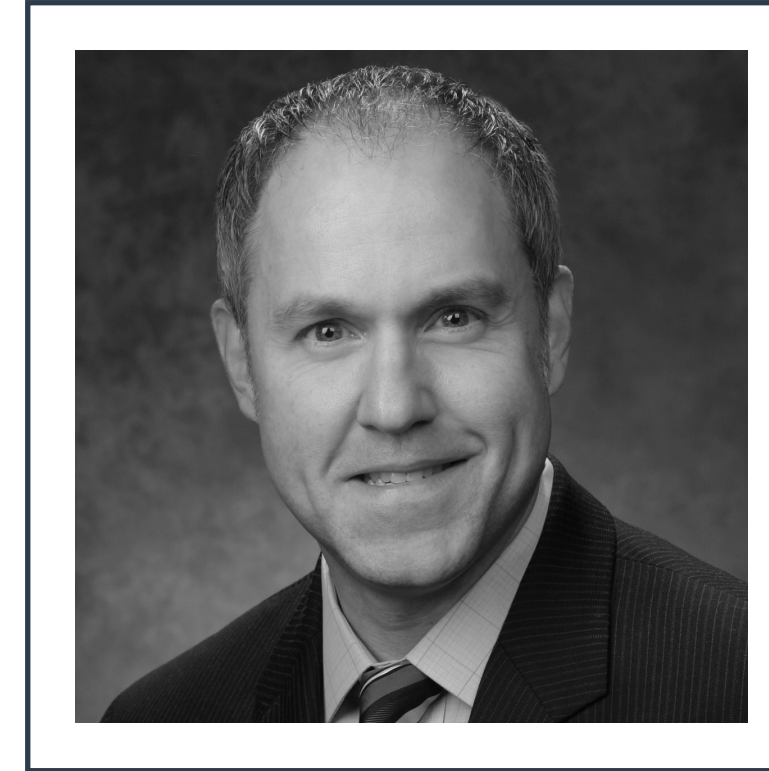
GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



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.

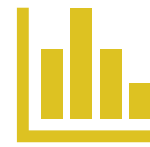


PAUL GALLOWAY, CFA

Paul Galloway has extensive experience in investment research and decision making, complex modeling, and risk management. He is known for leading teams of professionals, providing solutions to complex problems, building relationships with business leaders, and coming alongside others to help them achieve their goals. Paul earned a BS in Family and Consumer Sciences/Human Sciences from Iowa State University, followed by an MBA, Finance from the University of Iowa. He is a Chartered Financial Analyst (CFA) and a Persian Gulf War veteran, United States Marine Corps.

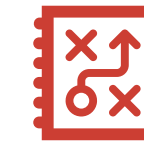
TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &
ANALYSIS



TRENDS

WITH PAYMENTS



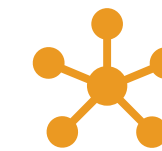
FRAUD SITUATION

EVOLVING LANDSCAPE



PROTECTING AGAINST FRAUD

MULTIFACETED APPROACH



TREASURY'S ROLE

AS SUPERINTENDENT OF
PAYMENTS



PAYMENT-SPECIFIC TRAINING

UPDATING THE HUMAN FIREWALL



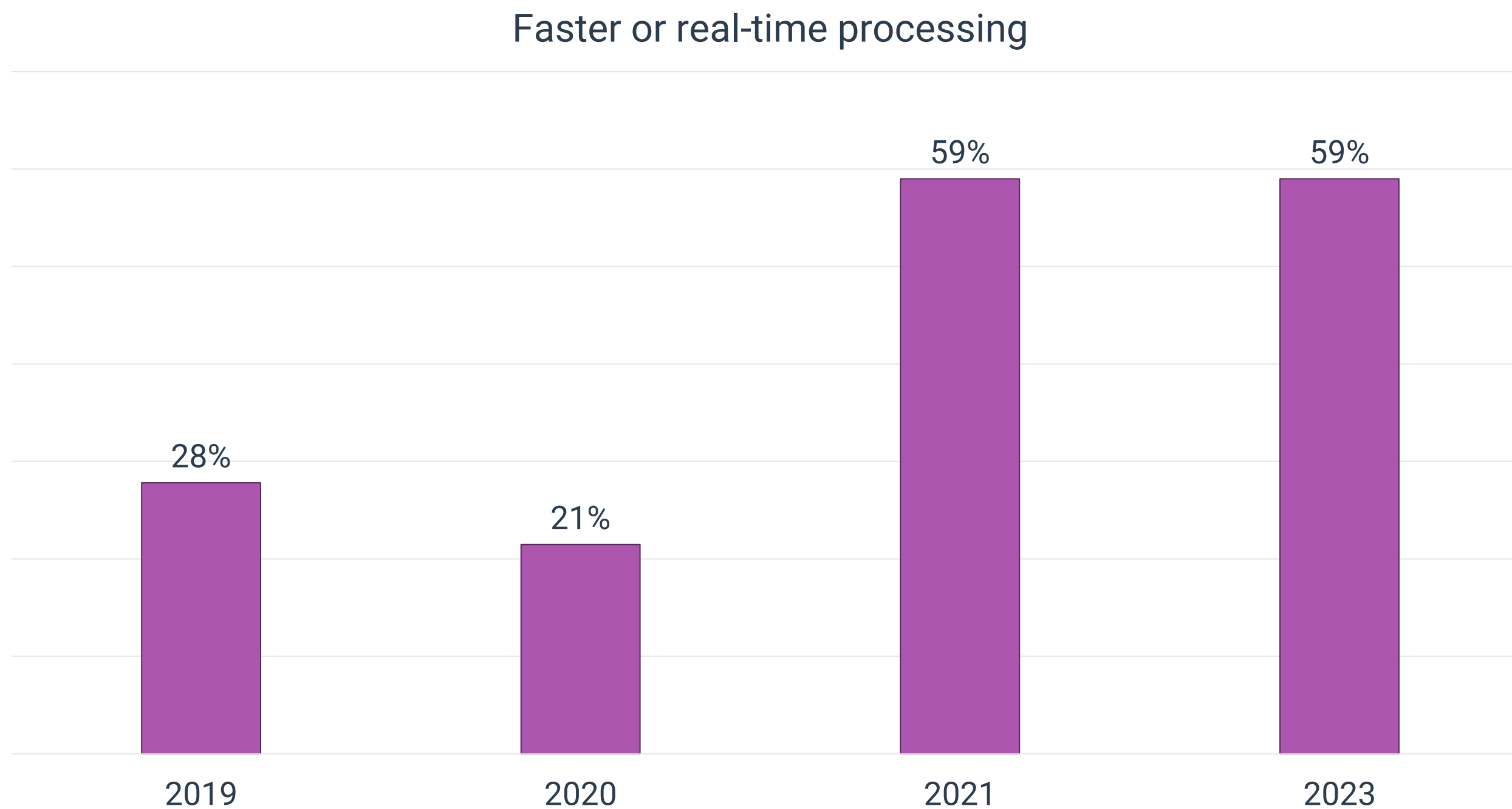
KEY TAKEAWAYS

AND FINAL THOUGHTS

PAYMENT TRENDS

EXPECTATIONS OF GROWTH IN INNOVATION

» Where do you expect to see the largest amount of growth in payments innovation in the next three (3) years?

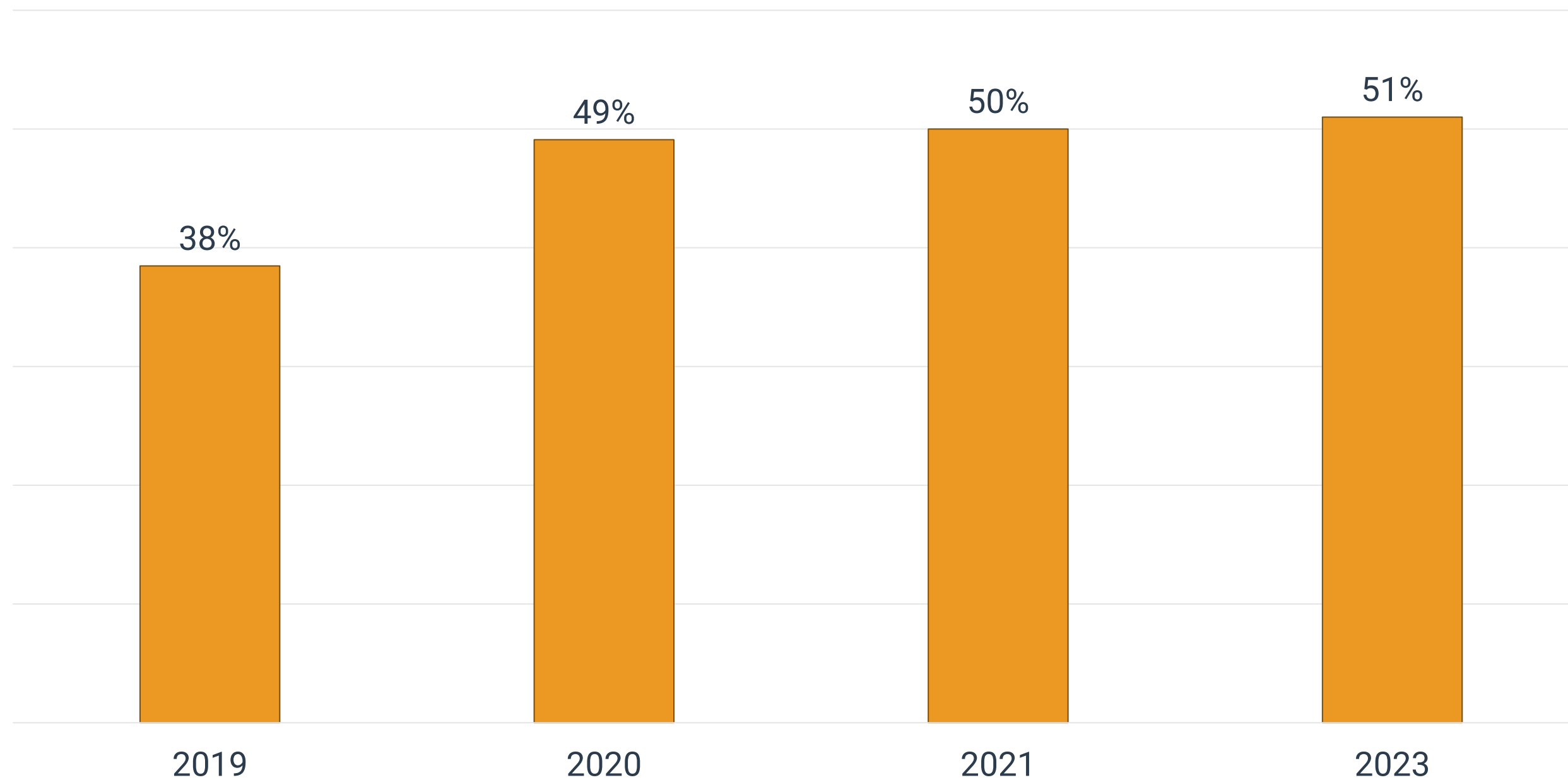


From 2019 to 2023, faster or real-time processing topped the list for upcoming growth in payments innovation

PAYMENT SECURITY AND CONTROL

INCREASING IN IMPORTANCE YEAR AFTER YEAR

When asked to rank five payment features in order of importance, the following percentage of respondents selected "security and control over payments" as the most important item.



Each year, security and control was the top choice, except for 2019, when it tied with timing/speed

EVOLVING LANDSCAPE

WITH DIGITAL PAYMENTS

Innovations bring both benefits and new vulnerabilities



Positives

- New technology, AI and ML, increases payment rail options
- Improved cash flow management due to faster delivery and finality
- Improved working capital management
- Reduced administrative costs
- Increased efficiency
- Better relationships with suppliers
- Integration with ERP systems

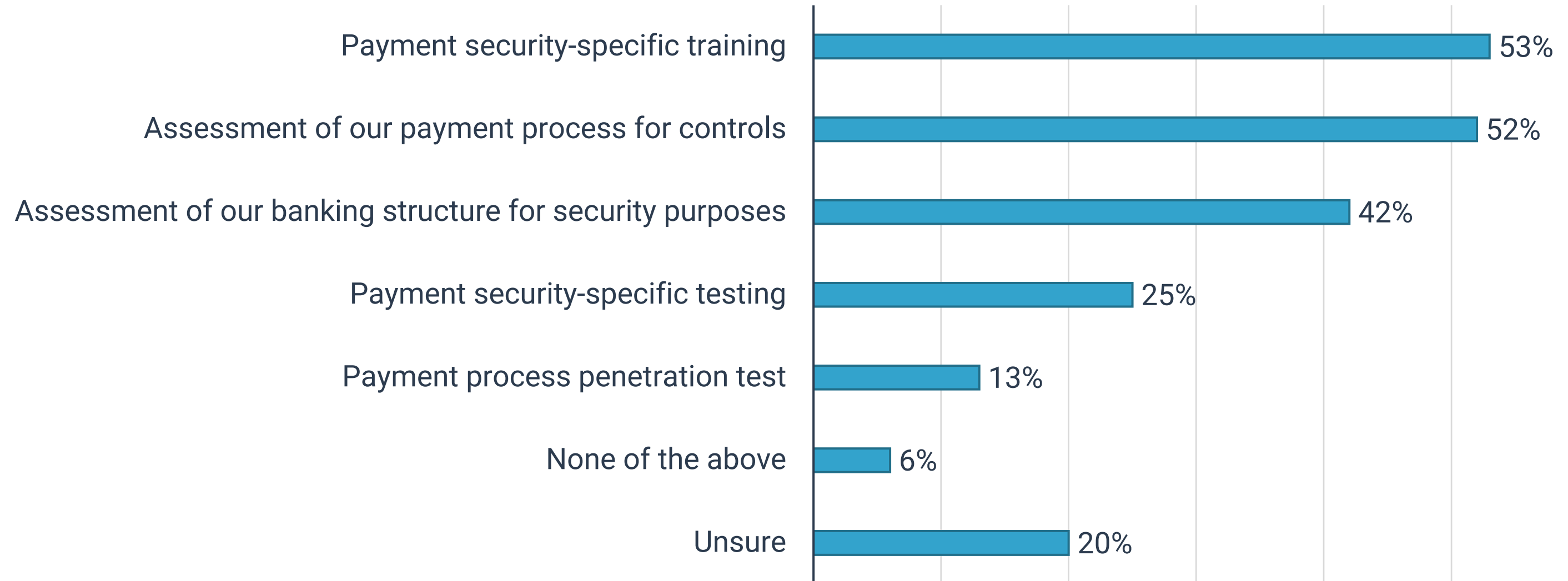


Susceptibilities

- Faster finality leaves less time to catch and recall fraudulent payments
- Criminal advancement outpacing corporate awareness, training and resources
- Potential increased attack surface due to more points of entry such as payment portals
- Attractiveness of unauthorized push payments
- Theft of credentials for payment platform
- Criminals utilizing AI and ML to locate vulnerabilities to divert payments

POLL QUESTION

Poll 1 - In the past 12 months we have done the following: (all that apply)



SYNTHETIC MEDIA

CONVINCING YOU TO SEND MONEY

Deepfake



Threat



Defense

- Generative AI creates realistic and convincing synthetic media, including images, videos and audio
- Social engineering via fake, but credible, media
- Authorized push payments fraud
 - CEO/CFO fraud
 - Vendor fraud

- Verify identity of individuals through additional channels (out-of-band validation)
 - Separate phone call
 - In-person confirmation
- Educate employees and vendors about existence of deepfake technology and risks associated with it
- AI-based detection tools specifically designed to detect deepfake audio or video
- Develop and regularly update incident response plan
- Act quickly if fraud occurs

EMAIL FRAUD

ATTEMPTS TO FOOL YOU

AI-powered phishing attacks



Threat



Defense

- AI algorithms analyze vast amounts of data or previous breaches to craft highly tailored and convincing phishing emails
 - Targeted toward specific individuals within organization
 - Gaining unauthorized access to financial systems or sensitive information
- Regular employee training on identifying suspicious emails and being wary of urgent or unusual requests
 - Email filtering and security systems that use AI and machine learning to detect phishing attempts
 - Multi-factor authentication (MFA) required for accessing sensitive systems or performing financial transactions
 - Anti-phishing tools that leverage AI to detect and block phishing attempts in real time

ACCOUNT COMPROMISE

LOGGING IN AS IF THEY'RE YOU

AI-enhanced account takeover (ATO) attacks



Threat

- AI is used to automate and enhance efficiency of account takeover attacks
- AI-driven algorithms can rapidly test stolen credentials across various platforms to identify valid combinations and gain access to corporate accounts



Defense

- Strong authentication mechanisms such as biometrics, hardware tokens or app-based authenticators
- AI-driven behavioral analytics to monitor user activity, detect anomalies and flag deviations
- Real-time monitoring of account activity to quickly detect suspicious behavior
- Automated account lockout policies that temporarily lock accounts after a certain number of failed login attempts

CONNECTED DEVICES

OPPORTUNITY FOR SUBTLE ENTRY

IoT (internet of things) device exploitation



Threat

- Hackers can compromise IoT devices to intercept or manipulate financial transactions, especially where IoT devices are linked to payment systems or sensitive financial data
- Becoming more prevalent in corporate environments
- Weak security protocols or outdated firmware can be exploited

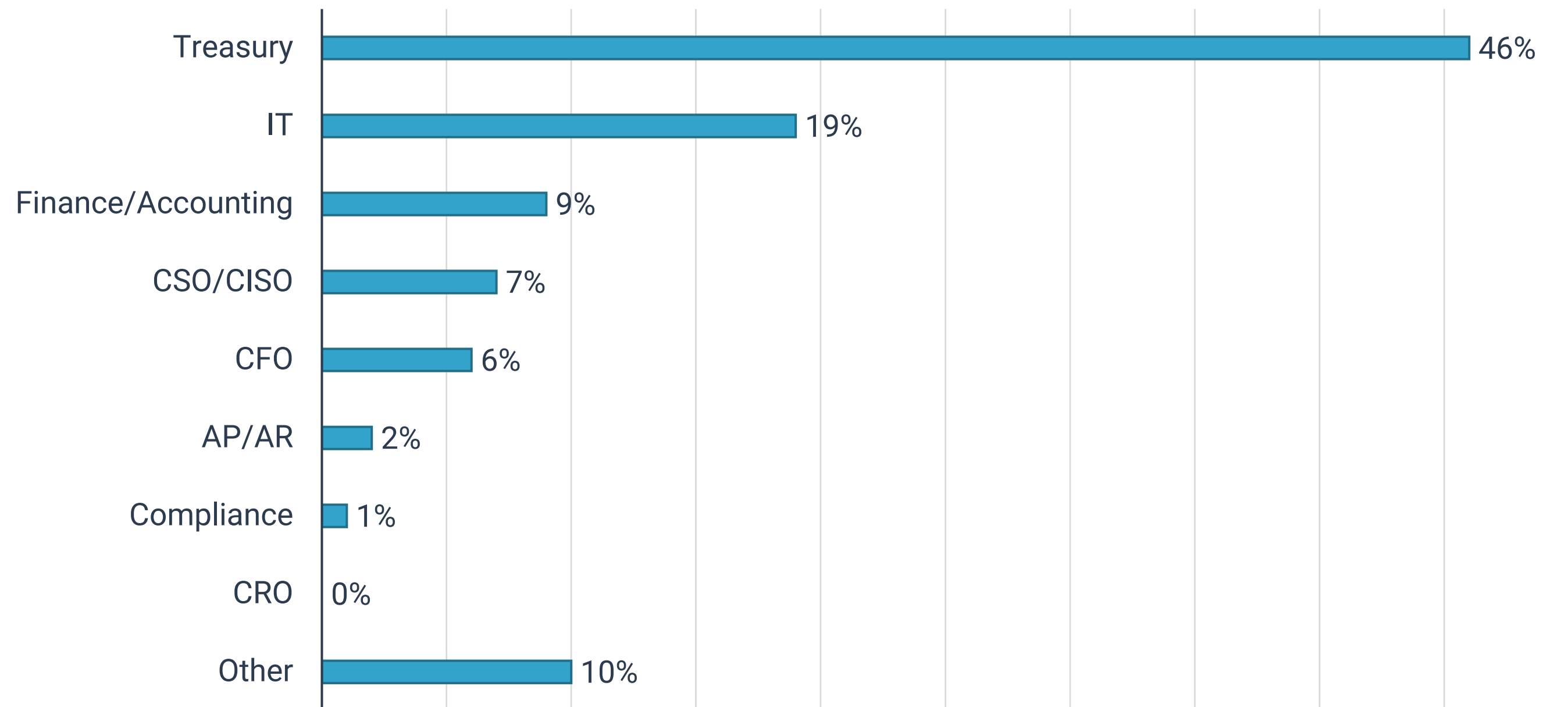


Defense

- Segment IoT devices onto separate networks from critical financial systems
- Regularly update IoT firmware
- Enforce strong password policies (unique, complex) for IoT devices and change default passwords immediately upon installation
- Conduct thorough security assessments and due diligence when selecting IoT vendors

POLL QUESTION

Poll 2 - Who leads defending payment security at your organization?



STRATEGIES

ACROSS NUMEROUS AREAS IN YOUR ORGANIZATION



People

- Ongoing payment security training
- Out-of-band validation
- Segregation of duties



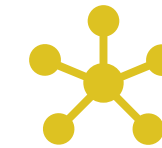
Processes

- Payment flow assessment
- Payment penetration testing



Technology

- AI/ML – anomaly detection
- Multifactor authentication
- Update in a timely manner



Networks

- Trusted networks
 - Validation with third party
 - Community learning
 - Validation steps with payee



Structures

- Banking structure
- Account purposes

IMPROVING PAYMENT SECURITY

QUESTIONS TO CONSIDER



What is our inventory of payment flows?



What do we need to do?

- Now
- Next month/period
- Permanently



Where are we exposed?



How does our posture need to change?



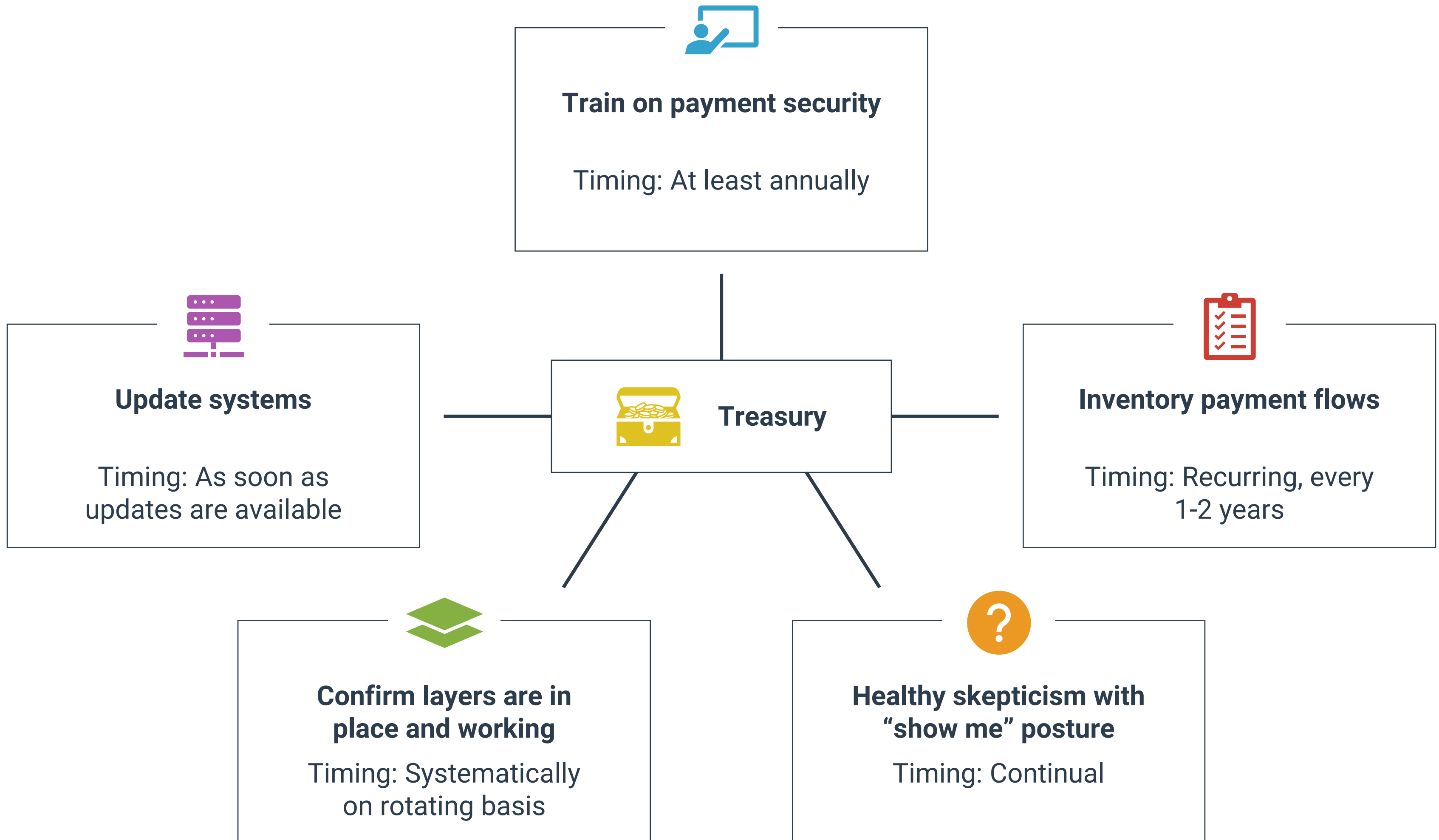
What are the biggest risks?



Who in our organization needs payment-specific fraud training?

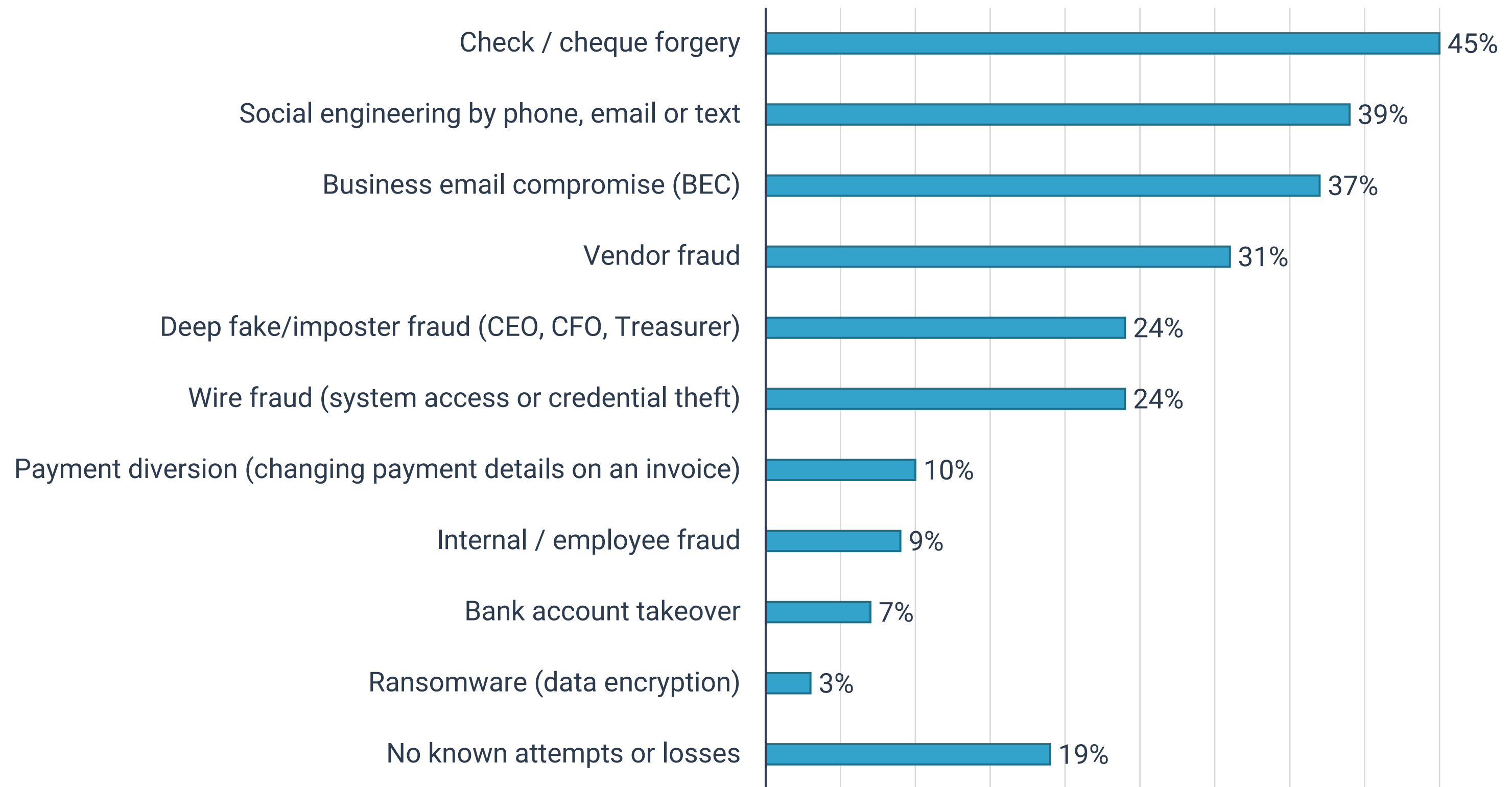
TREASURY'S ROLE

SUPERINTENDENT OF PAYMENTS AND PAYMENT SECURITY



POLL QUESTION

Poll 3 - In the last twelve months, our organization has experienced the following fraud attempts or losses: (all that apply)



KEY TAKEAWAYS

IDEAS AND POINTS TO BRING BACK TO THE OFFICE



DIGITAL PAYMENTS

- Brings good with potential bad
- Be aware of both



PROTECTING PAYMENTS

- Consider all organizational areas that need to be involved
- Treasury should lead the way as superintendent of payments



PARTNER

- Tech
- Assessments
- Training



TRAINING

- Payment-specific
- Update human firewall
- Ongoing

PAYMENT SECURITY TRAINING

STRENGTHENING THE HUMAN FIREWALL

SecureTreasury[™]
PAYMENTS SECURITY TRAINING



Payment-specific security training



27 videos available



Designed to reduce risk of payment fraud



Downloadable notes



Customizable to specific departments or roles



Quizzes to increase comprehension and retention



Unlimited training during subscription



Transcripts



Progress and results report available to manager

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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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- Treasury Technology



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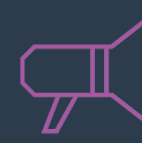
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