

# **RSA**®Conference2020

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**HUMAN**  
ELEMENT

SESSION ID: AFD-T11

## Digital Channel Fraud Mitigation: Balancing Risk and Reward



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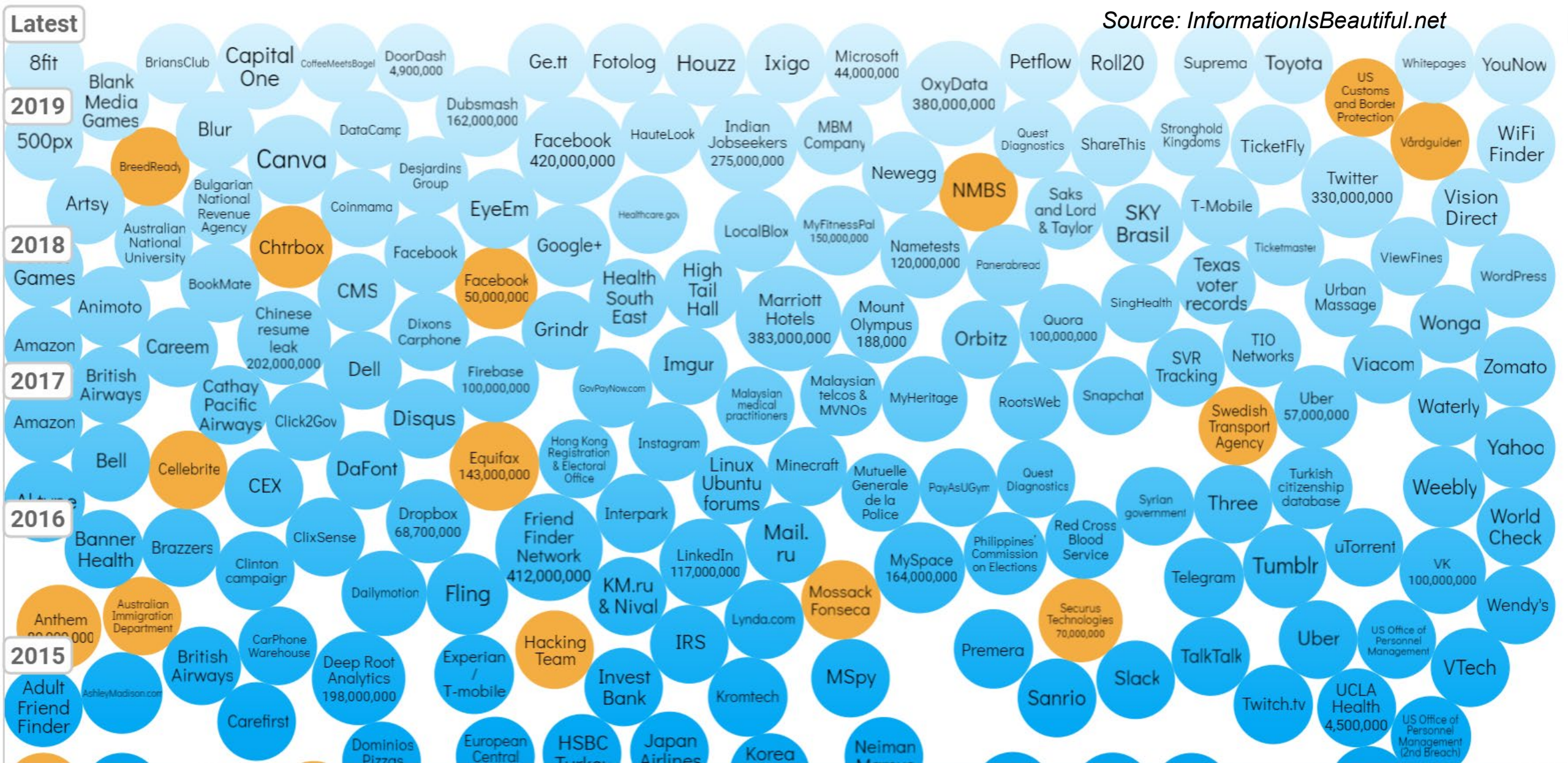
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#RSAC

# Agenda

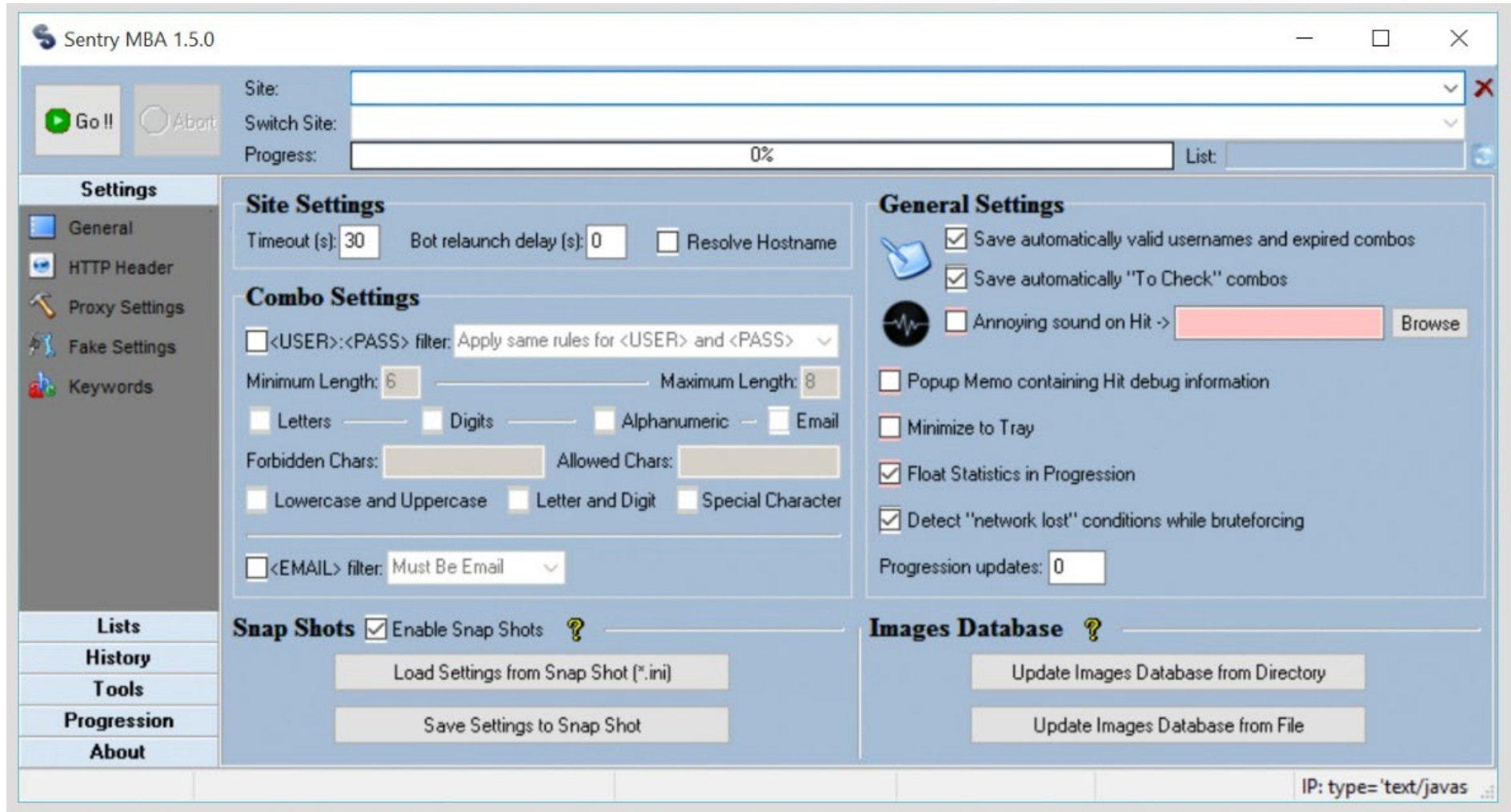
- Threat landscape
- The industry's response
- Key takeaways



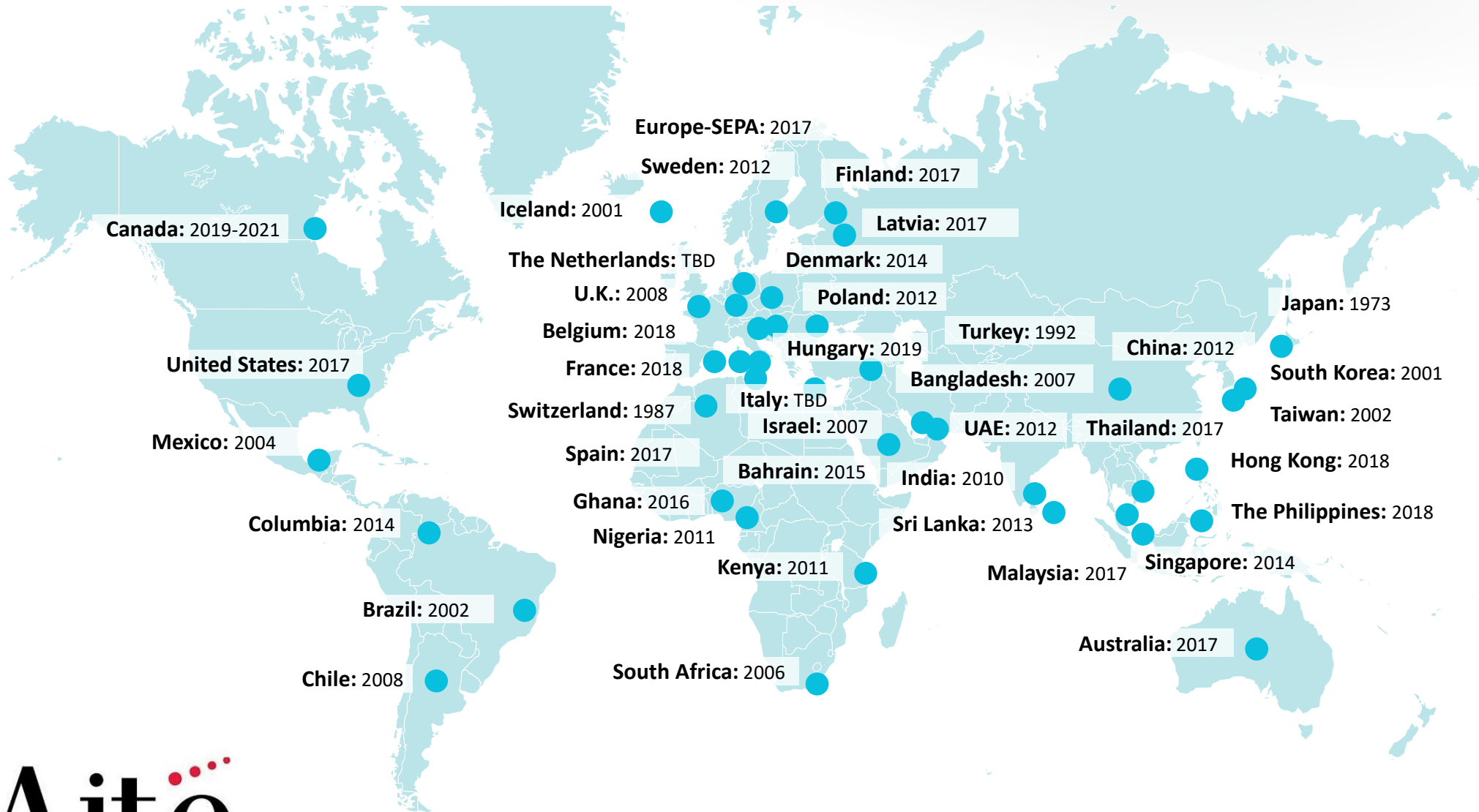




# Credential stuffing: Automation maximizing breaches



# Faster payments, faster fraud



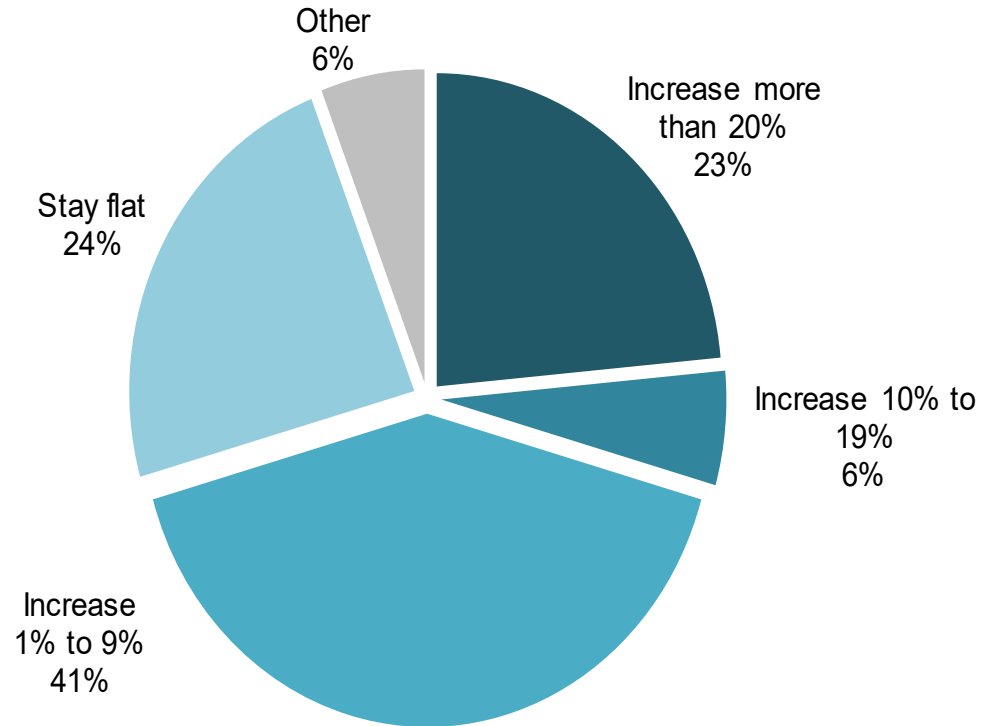
With 42 faster payments systems around the globe and high consumer and business demand for real time, the reality of faster payments has arrived.



**Social engineering fraud: Growing rapidly, while regulators take note**

# Attacks as well as budgets are on the rise

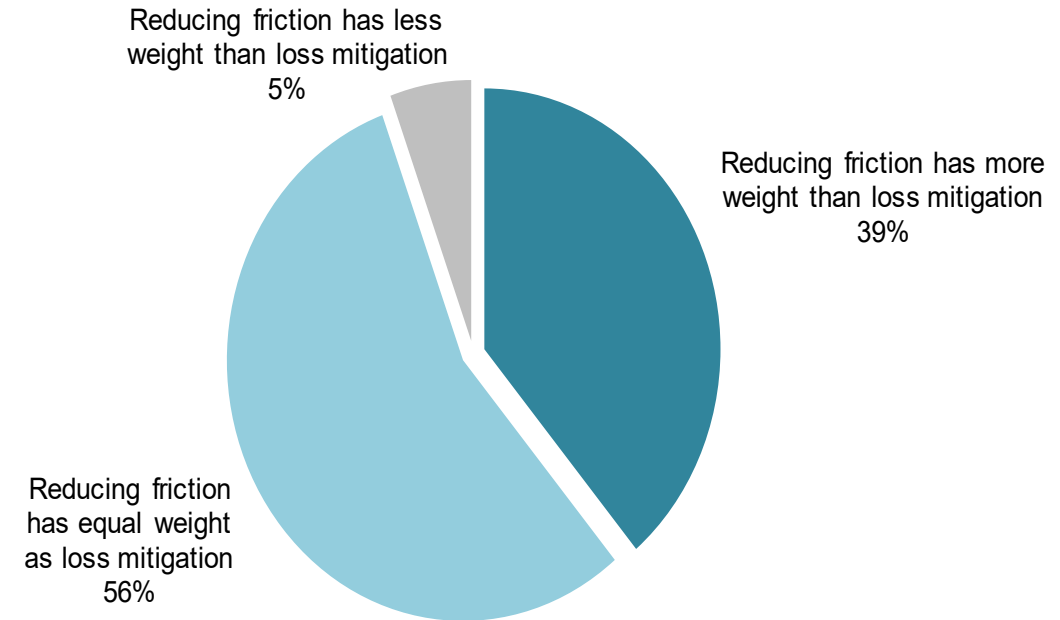
Q. What is the rate of growth in the budget for digital channel fraud mitigation? (n=17)



Source: Aite Group interviews with 20 fraud executives from 18 large North American FIs, July to October 2019



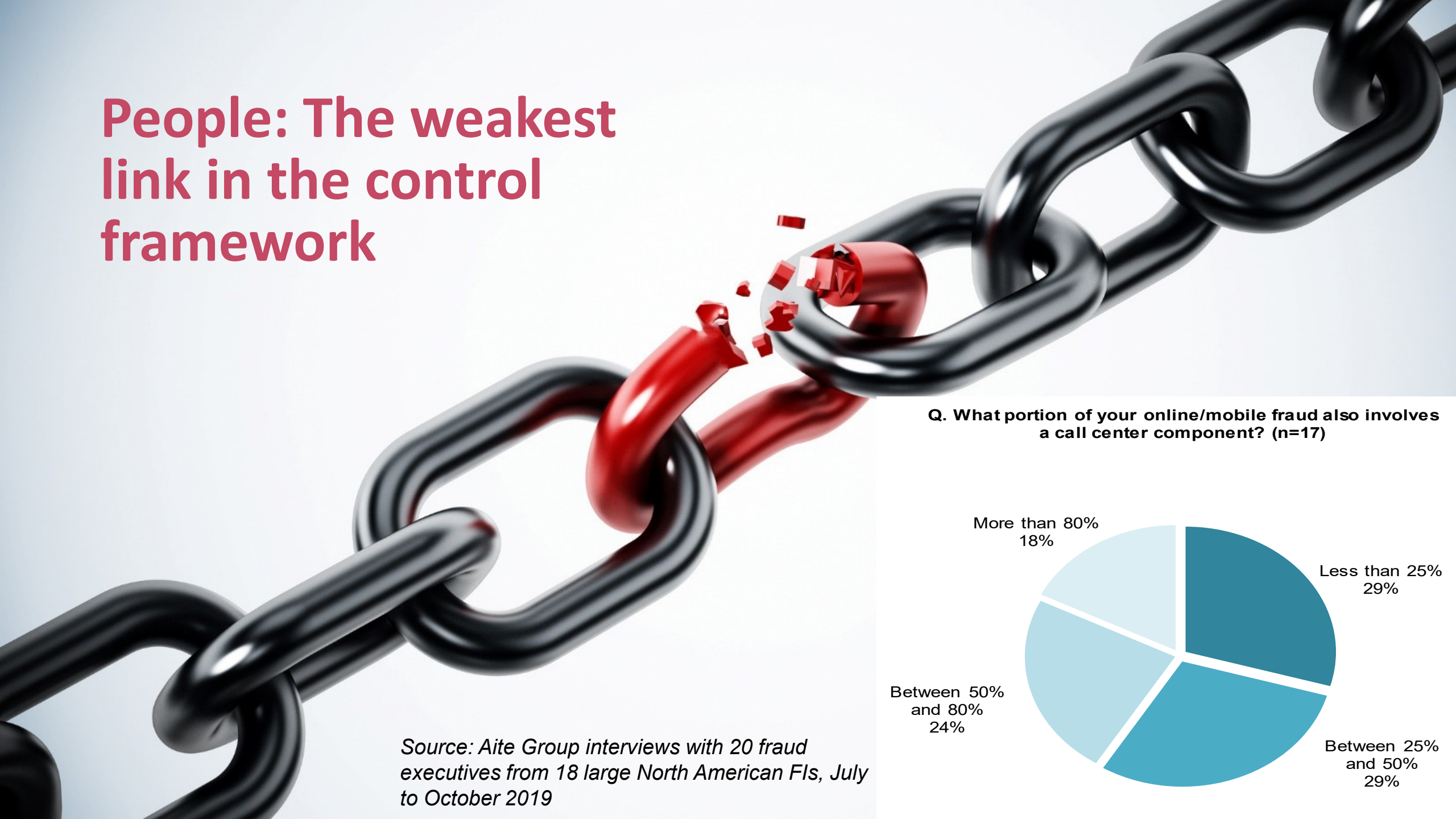
Q. In terms of the business case for investing in new or additional authentication controls in the digital channel, how would you rate the amount of influence that reducing friction had versus the amount of influence that reducing fraud losses had? (N=18)



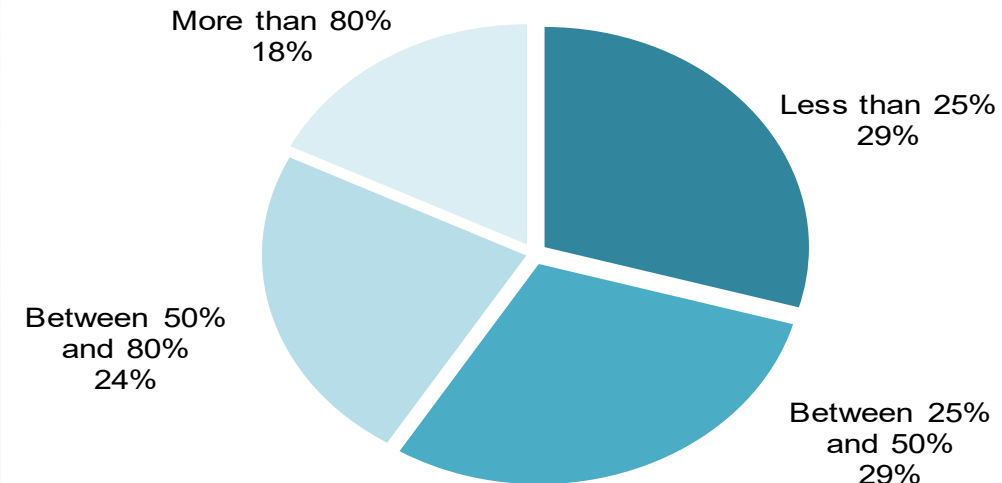
**Amid the rising threat environment, CX is still the key business case driver**



# People: The weakest link in the control framework



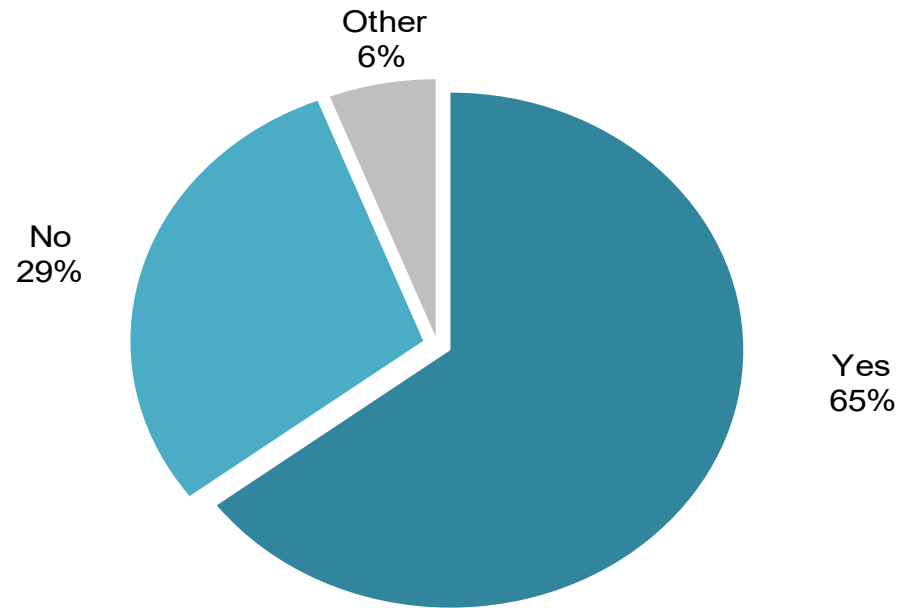
**Q. What portion of your online/mobile fraud also involves a call center component? (n=17)**



*Source: Aite Group interviews with 20 fraud executives from 18 large North American FIs, July to October 2019*

# Digital attacks wreak havoc in the call center

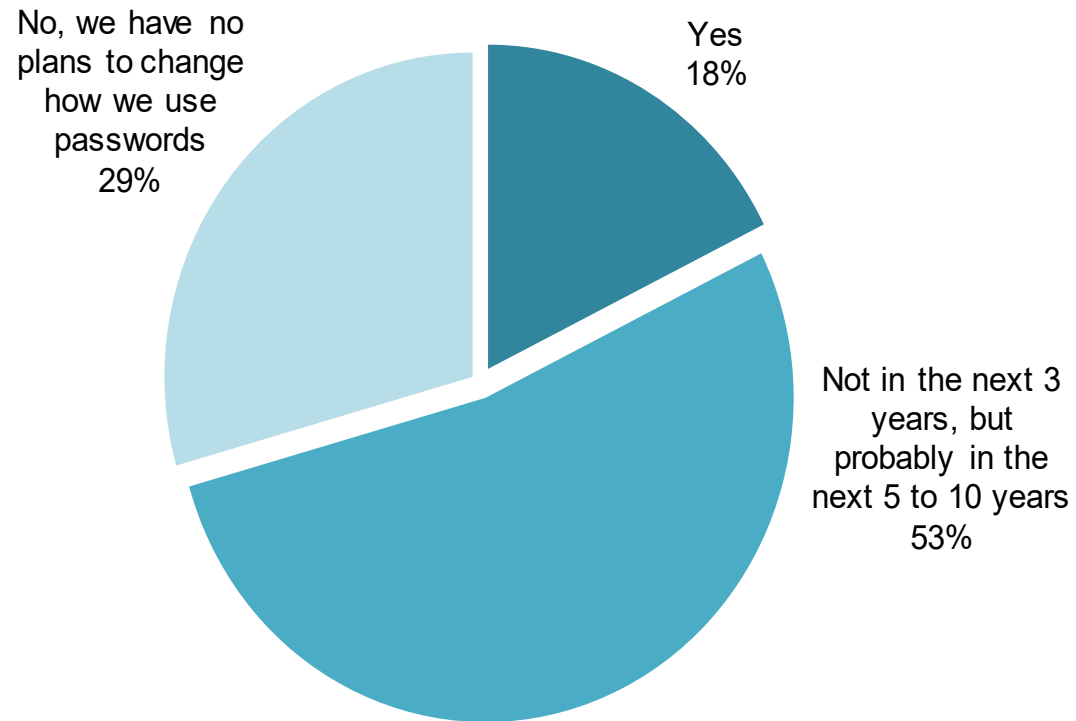
**Q. Are digital fraud attacks creating cost and/or volume pressures on other channels, specifically the contact center? (n=17)**



*Source: Aite Group interviews with 20 fraud executives from 18 large North American FIs, July to October 2019*

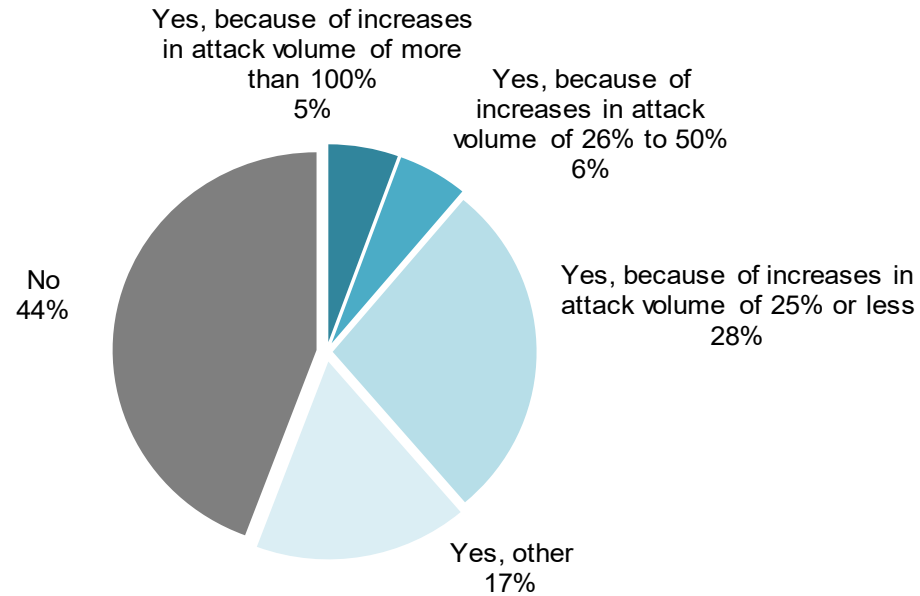
# Passwords: Not dead yet (unfortunately)

Q. Does your FI plan to phase out passwords in the next 2 to 3 years or less for online, mobile, or both? (n=17)



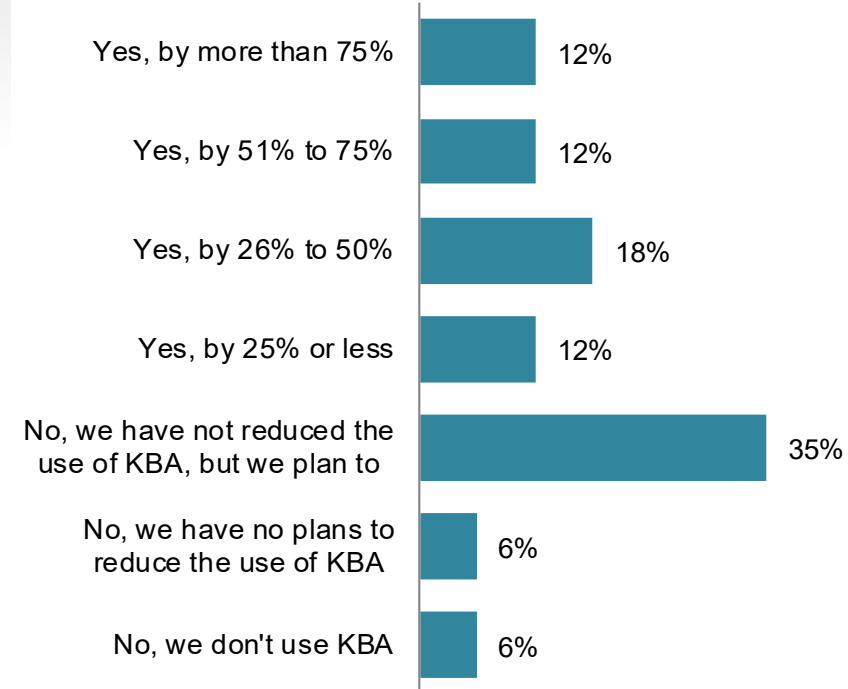


Q. Have you had to make changes to your use of OTP due to SIM swapping, SMS interception, or social engineering? (N=18)

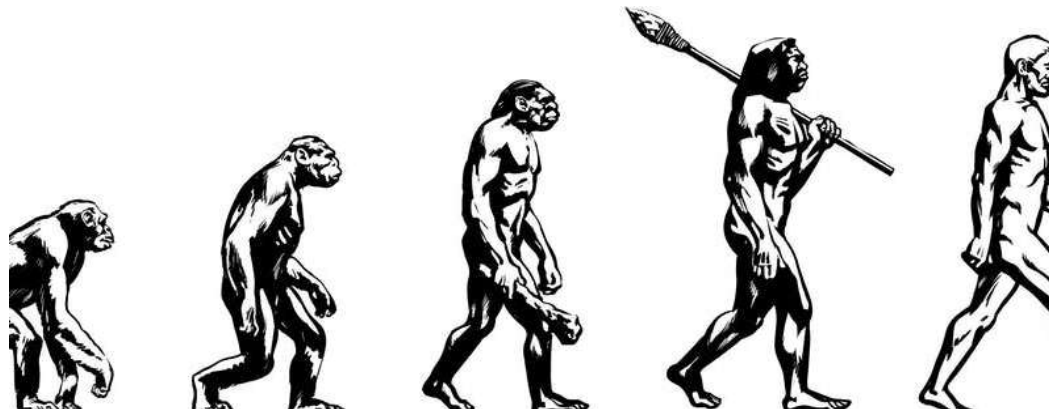


Source: Aite Group interviews with 20 fraud executives from 18 large North American FIs, July to October 2019

Q. Has your FI reduced the use of KBA in the past 2 years? (n=17)

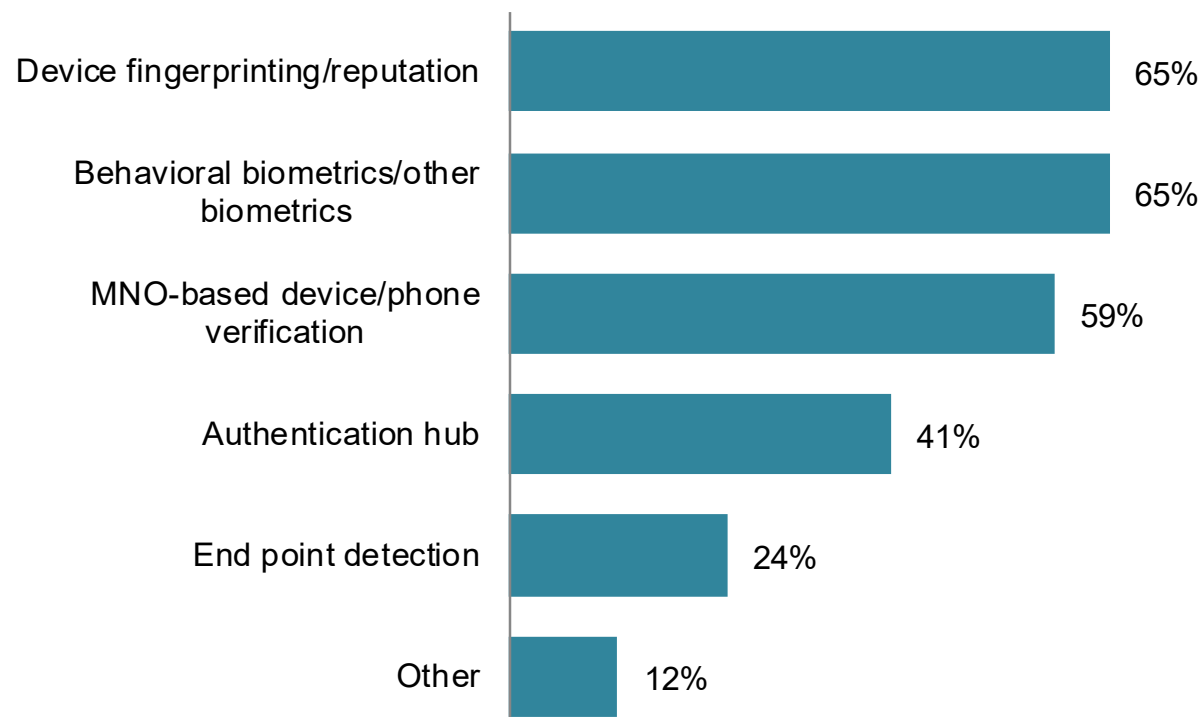


# Continual evolution of the control framework is essential



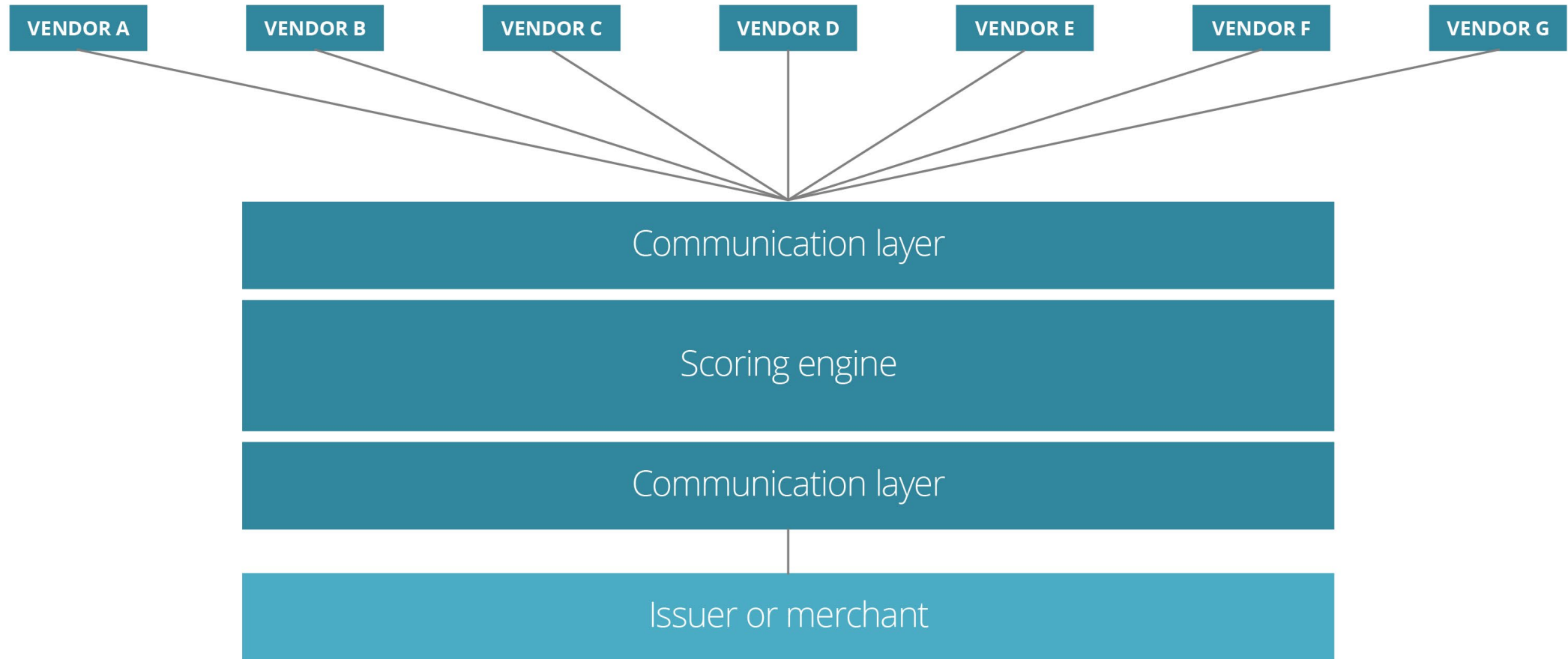
**A layered  
approach is  
essential**

**Q. Have you added any of the following controls to your authentication control framework in the last two years? (Select all that apply; n=17)**



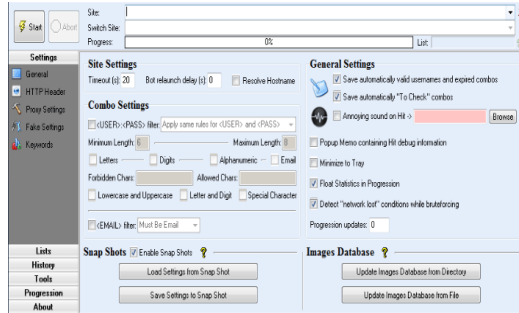
*Source: Aite Group interviews with 20 fraud executives from 18 large North American FIs, July to October 2019*

# The hub has emerged as a key area of focus





# Key trends driving interest in hubs



- **Automation of attacks:** Criminals are using bots to help speed their path to monetization of stolen data.



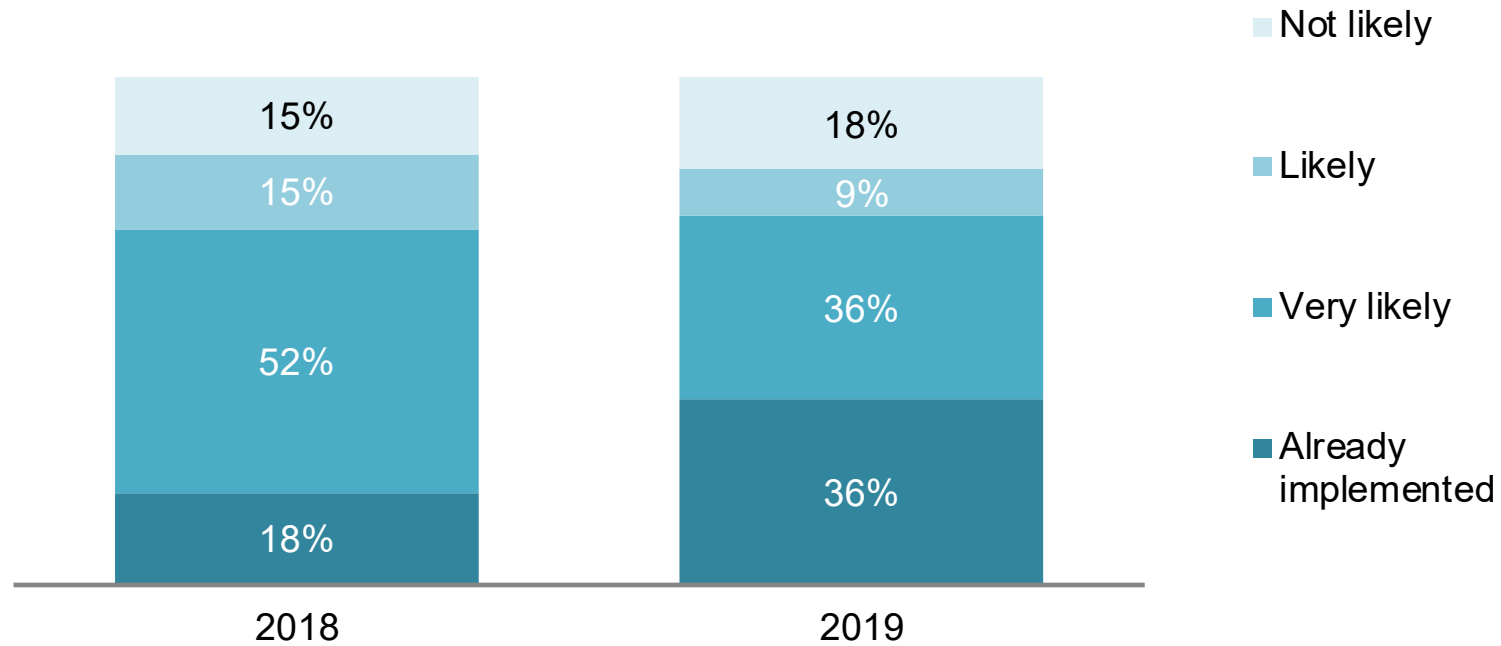
- **FIs struggle to respond nimbly:** Business cases, IT resource queues, and vendor risk management processes all slow FIs' ability to quickly adjust their fraud and authentication routines.



- **Pressure to reduce friction:** Amid the rising threat environment, customer experience remains the #1 business case driver.

# The hub: New tables stakes

Q. How likely is your FI to implement an orchestration hub in the next 1 to 2 years?  
(n=22)



Source: Aite Group

## Key takeaways

- Faster payments requires faster decisioning—and interdiction
- Banks need to invest to protect the customer from themselves as social engineering attacks continue to scale.
- FIs need to get more nimble—hubs can help
- Collaboration is also key—the bad guys collaborate the good guys need to do so as well



# Related recent and upcoming Aite Group research

- Upcoming:
  - Mule Activity Trends and Mitigation Efforts, Q1 2020
  - Real-time Payments Fraud in Business Payments, Q1 2020
- Recent:
  - *Digital Channel Fraud Mitigation: Market Trends Influencing FI Strategies*, December 2019
  - *Fraud, Authentication, and Orchestration Hubs: A Path to Greater Agility*, December 2019
  - *Customer Safety 360: The Guide to Effective Fraud Controls*, November 2019
  - *Best Practices to Thwart Fraud in Real-Time Payments*, October 2019