ZELLE'S VULNERABILITY TO FRAUD

NANA FIRDAUSI HASSAN
ETYENO UDOWOIMA
MOHAMMAD HADI FOROOZANDEH

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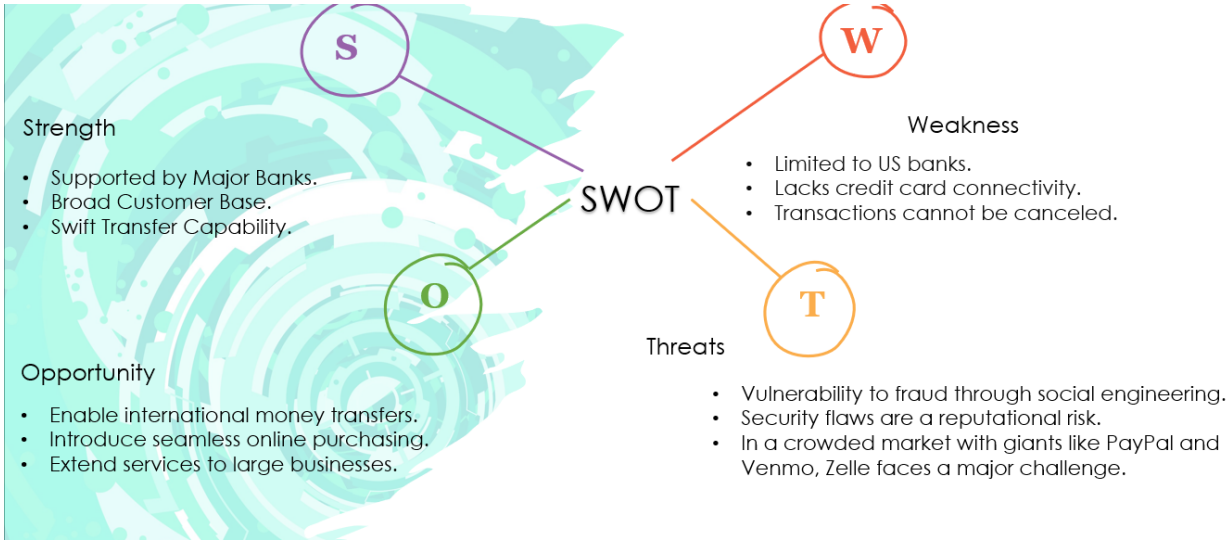
BRIEF DESCRIPTION

Zelle is a peer-to-peer payment system backed by America's largest banks that enables individuals from different financial institutions to initiate an instant transfer from one bank account to another. Zelle was created to ease money transmission and it has a dependent revenue stream which means it relies on external funding.

PROJECT SCOPE

This project centers on enhancing Zelle's peer-to-peer payment system by prioritizing two key objectives: refining the user interface and bolstering security measures. This entails a focused effort on improving the design and functionality of the platform to ensure a seamless and intuitive user experience. Additionally, robust security protocols will be developed and implemented to safeguard transactions, utilizing cutting-edge technologies and encryption methods. The IT/IS development process will be meticulously planned and executed, with a dedicated team working on refining the user interface and enhancing security measures. The timeline for this phase will span approximately six months, allowing ample time for thorough testing and implementation. Continuous monitoring and updates will be integral to the project, ensuring that the user interface remains intuitive and responsive to user feedback, while security measures evolve to counter emerging threats. This iterative approach will be sustained over an extended period, with ongoing improvements and optimizations being made to maintain Zelle's position as a trusted and innovative financial tool.

SWOT ANALYSIS (BEFORE PROJECT)



SUMMARY OF SWOT ANALYSIS

Zelle, backed by major U.S. banks, boasts strong financial support and a vast customer base, facilitating quick transactions. However, its limitations include domestic bank exclusivity, lack of credit card integration, and irrevocable transactions. Opportunities for growth lie in expanding internationally, introducing convenient payment options, and broadening services for corporate clients. Yet, Zelle faces threats from potential fraud and security risks, alongside stiff competition from established industry players like PayPal and Venmo, necessitating strategic adaptations to maintain its market position.

POSSIBLE SOLUTION: SHIELDING ZELLE'S VULNERABILITY TO FRAUD.

To mitigate the vulnerability to fraud through social engineering, Zelle will implement a comprehensive user education program as part of its efforts to fortify security measures. This program will involve integrating educational resources within the Zelle platform to educate users about common social engineering tactics, phishing awareness, and the importance of safeguarding personal information during transactions. Simulated phishing exercises will also be employed to train users in recognizing and reporting suspicious activities. This initiative will empower users with the knowledge and skills necessary to effectively mitigate risks, aligning with Zelle's commitment to providing a secure and trustworthy financial platform.

SYSTEMS PLANNING - INFORMATION GATHERING

We carried out a survey and received 27 responses. Amongst our responses, 63% were frequent users of Zelle. The survey findings reveal that Zelle enjoys widespread adoption and positive feedback from users. A significant majority use it regularly for peer-to-peer transactions, rating its effectiveness highly. Users particularly appreciate its fee-free transfers and speedy transactions. However, concerns exist, such as its limited availability to US banks and the inability to cancel transactions. There's notable unease regarding the susceptibility to fraud through

social engineering, which raises doubts about Zelle's security measures. Despite these concerns, many users still express a preference for Zelle over other payment apps. Areas for improvement include enabling global money transfers, enhancing fraud protection, and integrating credit cards more effectively. User education campaigns are seen as crucial for preventing fraud. Overall, while users generally have positive experiences with Zelle, addressing security issues and expanding features are necessary to remain competitive in the peer-to-peer payment sector.

- Limitation to US banks: 66.7%
- Inability to cancel transactions: 37%
- Concern about vulnerability to fraud through social engineering: 22.2%
- Belief that Zelle's security flaws pose a reputational risk: 44.4%
- Likelihood of choosing Zelle over other payment apps: 63%
- Importance of user education campaigns to prevent fraud on Zelle: 55.6%
- Percentage of users wanting to expand money transfers globally: 66.7%
- Percentage of users wanting to enhance fraud protection and credit card integration: 40.7%

SYSTEMS ANALYSIS ON ZELLE - LOGICAL MODELING

REQUIREMENT GATHERING AND DOCUMENTATION

To analyze systems on Zelle, alongside the emphasis on rational modeling and demand gathering/documentation, we must first break down the current system and then determine the needs of the new system. Zelle is a popular digital payment service in the United States that lets customers send and receive money using only their phone number or email address. Let us go through each stage.

CURRENT SYSTEM DESCRIPTION:

Based on the provided description, Zelle operates as a digital payment network that facilitates peer-to-peer transactions among customers registered with partnering banks and credit unions. The system incorporates various components to ensure seamless and secure transactions. Users sign up for Zelle through their bank's online or mobile banking interface, utilizing authentication methods such as passwords, usernames, biometric verification (e.g., fingerprint or face ID), or multi-factor authentication (MFA). Transaction initiation occurs via the financial institution's mobile app or Internet banking interface, where users identify the recipient, specify the amount, and may include optional notes. Once initiated, payment details are securely transmitted to Zelle's platform, where verification processes confirm sender and receiver identification and available funds. Upon successful confirmation, funds are deducted from the sender's account and credited to the recipient's account in near real-time. Both parties receive confirmation of the transaction via email or text message, containing details of the transaction and any accompanying messages. Zelle leverages the Automated Clearing House (ACH) network to facilitate smooth cash transfers between collaborating banks and credit unions. Additionally, customers can access their transaction history and data, including timestamps, transaction IDs, and status (e.g., pending or completed), through their financial institution's mobile app or website, ensuring transparency and record-keeping.

REQUIREMENTS OF THE NEW SYSTEM:

1. SECURITY: Robust security measures are paramount to safeguard sensitive financial information and prevent fraud. This includes encryption protocols, authentication methods, and fraud detection mechanisms.

2. USER AUTHENTICATION: The system should provide various authentication options such as passwords, biometric verification (e.g., fingerprint or face ID), or multi-factor authentication (MFA) to ensure secure user access.

3. USER INTERFACE: A user-friendly interface is essential for seamless navigation and ease of use. It should be intuitive, responsive, and accessible across multiple devices (e.g., mobile devices, tablets, desktops).

4. TRANSACTION INITIATION: Users should be able to initiate transactions easily through their financial institution's mobile app or Internet banking interface. This process should allow for specifying recipients, entering transaction amounts, and including optional notes.

5. TRANSACTION PROCESSING: The system should securely process transactions in near real-time, verifying sender and receiver identification and confirming available funds before completing the transaction.

6. NOTIFICATION SYSTEM: Both senders and receivers should receive timely notifications of transaction status via email or text message, providing details of the transaction and any accompanying messages.

7. INTEGRATION WITH FINANCIAL INSTITUTIONS: Seamless integration with partnering banks and credit unions is necessary to facilitate smooth cash transfers and access transaction history and data.

8. COMPLIANCE: The system must adhere to regulatory compliance standards and industry regulations governing financial transactions and data protection.

9. SCALABILITY: The system should be designed to handle increasing transaction volumes as the user base grows, ensuring scalability and performance optimization.

10. AUDITABILITY: A robust auditing system should be in place to track and monitor transactions, providing transparency and facilitating record-keeping for regulatory purposes.

DATA AND PROCESS MODELING

PROCESS DESCRIPTION AND DFD FOR ZELLE

Entities

- **Users**
- **Bank**
- **Zelle system**

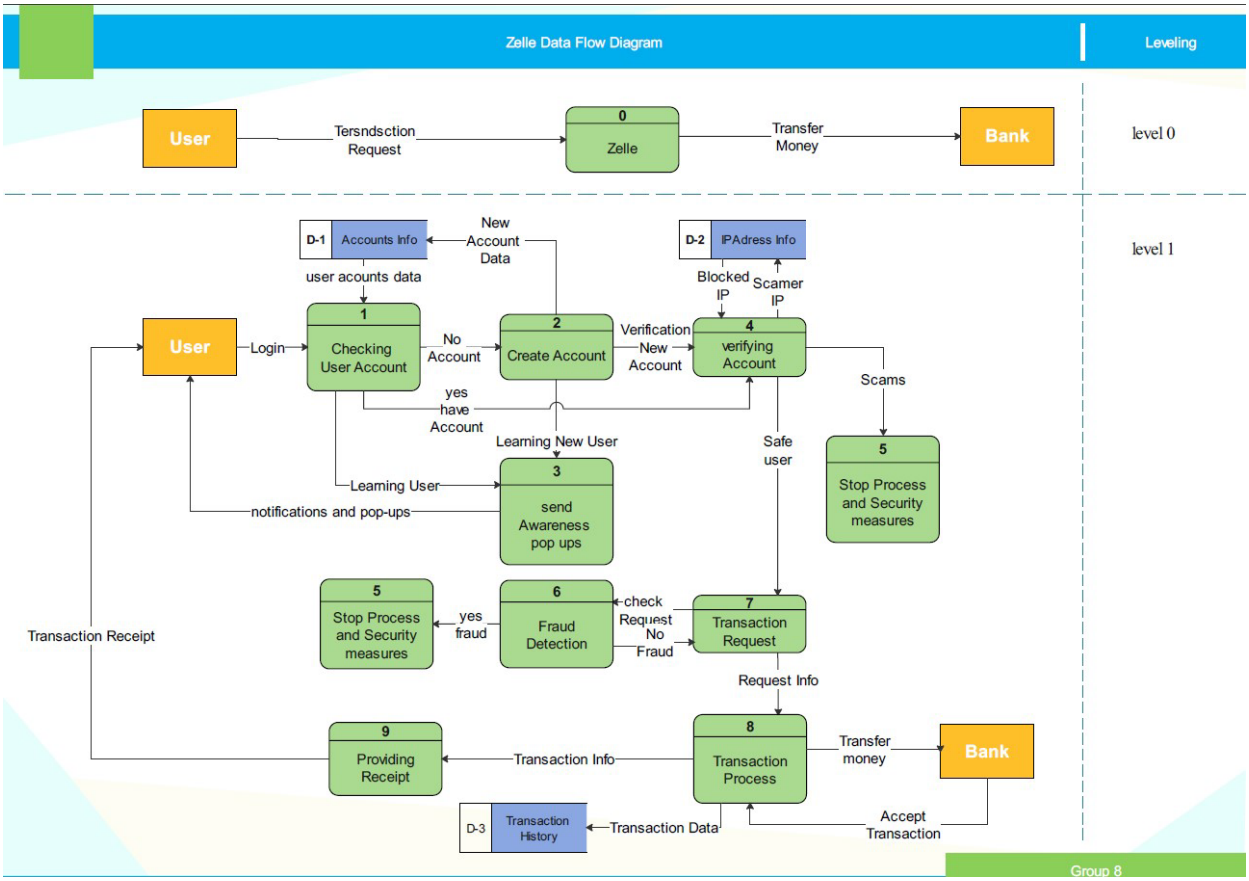
Subsystem

- **Checking User Account**
- **Create Account**

- **Verifying Account**
- **Awareness process**
- **Fraud Detection**
- **Security measures**
- **Transaction Process**
- **Transaction Request**
- **Providing Receipt**

Description:

The data flow within the Zelle system, designed to minimize vulnerability to fraud, involves several key processes and interactions among various entities. The process begins with users accessing Zelle. As they log in, they provide authentication data, which may include usernames, passwords, biometric data, or codes from two-factor authentication (2FA). This data is critical for verifying the identity of the user and preventing unauthorized access to their accounts. Users conduct transactions by sending or receiving money via Zelle. This process involves exchanging details like the transaction amount and participant information. Awareness process provides users with information about safe transaction practices and fraud awareness. This empowers users to actively participate in safeguarding their financial transactions. If fraud is suspected or confirmed, users or banks can report these incidents to law enforcement agencies. This helps in investigating and potentially prosecuting fraudulent activities. Zelle coordinates with banks to complete these financial transactions. Fraud detection systems monitor transactions for suspicious activities. If fraud is detected, alerts are sent to the affected users and their banks, enabling prompt action to prevent potential losses. Zelle adheres to financial regulations by regularly sending compliance data which includes information about transactions and implemented security measures, ensuring legal and ethical operation.



PROJECT PROGRESS TWO WITH MODIFICATIONS

SYSTEMS ARCHITECTURE/DESIGN – BEFORE AND AFTER

DESIGN SPECIFICATION

Before

The design of Zelle revolves around its centralized network, enabling seamless peer-to- peer transactions between users from different banks. With a focus on speed, Zelle ensures faster processing times compared to traditional transfers. Its intuitive interface simplifies the sending and receiving of money, often requiring only a recipient's contact information. Transaction limitsare in place to mitigate risk, while encryption and authentication protocols safeguard sensitive data. Zelle also collaborates with all domestic banks, leveraging their security infrastructure while accommodating their existing customers.

After

These design specifications are aimed at improving the ***scalability*** and ***security*** of Zelle digital solutions, serving as the starting point for developing a detailed system design and implementation plan. The improved Authentication

method will ensure that the Identify Verification System checks if a user attempts to log in from a new device, using a TOKEN verification system to authorize access. No single user can access Zelle on multiple devices at any

instance. The improved Zelle system will also check for ISO 27001 (Information Security Management), ISO 9000 (Quality Assurance and Management), and ISO 22301 (Business Continuity Management - BCM) standards to allow other digital payment solutions like credit systems and interconnectivity to banks outside the USA to open more market opportunities to it users.

Design Specification:

To keep your money safe, we will have Zelle use a layered approach to identityverification, Scalability, and Functionality. These might involve ***Authentications*** and ***Security Standards***:

Authentications

• Linking your bank account: Zelle should verify you own the account you want to transfer money from, using the steps provided by your bank.

• Multi-factor authentication (MFA): Do not just rely on a password! Zelle should require additional verification steps like codes sent to your phone or email.

• Biometric logins (on supported devices): To enhance security for users with compatible devices, Zelle should allow fingerprint or facial recognition scans as an additional verification method when logging in.

• Device checks: Zelle should also authenticate users' devices to make sure you are initiating transactions from a trusted device.

Security Standard

• ISO 27001: The enhanced system should be structured to serve as a blueprint for creating, executing, overseeing, assessing, upholding, and enhancing an information security management system (ISMS) aligned with International Organization for Standardization (ISO) guidelines. This framework will guarantee that newly introduceddigital offerings safeguard user data effectively.

• ISO 9000: To ensure the quality assurance and management of both existing and new digital products, it's essential to establish feedback mechanisms aligned with the standards set forth by the International Organization for Standardization (ISO). These mechanisms serve to gather input from customers and other stakeholders, ensuring that the products meet their

needs while also complying with statutory and regulatory requirements concerning payments. • ISO 22301: International Standard for Business Continuity Management should be implored while integrating new product features like credit system and open API to banksoutside the USA to allow user interface with markets outside the USA.

• User-friendly interface in line with best standard practice: The Zelle app should be designed with a user-friendly interface that is intuitive and easy to navigate for both senders and receivers of money. This includes ensuring accessibility for users with disabilities to provide a seamless experiencefor all users.

a. User Requirement -Iteration

Zelle's design is not set in stone. It constantly improves thanks to user feedback. In the beginning, Zelle focused on core features like secure money transfers. As users interact with the platform, their needs and expectations evolve. Zelle listens to this feedback and adapts by adding new features, improving usability, and strengthening security. This iterative approach ensures Zelle

stays relevant and meets the ever-changing needs of its users in a technologically advancing world. Drawing from the standard security expectations for mobile payment systems and considering Zelle's functionalities, here are several crucial user security requirements for theZelle mobile app:

Authentication and Authorization:

• Users must undergo robust authentication, utilizing multi-factor methods like passwords combined with one-time codes or biometric recognition.

• Before initiating transfers, users need clear confirmation details displaying recipient information, amount, and associated fees to verify transactions.

Data Security:

• All user data, including account information and transaction details, must be encryptedboth at rest and in transit to prevent unauthorized access.

• Zelle should employ secure communication protocols like HTTPS to ensure privacy during data transmission between the app and servers.

Fraud Prevention:

• Systems should continuously monitor for suspicious activity, such as large transfers or unrecognized device access.

• Users must promptly receive alerts regarding any potentially fraudulent activity orsuspicious behavior related to their Zelle account.

Users Control:

• Users should be empowered to set transaction limits and have the option to review andapprove transfers before finalization through features like Positive Pay.

• Multi-device management capabilities should enable users to manage and potentially deactivate Zelle access on specific devices if necessary.

Transparency and Education:

• The Zelle app interface should offer clarity, user-friendliness, and easy access toinformation about security features, terms of service, and privacy policies.

• Educational resources within the app or on the website should educate users about secure money transfer practices and how to recognize and avoid potential frauds.

These requirements underscore the importance of prioritizing user security in Zelle, emphasizingaspects that safeguard users and their financial data.

b. Usability Testing

Once the objectives and requirements of our system are established, we will conduct

usability testing to verify the system's ***scalability*** and ***security*** in ease of use, effectiveness, efficiency, and pinpoint areas for enhancement. Usability testing will be an ongoing endeavor throughout the system's development to ensure it aligns with user needs and delivers a smooth user experience consistently. The scenarios and tasks will emulate typical use cases, assessing the system's security in transaction, device usage, data protection and scalability of transaction limit and cancellation where errors are made, across various user groups we have identified. Here are some scenarios and tasks proposed for testing the software's usability:

Scenario 1: Transaction Authorization

Description:

The user is said to initiate a transaction using the Zelle app and confirms the destination details. The user then attempts to complete the transaction using biometric authentication (facial or fingerprint recognition). If the biometric authentication fails, the user can use a TOKEN (One Time Password - OTP) that will be sent via SMS or email. The user inputs the TOKEN correctly,and the transaction should be processed successfully.

Tasks:

• Open the Zelle app and navigate to the "Send Money" feature.

• Enter the recipient's details (email address or phone number) and the amount to be sent. • Confirm the transaction details and attempt to complete the transaction using biometric authentication (facial or fingerprint recognition).

• If biometric authentication fails, locate and select the option to receive a TOKEN viaSMS or email.

• Retrieve the TOKEN from the SMS or email and input it into the Zelle app. • Verify that the transaction is successfully processed after inputting the correct TOKEN. • Provide feedback on the ease of completing the transaction and the effectiveness of the biometric authentication and TOKEN input process.

Scenario 2: Device authentication

Description:

A user will attempt to initiate a Zelle transaction from a new device.

Tasks:

• User opens the Zelle mobile app on a new device.

• User selects the option to send money.

• A pop-up message appears, indicating that device authentication is required.

• The user receives a TOKEN via SMS to their registered phone number or via email to their registered email address.

• User inputs the correct TOKEN into the Zelle app.

• Upon successful input of the TOKEN, the user can proceed with initiating the transactionon the new device.

• The old device is automatically deactivated for security reasons.

Expected Outcome:

• User successfully completes device authentication and can initiate a transaction on the new device.

• The old device is deactivated to ensure the security of the user's account.

Scenario 3: Transaction Limit

Description:

Users trying to transact an amount beyond the predefined transaction limit set by Zelle,

which is considered risky, will need to go through additional security measures to complete the transaction. These security measures include Positive Pay and answering security questions that were previously set up, in addition to biometric or TOKEN verification.

Tasks:

• User opens the Zelle mobile app and initiates a transfer.

• User enters the recipient's information and the amount they wish to transfer. • User attempts to submit the transaction.

• Zelle detects that the transaction amount exceeds the predefined transaction limit. • Zelle prompts the user to verify their identity and provide additional security measures. • User is prompted to authenticate using biometrics (e.g., fingerprint or facial recognition) or TOKEN verification.

• After successful authentication, Zelle prompts the user to answer security questionspreviously set up during account registration.

• Once all security measures are completed, the user can proceed to confirm and finalize the transaction.

• Zelle processes the transaction and notifies the user of the successful transfer.

Expected Outcome:

• User completes the transaction after going through additional security measures, ensuringthat transactions beyond the threshold are authorized securely.

Scenario 4: Data Security

Description:

A user has completed a transaction using the Zelle app and is attempting to generate a receipt for the transaction. During this process, it is crucial to ensure that sensitive information such as the user's account balance before and after the transaction, as well as any other personaldata that could compromise their security, remains hidden and protected.

Tasks:

• Initiate a transaction using the Zelle app to send money to a friend or family member. • After the transaction is completed, navigate to the transaction history or receipt generation feature.

• Verify that sensitive information such as the user's account balance before and after the transaction is not displayed in the receipt or transaction details.

• Ensure that only relevant transaction details such as the recipient's name, amount sent, date, and transaction ID are included in the receipt.

• Confirm that no other personal or sensitive data that could compromise the user's securityis exposed during the receipt generation process.

Expected Outcome:

• The Zelle app should successfully generate a receipt for the completed transaction without displaying sensitive information such as the user's account balance before and after the transaction. Only relevant transaction details should be included in the receipt, ensuring the user's data security and privacy.

Scenario 5: Cancelling a Transaction

Description:

A user has accidentally sent $100 to the wrong contact using the Zelle app and needs to cancel the transaction immediately to prevent it from being processed. This scenario tests the usability and effectiveness of the cancellation feature in the Zelle app.

Tasks:

• Open the Zelle app on your mobile device.

• Navigate to the transaction history or recent transactions section.

• Identify the transaction of $100 sent to the wrong contact.

• Locate and select the option to cancel the transaction (active within10 minutes of completing such transaction).

• Follow the prompts to confirm the cancellation of the transaction.

• Verify that the cancellation is successful and that the $100 transaction is no longerpending or processed.

Expected Outcome:

• The Zelle app should provide a straightforward process for canceling transactions, allowing users to quickly identify and cancel incorrect transactions. The cancellation feature should be intuitive and easy to access, ensuring that users can prevent unintended transactions from being processed successfully. Upon successful cancellation, the app should promptly update the transaction status to reflect the cancellation and provide confirmation to the user.

After every task, the users' performance in completing the tasks will be evaluated, and any issues or challenges encountered will be noted. Based on the feedback, we will identify areasfor improvement in Zelle's functionality, such as enhancing transaction security or streamlining the user interface. Iterative testing and refinement of the system based on user feedback can help ensure that the Zelle app is user-friendly, effective, and efficient for users sending and receiving money securely.

MANAGEMENT SYSTEM IMPLEMENTATION PLAN: OVERVIEW

APPLICATION DEVELOPMENT TASK

a. **Research and Selection of Algorithms:** The process begins with an in-depth research phase where the dedicated team of data scientists, software engineers, and security experts analyze various fraud detection algorithms available in the market. They evaluate the effectiveness, scalability, and suitability of different algorithms for Zelle's specific requirements, considering factors such as transaction volume, types of fraud threats, and real-time processing capabilities.

b. **Algorithm Development:** Once the most suitable algorithms are identified, software engineers begin the development phase. They create the necessary infrastructure and architecture to integrate these algorithms seamlessly into Zelle's transaction processing system. This involves coding and programming tasks to ensure compatibility with existing systems and databases.

c. **Testing and Quality Assurance:** Rigorous testing procedures are conducted to validate the accuracy and performance of the implemented algorithms. Quality assurance teams collaborate with software engineers to design comprehensive test cases that simulate various fraud scenarios and edge cases. Through systematic testing, any bugs or issues are identified and addressed promptly to ensure the reliability and effectiveness of the fraud detection system.

d. **Continuous Optimization:** Data scientists play a crucial role in continuously optimizing the fraud detection algorithms. They analyze the performance metrics and feedback from testing phases to fine-tune the algorithms for better efficiency and accuracy. This iterative process involves adjusting parameters, refining algorithms, and incorporating machine learning techniques to adapt to evolving fraud patterns and techniques.

e. **Integration and Deployment:** Once the algorithms are thoroughly tested and optimized, they are integrated into Zelle's transaction processing system. This involves deploying the algorithms into production environments and ensuring seamless interoperability with existing systems and workflows. Security protocols are implemented to safeguard the integrity and confidentiality of the fraud detection system.

f. **Monitoring and Maintenance:** After deployment, the fraud detection system is continuously monitored to detect any anomalies or irregularities in transaction patterns. Automated alerts and notifications are

set up to alert security teams in real-time upon detection of suspicious activities. Regular maintenance tasks, such as software updates and performance optimizations, are performed to ensure the ongoing effectiveness and reliability of the system.

g. **TESTING PLAN**: The objective of the testing plan is to comprehensively evaluate the usability and effectiveness of Zelle's enhanced security measures across various scenarios. By conducting usability testing, we aim to assess the system's scalability and security in terms of ease of use, effectiveness, efficiency, and areas for enhancement. This testing will ensure that Zelle's security features align with user needs and deliver a smooth user experience consistently. The testing plan encompasses the following scenarios and associated tasks:

- Transaction Authorization: Initiate a transaction, authenticate using biometric authentication or OTP, and verify successful transaction processing.
- Device Authentication: Initiate a transaction from a new device, authenticate via SMS or email OTP, verify successful initiation on the new device, and ensure old device deactivation.
- Transaction Limit: Attempt transactions exceeding predefined limits, undergo additional security measures (biometric authentication, OTP, security questions), and verify successful completion.
- Data Security: Generate transaction receipts, ensure sensitive information remains protected, and verify only relevant details included in the receipt.
- Cancelling a Transaction: Identify and cancel unintended transactions promptly, and ensure successful cancellation within a specified timeframe.

TRAINING PLAN: The objective of this training plan is to ensure that relevant stakeholders at Zelle are equipped with the knowledge and skills necessary to effectively implement and utilize the newly developed enhanced security measures. This plan focuses on training specific user groups within the organization to maximize the effectiveness of the security measures and ensure a secure user experience.

TARGETED USER GROUPS:

Customer Support Representatives:

- Training on identifying and addressing user concerns related to security measures.
- Education on guiding users through security authentication processes and troubleshooting security-related issues.

Focus on providing excellent customer service while ensuring adherence to security protocols.

Technical Support Team:

- In-depth training on the technical aspects of the enhanced security measures, including system architecture, authentication protocols, and data encryption.

- Hands-on exercises to familiarize technical support personnel with troubleshooting security-related issues and implementing security updates.
- Collaboration with development teams to ensure alignment between technical support and system development efforts.

Operations Staff:

- Training on operational procedures related to security protocols, including device authentication, transaction monitoring, and data protection measures.
- Instruction on implementing and enforcing security policies and procedures within operational workflows.
- Emphasis on maintaining operational efficiency while prioritizing security measures.

Development and IT Teams:

- Advanced training on the development and implementation of security features within the Zelle platform.
- Education on best practices for secure coding, vulnerability management, and system hardening.
- Collaboration with security experts to ensure that security considerations are integrated into the software development lifecycle.

Management and Leadership:

- High-level overview training on the strategic importance of enhanced security measures for Zelle's reputation and user trust.
- Education on regulatory compliance requirements and industry standards for financial security.
- Guidance on establishing and maintaining a culture of security awareness and accountability throughout the organization.

TRAINING DELIVERY:

- Tailored training sessions for each user group, delivered through a combination of in-person workshops, online webinars, and self-paced e-learning modules.
- Sessions led by subject matter experts, including security specialists, technical trainers, and experienced customer support representatives.
- Training materials, including presentations, manuals, and interactive demos, provided to participants for reference and review.

SYSTEM CHANGEOVER PLAN: The system changeover plan incorporates both parallel implementation and cutover approaches to smoothly transition Zelle to the newly developed enhanced security measures. In the parallel implementation phase, the new security measures will be developed, tested, and run concurrently with the existing system to monitor performance and gather feedback. Following evaluation, the cutover phase will finalize the new system's development and implementation, ensuring all necessary preparations and training are in place before migrating to the enhanced security measures. Throughout both phases, communication and stakeholder management will be paramount to ensure transparency and address any concerns. The goal is to seamlessly integrate the new security measures while minimizing disruption to operations and maintaining the security and trustworthiness of the Zelle platform.

SYSTEM SUPPORT/SECURITY MANAGEMENT

Security (overview and design)

The security part of the new system aims to create a comprehensive framework to protect user data, prevent fraudulent activities, and ensure the integrity of transactions within the platform. This includes authentication, data security, fraud prevention, user control, transparency, education, technical support and staff training. It will also implement several key actions to create a robust security management system based on the presented scenarios:

- **Authentication and authorization:**

It ensures strong authentication methods such as multi-factor authentication (MFA) for user login, combining options such as passwords, biometrics, and one-time tokens (OTP).

It implements strict authorization controls to verify user identity before initiating transactions, especially for high-risk or high-value transactions.

- **Data security:**

It uses strong encryption techniques to protect user data both at rest and in transit, ensuring that sensitive information such as account balances is protected.

It uses secure communication protocols such as HTTPS to maintain privacy and integrity during data transfer between the Zelle app and servers.

- **Avoid fraud:**

Implement continuous monitoring systems to identify suspicious activity, such as excessive predefined transactions or unusual behavior patterns.

It integrates automated alerts and notifications to quickly alert users of potential fraudulent activity, enabling quick action to mitigate risks and prevent unauthorized transactions.

- **User control:**

It allows users to set transaction limits and customize security preferences, empowering them to effectively manage their account security.

It offers features such as transaction confirmation requests and cancellation options to allow users to review and control their transactions before finalization.

- **Transparency and education**:

Through educational resources in the Zelle app, including tips on identifying phishing scams and protecting personal information, it increases user awareness of security best practices and potential fraud risks.

It ensures transparency in transaction details and receipt generation, displaying only relevant information while hiding sensitive data such as account balances.

- **Technical support and staff training:**

Creates a dedicated technical support team that is available 24/7 to assist users with security queries and issues and provide prompt solutions and guidance.

Conducts regular training sessions for technical support staff to ensure they are well equipped to address security concerns effectively and provide accurate assistance to users.

- **Risk assessment and vulnerability scanning:**

Conducting a comprehensive risk assessment to identify possible threats and vulnerabilities in the system.

Regularly performs vulnerability scanning and penetration testing to actively identify and fix security weaknesses.

- **Security policy development:**

Develops and maintains a set of security policies and procedures tailored to the specific needs of the new system.

Defines access control policies, data encryption standards, incident response protocols, and other security guidelines.

- **Security awareness training:**

Provides ongoing security awareness training to employees to educate them on security best practices and procedures.

Conducts simulated phishing exercises to test employees' awareness and response to phishing attacks.

- **Incident response planning:**

Creates an incident response plan that outlines the actions to be taken in the event of a breach or security incident.

Creating incident response teams and determining roles and responsibilities to handle security incidents.

- **Security monitoring and logging:**

Implement robust security monitoring tools to track and analyze system activity for signs of unauthorized access or malicious behavior.

- **Patch management:**

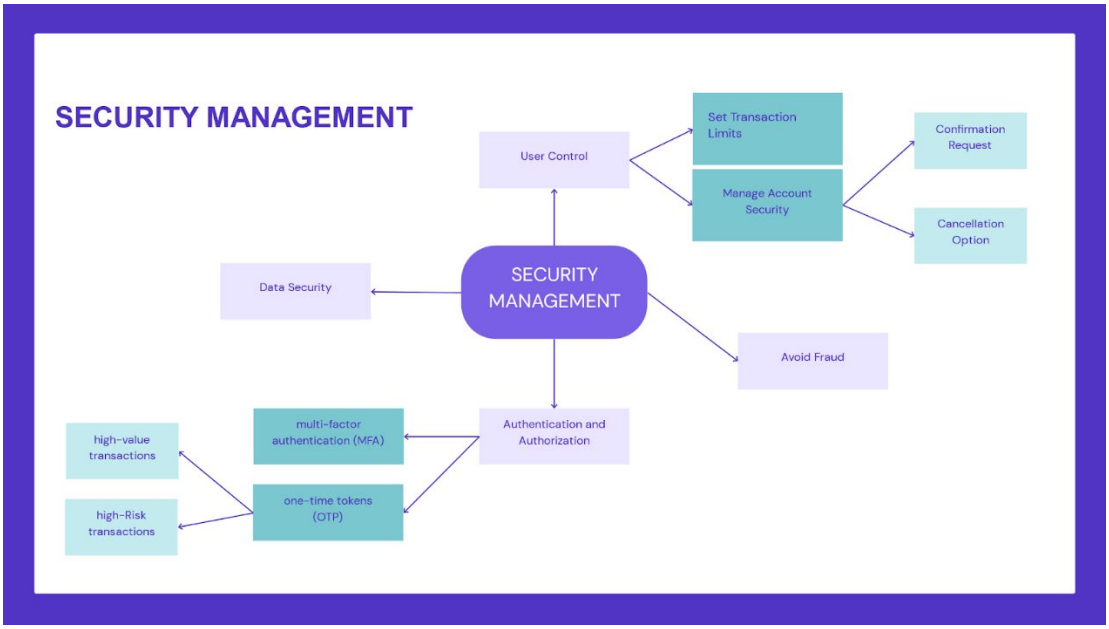
Establish a patch management process to ensure that security patches and updates are promptly applied to all system components.

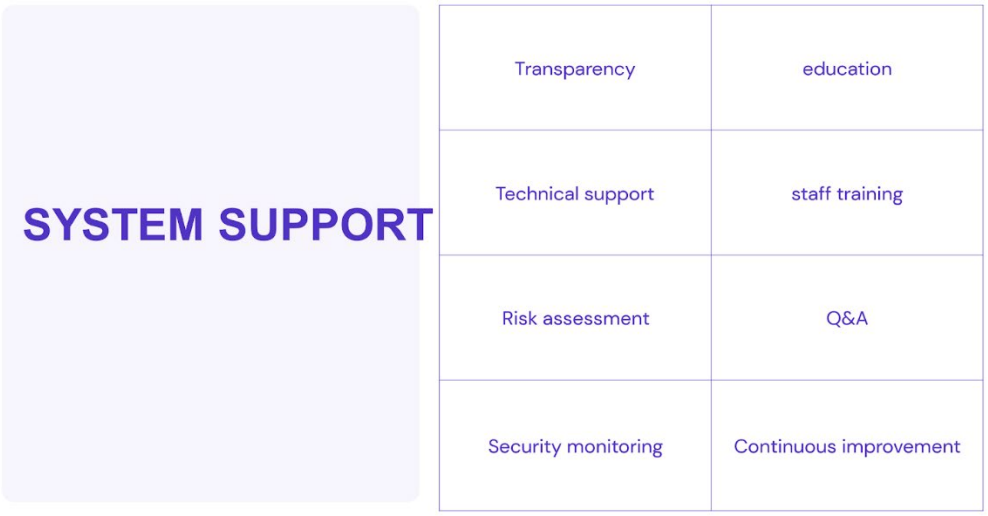
Maintains inventory of software and hardware assets and prioritizes patches based on risk and importance.

- **Continuous improvement and incident response exercises:**

Review security incidents and lessons learned to identify areas for improvement and implement corrective actions.

Conducts desk exercises and incident response exercises to test the effectiveness of the incident response plan and security controls.





PLANS TO IMPLEMENT

- Transaction Authorization: This involves implementing multi-factor authentication (MFA) methods, such as passwords, biometric verification, or one-time passwords (OTPs), to validate the identity of users initiating transactions. Additionally, transaction authorization rules will be established to define criteria for approving or rejecting transactions based on factors such as transaction amount, recipient, and user behavior patterns.

- Device Authentication: This involves assigning unique identifiers to registered devices and verifying their authenticity during login attempts or transaction initiations. Advanced techniques such as device fingerprinting and device recognition algorithms will be utilized to detect and prevent unauthorized access from unrecognized or compromised devices.

- Transaction Limit: This involves defining maximum transaction limits for individual users or accounts, as well as daily or monthly transaction limits to cap the total amount of funds that can be transferred within a specified period. Additionally, dynamic transaction limit adjustments based on user activity, account history, and risk profiles will be implemented to provide flexibility while maintaining security.

- Data Security: This includes encryption protocols to secure data transmission over networks, robust access controls to restrict unauthorized access to sensitive information, and data encryption at rest to protect stored data from unauthorized access or theft. Additionally, regular security audits and vulnerability assessments will be conducted to identify and remediate any security vulnerabilities or weaknesses in the system.

- Cancelling a transaction: This involves integrating cancelation options within the user interface, allowing users to easily locate and cancel pending transactions through the Zelle mobile app or website.

Additionally, clear guidelines and procedures will be provided to users on when and how to cancel transactions, as well as any associated fees or restrictions.

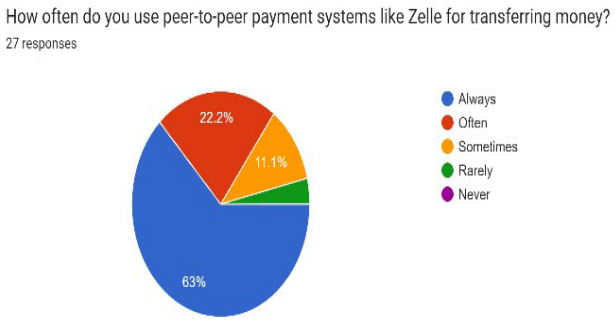
CONCLUSION

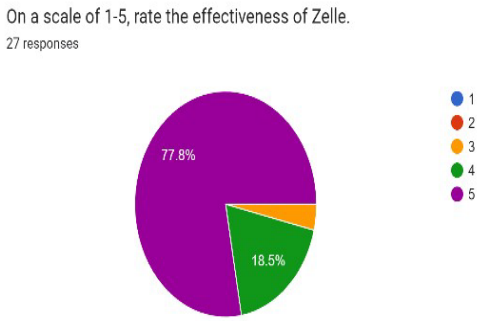
In conclusion, the implementation of advanced fraud detection algorithms within the Zelle peer-to-peer payment system represents a significant step towards fortifying its security measures and enhancing user confidence. Through meticulous research, development, and integration efforts led by a dedicated team of experts, Zelle has demonstrated its commitment to staying ahead of evolving fraud threats and safeguarding the integrity of its platform. By leveraging state-of-the-art technologies, rigorous testing procedures, and continuous optimization efforts, Zelle aims to not only detect and prevent fraudulent activities in real-time but also to provide a seamless and user-friendly experience for its customers. With a holistic approach that encompasses both technical enhancements and user education initiatives, Zelle is poised to maintain its position as a leading choice for secure and efficient peer-to-peer transactions in the dynamic landscape of digital payments.

REFERENCES

• https://www.nerdwallet.com/arcle/banking/peer-to-peer-p2p-money-transfers • https://en.wikipedia.org/wiki/Zelle

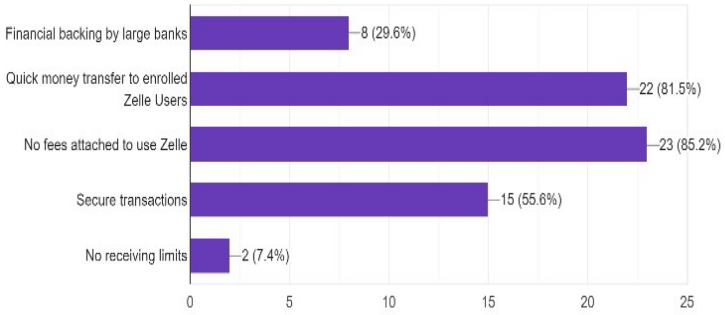
APPENDIX





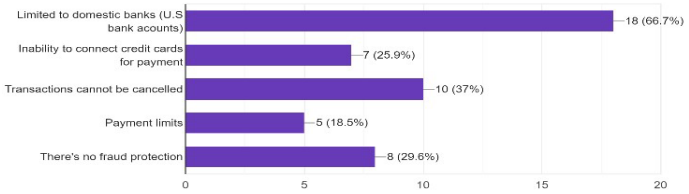
What strengths of Zelle do you find most appealing? Select all that apply.

27 responses



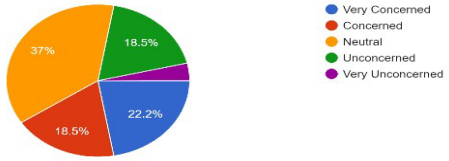
What weaknesses of Zelle do you find most concerning? Select all that apply.

27 responses



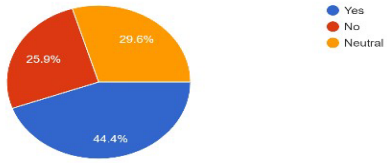
How concerned are you about the vulnerability to fraud through social engineering when using Zelle?

27 responses



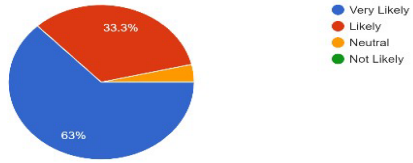
Do you think Zelle's security flaws pose a reputational risk?

27 responses



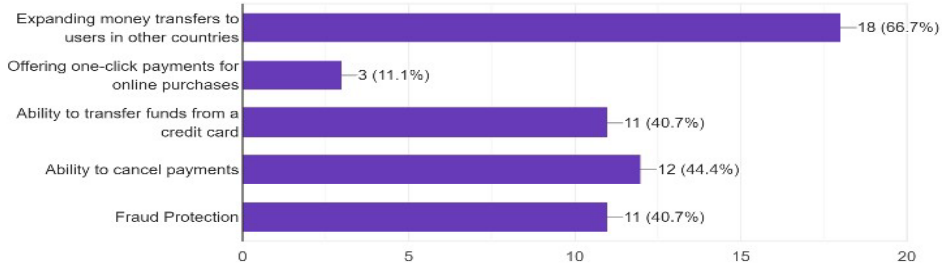
Compared to other peer-to-peer payment apps like PayPal and Venmo, how likely are you to choose Zelle?

27 responses



What opportunities could Zelle explore to improve its services? Select all that apply.

27 responses



How important do you think user education campaigns are in preventing fraud on Zelle?

27 responses