Fraud & AML

Supporting Adoption & Deployment

Requirements now available for feedback

- Document now Available here

- Key components Identified

  - Risk Scoring of Transfers

  - Process Modelling

  - User Blacklisting

  - Data Repository

  - Transaction Tracing

  - Key Event Monitoring

  - Management Reporting

  - Suspicious Activity Reporting

  - Case Management

  - External Data Capture

Key Tasks we need to address

- We need to introduce some new processes to assist in the sharing of typologies

  - A common framework for creation

  - Management of who sees the fraud type

  - Management of who sees the resolution

- Whilst maintaining an Open Source approach

Cressey's Fraud Triangle

- Main drivers for Fraud

Opportunity

- How easy it is to get away with the act
- Lack of Controls and Oversight

Rationalisation

- Victimless crime
- Propensity to commit crime

Pressure

- Financial Security
- Coercion

Gated Milestone Approach

- Adopted from the Level One Project

  Fraud Scenarios in the Mobile

  Money Ecosystem

- Will assist in the identification of weak

  points

- Will be used when analyzing the

  Typology

Prospecting
Identification of accounts where money can be stolen from

1

Norming
Creation of the Fraud Execution Process – but not limited to
- Removal of funds from identified Account
- Parking of the funds
- Liquidation of funds

2

Transacting
Fraud executed and Financial Transition is performed

3

Liquidation
Money is liquidated into cash or services

4

Assessment of the Typology

STRIDE – used for Security threats

- Spoofing Identity

- Tampering with Data

- Repudiation

- Information Disclosure

- Denial of Service

DREAD – used for assessing threat risk Level

- Damage Potential

- Reproducibility

- Exploitability

- Affected Users

- Discoverability

Sample Typology – that would impact settlement

- Spoofing Emails of the Bank Mandate Holder

  - Transfer account for Funds Out changed via email notification

  - When DFSP Requests Excess Funds to be transferred back, they are sent to the new account – and rapidly moved on
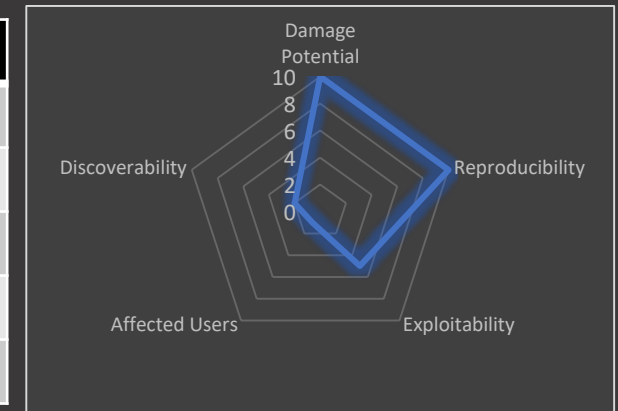
Stride Classification	Stage of Fraud Assistance
- Spoofing	- Financial Transaction
- Denial of Service	

| DREAD SCORE	5.6
Damage Potential	10
Reproducibility	10
Exploitability	5
Affected Users	1
Discoverability	2

Sharing of Typologies

- During Assessment

  - We risk sharing new approaches in Fraud with the criminals who we are looking to stop – before a remediation has been implemented

- Post implementation

  - We need to prove the development works – before the Typology is released

- But there are examples of this process working well already for Fintechs

Architecture
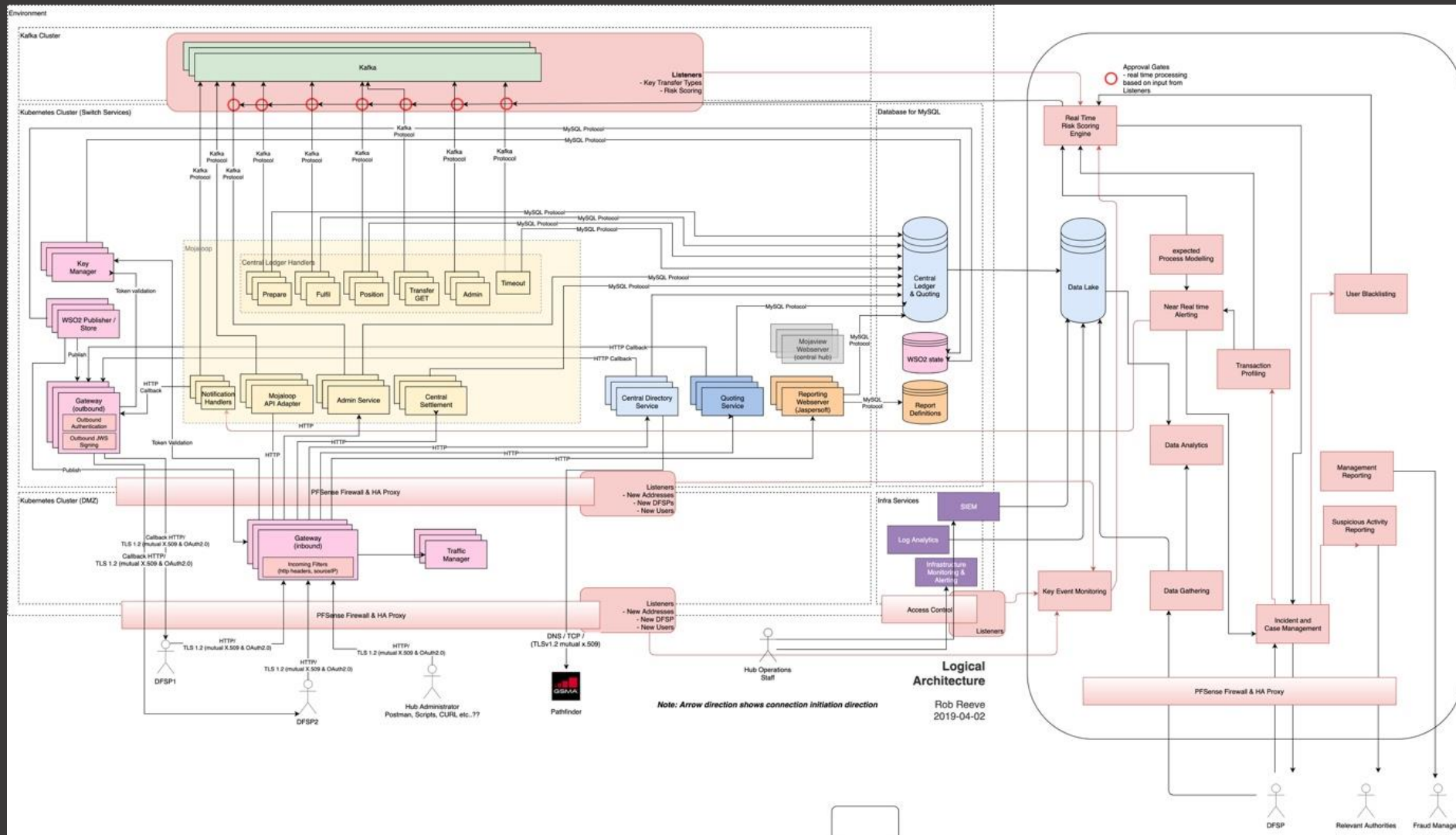
Money Tracing as an Example
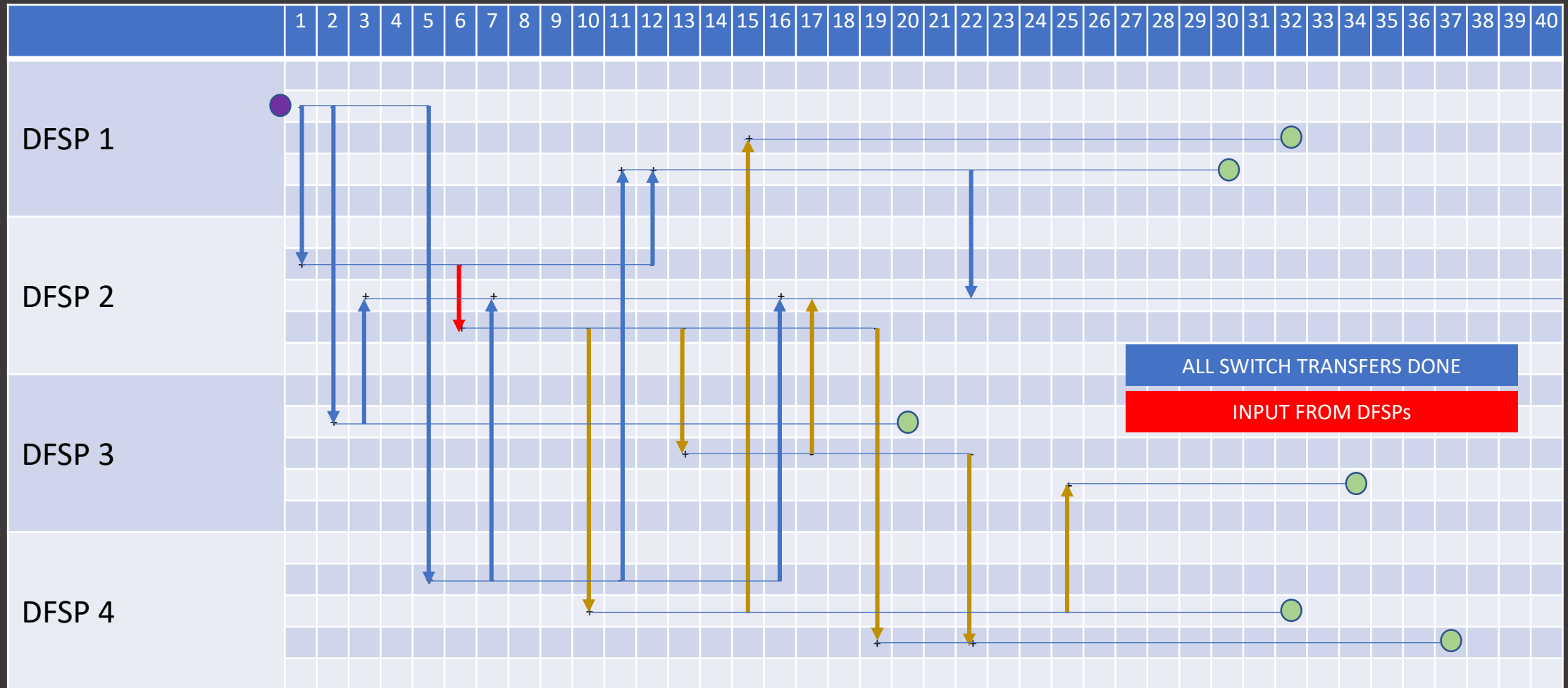
Working Assumptions on implementation

To Be Updated - Rob

- Case and Incident Management will not be addressed – most organizations already have an existing platform

  - But Open Source solutions should be suggested for those who do not

- Machine Learning and Modelling will be introduced – however data would be required before any real value would be seen

  - This moves into the realm of Data Scientists

- This will be revisited in the PI Planning