Three Tough Realities of Payment Security

October | 2018
A pitched battle is underway...
Faster, Frictionless Payments
Chaos on the edges of payments

<table>
<thead>
<tr>
<th>Questions</th>
<th>U.S. (n=299)</th>
<th>U.K. (n=291)</th>
<th>Singapore (n=220)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q. When using your smartphone or tablet for texting or searching the web, do you typically give commands by speaking to it or typing into it? (Among smartphone or tablet users)</td>
<td>Typing</td>
<td>A mix of speaking and typing</td>
<td>Speaking</td>
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Criminals: Organized and Innovative
9.7 billion records lost/stolen since 2013

Increasing automation of attacks

50%+ of consumers reuse passwords
4th August 2018

Important Notice – Debit Card Safety Recall

Dear Customer,

Many of our bank customers have reported that their debit cards have caught fire while they are in wallets and purses, and so as a precaution we are issuing an urgent safety recall. This is a matter of the upmost emergency as your card could create a pocket fire at any given moment, burning your legs and stomach terribly. This is because of a fault in the factory process at our debit card factory in Molton Keynes.

Therefore, for your own safety and verification, please complete the bottom of this form, and return it with your debit card to the safety manager at the following address:

Mr Smith
Barclays Debit Card Factory
187 Bangalore Lane
Bangalore
India
BNG466271
As counterfeit declines, CNP fraud, account takeover and application fraud are rising

Synthetic identity fraud is increasingly top of mind as FIs comprehend the scope of the problem
Banks: Slow to Respond and Getting Slower
Solutions
Machine learning: Buzz word realizing its potential

- Identify patterns through iterative optimization
- Find deviations from good user behavior rather than searching for patterns indicative of fraud
- Minimize false positives
- Improve operational efficiency
- Supervised and transparent modeling techniques satisfying regulatory MRM requirements
The emergence of the authentication hub
Financial crime continues to escalate, as do consumer expectations and the competitive environment.

Technology is creating competitive differentiation for early adopters.

Collaboration is key.
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