

Time, Crime and On-line: Real-time Fraud Detection and Prevention in the Digital Era

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A word on HSBC

Customers

89m

**Total Assets
(end 2011)**
US\$2,555bn

**Profit Before tax
2011**
US\$21.9bn

**International
Network**
85 countries and
territories

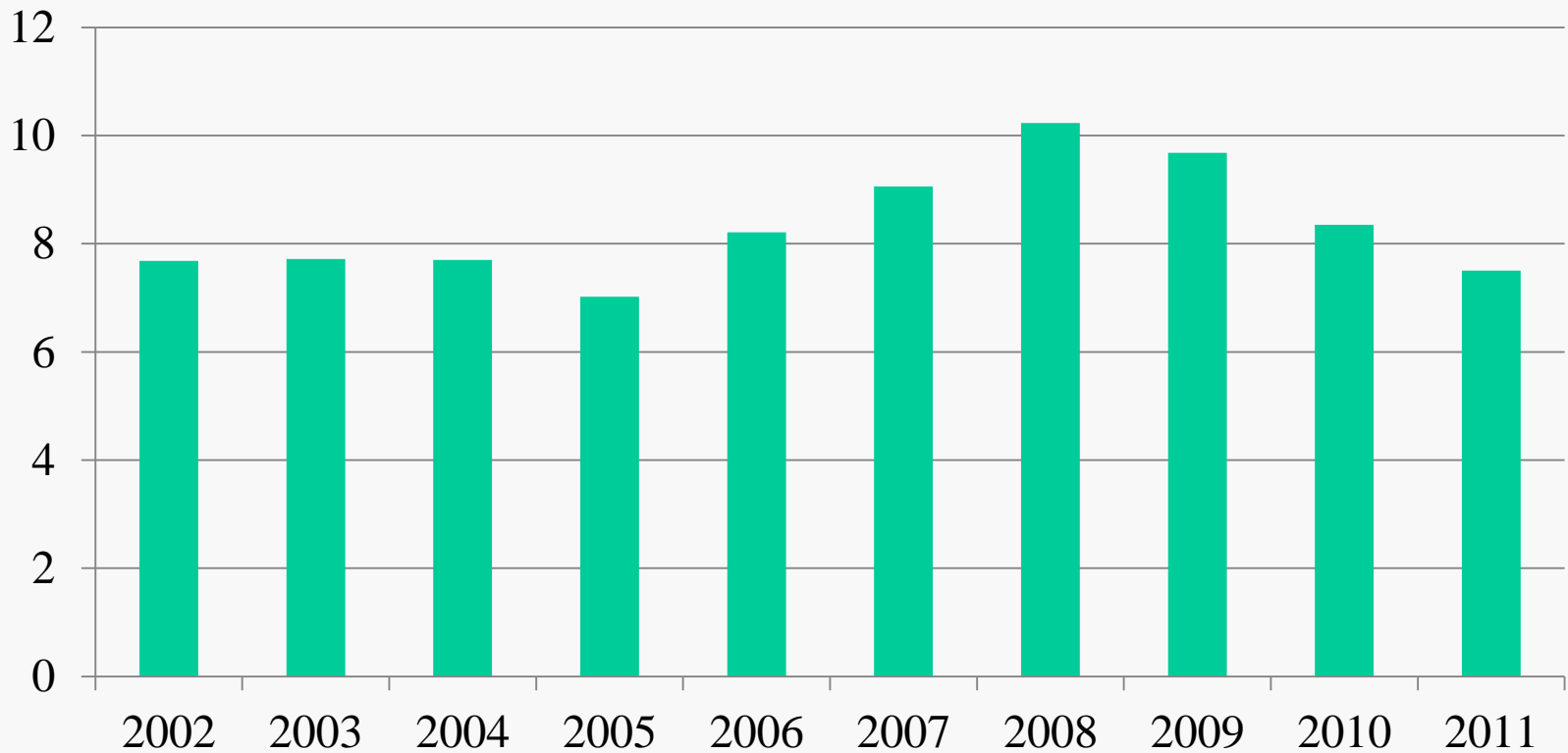
**Offices
Worldwide**
7,200

Employees
285,000

Fraud trends

- Card fraud falling overall but CNP rising and attacks on ATMs continue
- Serious information risk issues and events increasing
- On-line fraud threat ever present and rising significantly
- ATM attacks on the rise
- Internal fraud always a worry
- First party fraud

Global fraud as percentage of sales (bps)



News Front Page

World

UK

England

Northern Ireland

Scotland

Wales

Business

Market Data

Your Money

Economy

Companies

Politics

Health

Education

Science/Nature

Technology

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Magazine

In Pictures

Country Profiles

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HSBC loses customers' data disc

The HSBC banking group has admitted losing a computer disc with the details of 370,000 customers.

The disc was lost four weeks ago after being sent by courier from the bank's life insurance offices in Southampton.

The customers' details included their names, dates of birth, and their levels of insurance cover.

However, there were no addresses or bank account details and HSBC said the customers' exposure to potential fraud was limited.

"We are looking into it and basically it has got lost from A to B," said an HSBC spokesman.

"The reinsurer we sent it to is doing a thorough search for the disc. We will do anything we can to find it."

"There are no financial details there in terms of banking details. There are no address details or anything like that," he added.

As well as name, date of birth and value of the cover, the documents



HSBC says no bank account details have been lost

CONSUMER FRAUD AND SCAMS

PROTECTING YOUR IDENTITY



Card thieves

Numbers oil the wheels of the criminal underground

- ▶ Losing cash in tipster scam
- ▶ UK's families put on fraud alert
- ▶ Thousands at risk after data loss
- ▶ MPs call for identity fraud tsar
- ▶ 'ID theft left me in prison'
- ▶ Hi-tech crime 'is big business'

CONSUMER ALERTS

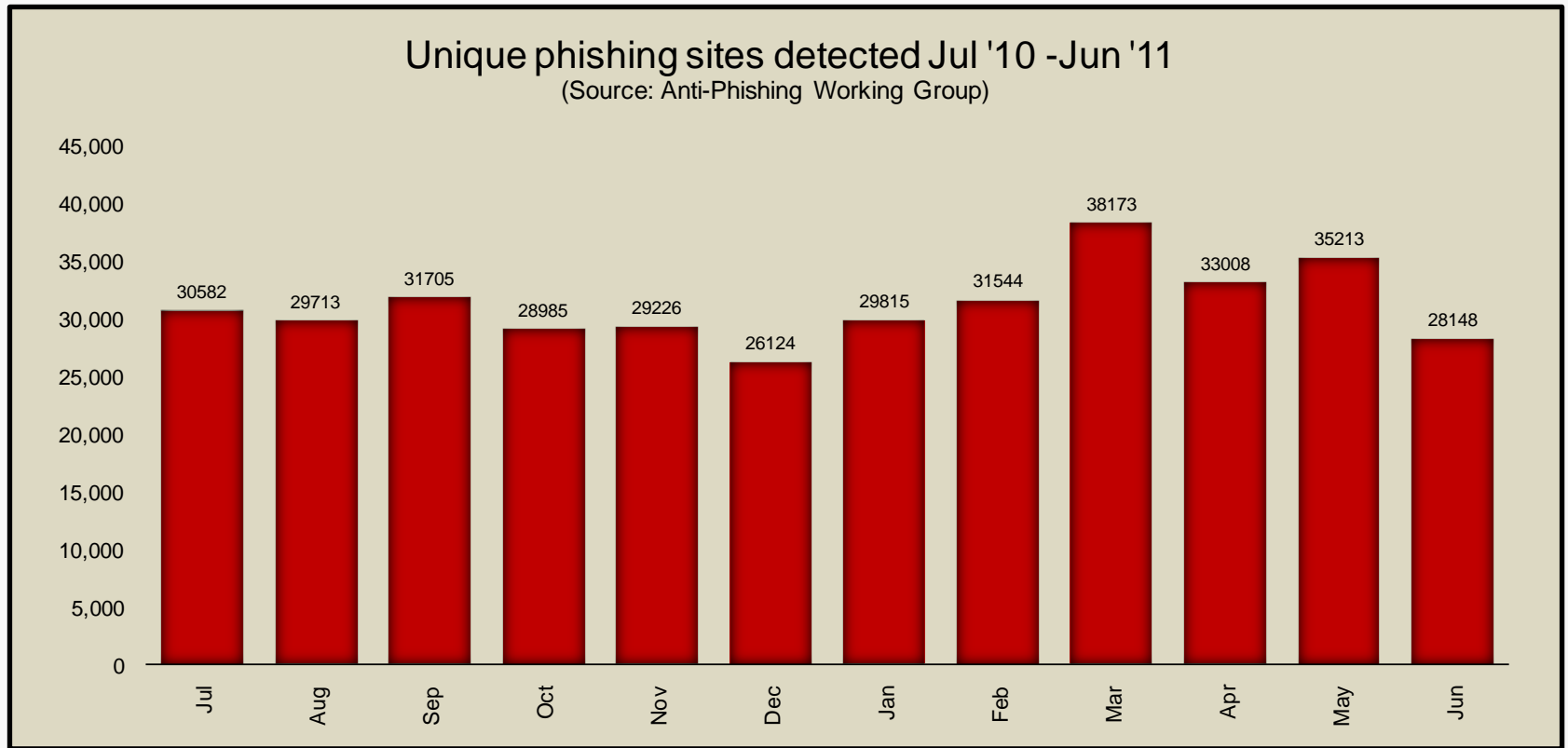
- ▶ Fears over online banking checks
- ▶ Taking control of your digital ID
- ▶ Reclaiming your identity
- ▶ Fighting back on ID theft

ATM attacks increasing

- Europe fraud attacks up 63% over the last 12 months to over 20,000 in 2011
- Card skimming, reversal fraud card and cash trapping also increasing
- More recently seen incidents of malware injection to capture magnetic stripe data
- ATM's need to be significantly improved to provide greater security



Phishers are still in business





Dear HSBC Valued Member,

Recently an alarming amount of fraud and identity theft attempts are targeting HSBC customers.

In order to safeguard and prevent unauthorized access to your HSBC Internet Banking account, we are currently performing regular maintenance update of our security measures.

Your account has been randomly selected for this verification purpose, and you will now be taken through a series of identity verification pages. Please follow the instructions below.

- Complete the requested information on the page presented below.
- Allow 48-72 hours for the confirmation of your identity as a customer of HSBC.

https://www.banking.us.hsbc.com/HICServlet?_cmdRequest=hsbcav

Protecting the security of your HSBC Banking account is our primary concern, and we apologize for any inconvenience this may cause.

Please be aware that we will have no other liability for your account or any transactions that may have occurred as a result of your failure to confirm your account.

* Please do not reply to this message. Mail sent to this address cannot be answered.
For assistance, log in to your HSBC account and chose the "Help" link in the header of any page.

Your privacy is as important to us in the online world as it is everywhere else within HSBC. While this policy governs HSBC's corporate data sharing activities, there may be cases where we need to treat your information differently than described here while doing business with you online. In these cases, we will provide you with a clear, plain-language disclosure and obtain your authorization before proceeding. The authorization may come in the form of "clicking" on a disclosure, replying to an e-mail or enrolling in specialized online services. While additional privacy concerns may appear in the online world, HSBC will always protect your privacy in a manner that is consistent with the principles outlined in this policy.



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Calculators & Educators

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Branches & ATMs

Send a Message

Please complete and submit the form below.

Please enter a valid First Name

HSBC Bank, N.A. - Internet Banking: Account Verification

HSBC Bank- Account Information Request

Complete the following to successfully submit your account details. If you cannot remember your Internet Banking Customer ID or password, fill out the rest of the requested information and an email will be sent within 48-72 hours with additional instructions on how to complete the procedure.

First Name*

Last Name*

Are you an HSBC Customer?

How would you like us to contact you?

Preferred time for us to contact you?

Contact Number

Email Address

I'm interested in*

Enter your Internet Banking Customer ID:

Enter your Account Password

Enter your HSBC card number:
(ie. ATM, debit, credit card)

Enter your HSBC card expiration date:

Enter the associated PIN:

[ATMs & Branches](#)

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HSBCnet Capture One Time Password - Windows Internet Explorer

https://www1.secure.hsbcnet.com/uims/portal/IDV_O1P_CHALLENGE;jsessionid=00003K-EKsPacD...

File Edit View Favorites Tools Help

Norton Norton Safe Search Search Cards & Logins

inbox Search Map Search More Maps Weather Get Directions Maps Shop Postcode Finder

bing

Favorites Suggested Sites Free Hotmail Web Slice Gallery Customize Links RealPlayer Windows Windows Marketplace Windows Media

HSBCnet Capture One Time Password

HSBCnet

Capture One Time Password Close

Due to changes in HSBC Cookie Policy we need to synchronise the device you are logging in from.

The procedure only takes around 2 minutes and requires you to confirm the identity using your HSBCnet security device.

Additional Security Device code

Step 1: Switch on your Security Device by holding the Green circle button for two seconds.


Step 2: Input your PIN number.

Step 3: Press the Yellow square button.

Step 4: Enter the code 82277037 into your Security Device.

Step 5: Press the Yellow square button again to generate a security code.

Step 6: Enter the security code the Security Device.



Done Internet 100%

start Microsoft Office 3 Internet Explorer 16:40



Everyday banking

accounts & cards

Borrowing

loans & mortgages

Saving & investing

products & analysis

Insuring

property & family

Tools & guidance

for now & the future


In order to ensure that your online banking access is safe we need to perform a couple of checks on your computer. Please be patient. Your security is our highest priority.


Checking browser settings OK
Checking Secure Key settings ..wait...


Error: Further Authentication required.
Error type: CRR103 - Likely Secure Key Dissynchronisation.

Unfortunately from time to time Secure Key might need synchronisation. According to our data your Secure Key seems to be out of synchronisation at the moment. To get this fixed we need to run a simple procedure. Unless this procedure is followed access to your account will be temporarily locked. We are sorry for any inconvenience caused, however we want to assure you that security of our customers is our primary concern.

Attention: You only have 3 attempts to enter the synchronisation code correctly. Otherwise online access to your account will be locked and a member of our staff will contact you to finish synchronisation process.

Hold down the  button to turn on your Secure Key. Then enter your Secure Key PIN.

With the HSBC welcome screen displayed, press the  button. A dash will appear on the screen.

Enter **7468** and press  button.

Enter the 6 digit synchronisation code below and press Continue.

••••••

▶ Continue

Start with a laugh...



"You know, you can do this just as easily online."

- P.C. Vey, Published by the New Yorker, January 16th, 2006

Current challenges.....

- Straight through remote processing
- Mobile
- Speed
- Convenience
- Authentication (lack of)
- Contactless
- Faster payments
- Password overload
- Lack of customer awareness

The anti-fraud response

- Strong internal controls
- Pre-employment screening
- Core leave policy
- Segregation of duties and dual controls
- Whistleblowing line
- Access controls
- End user computing standards
- Staff awareness programmes
- Customer education
- Regular risk assessments

The anti-fraud technology response

- Strong customer authentication including biometrics
- Remote card authentication (CAP) and 3DS for CNP
- EMV (chip) for face to face card transactions
- Layered security for remote banking
 - End point security
 - Device ID
 - One time passwords
 - Transaction signing
- Fit for purpose transaction monitoring and alert management
- Advanced analytics
- Data sharing

Today's requirements

- 100% Real time (because you may not get a second chance)
- Sufficient rules to supplement advanced models
- Frequent model updates
- Champion challenger functionality
- Dynamic summarisation
- Common purchase point detection
- Easy to add new data feeds
- Global deployments
- Advanced operational MI
- Intuitive case management and alert working

Summary

- Ensure senior executives understand the risks
- Real time where necessary
- Advanced analytics and models
- Invest to mitigate risk not losses
- Keep your solutions up to date and watch for innovative new solutions
- Industry cooperation works – keep it up
- Enterprise fraud management not silos

And remember, if this keeps happening to you.....



Switch to a new card issuer or pay in cash.....



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