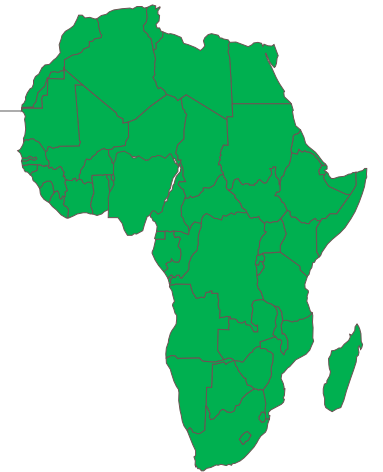


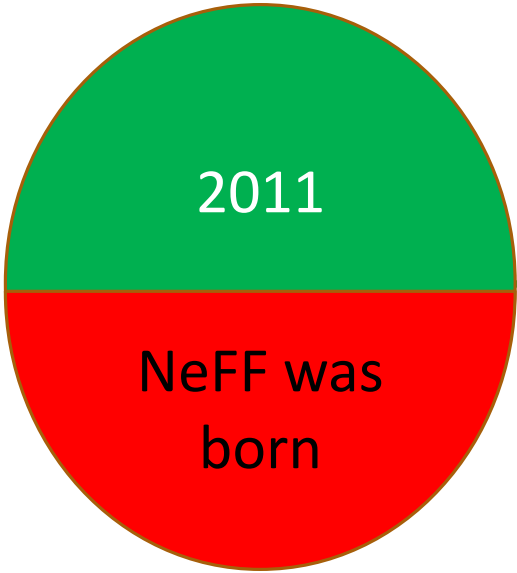
Lessons from the

NeFF Nigeria
Electronic
FraudForum

IMPERATIVES FOR THE CREATION OF AN AFRICA
ELECTRONIC FRAUD FORUM



The NeFF Journey



Security will remain on top of stakeholder concerns

Increase in not just only availability and reliability but also security

E-Fraud attempts would continue to increase

Why a Fraud Forum?

- E-Fraud cannot be eliminated and is not a 'one-time' solution, but must be managed continuously & proactively
- Fraud incidents negatively impact confidence in the entire system and not just the victim institution impacted .
- ALL stakeholders must be adequately informed and prepared to collaboratively and proactively tackle fraud risks (the system is only as good as the weakest link)
- Enable information exchange and knowledge sharing on Fraud issues amongst key stakeholders, with the objective of ensuring collaborative and proactive approach to tackling/mitigating fraud and limiting occurrences and losses.

Why a Fraud Forum?

- Serve as an official body to represent the industry's position on fraud related issues, while proffering solutions that restore public confidence on card usage and electronic payments in general.
- According to the 2018 Report to the Nation on Fraud & Abuse, "tips" are by far the most common initial detection channels for fraud.
- According to the same report, nearly one-third of tips that led to fraud detection came from people outside the organization. A fraud forum therefore, provides a platform where tips could be shared and/or obtained.

NeFF's Objectives

- Educating and informing all Banks and other stakeholders on various electronic fraud issues and trends (both locally and globally)
- Proactively sharing fraud data/information amongst banks and service providers, to enable prompt responses to prevent and/or limit fraud losses
- Formulating cohesive and effective fraud and risk management strategies, and defining key requirements as relates to e-payment security on behalf of the industry

Evolution of Fraud Management in Nigeria

Pre-2012

- A market where fraud information was kept *top secret*.
- One by one, the banks were falling victim to the same fraud cartels or to the same fraud type. In other words, there was repeat tactics, techniques and procedures by fraudsters.
- Fraudsters were not so innovative in our market. They were working on the already defined principle of “Divide and Rule”.
- Wide prevalence of payment cards cloning due to fraudsters leveraging the vulnerabilities of magnetic stripe cards
- More fraudsters were attracted to the market. “Fertile ground”

Evolution of Fraud Management

Post-2012

- We now have an Industry Fraud Forum that has transcended the banking industry to accommodate LEA's, Telco's, Consumer Protection agencies and other regulatory bodies in the financial, telecommunication and IT sectors.
- **Centralized Fraud Reporting Portal in NIBSS**
- Implemented a two factor authentication for internal banking processes
- Departure from magnetic stripe to EMV standard cards
- Introduced regulation that reduces incidence of card present fraud in Non-EMV environment. For example, **compliance with PCI DSS** on card processing activities was enforced.
- Creation of Banking Industry Fraud desk

Evolution of Fraud Management

Post-2012

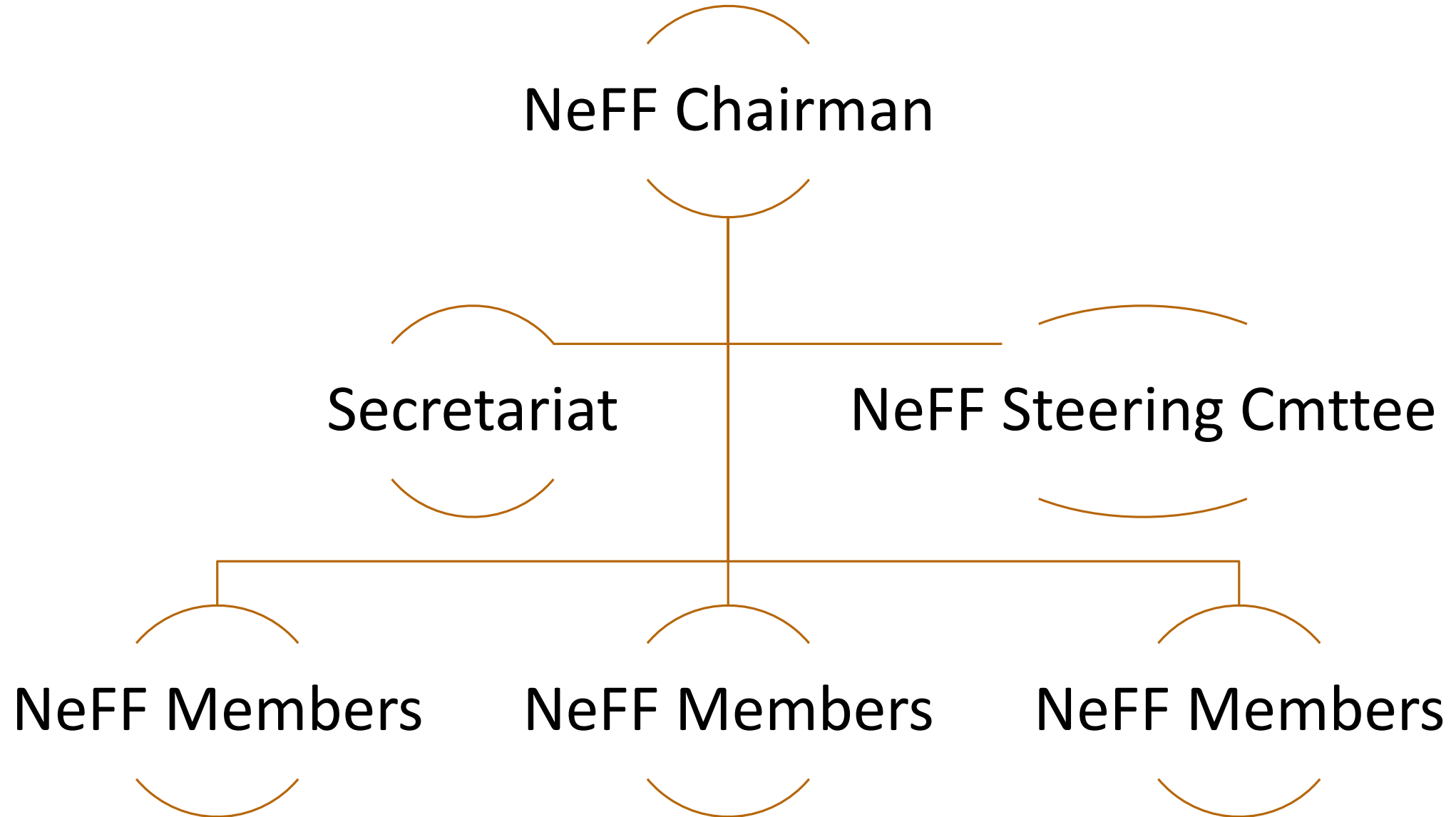
- Held first Multi-Industry Stakeholders Workshop on Cybercrime
- Entered into strategic partnerships with the NCC and LEAs on tackling of industry fraud.
- Publishing of annual reports that provide critical literature on e-fraud and circulated to all stakeholders and tertiary institutions in the country.
- Emergence of SIM Swap fraud from around 2016
- Entered into collaboration with the TELCO regulator to develop a shared industry platform for real time exchange of SIM Swap information between the MNOs, banks and Mobile Money Operators
- Despite year on year increase in fraud attempts, actual losses have declined yearly, with 2017 recording a 24% reduction in actual loss value as against 28% increase in fraud volume.

Evolution of Fraud Management

Post-2012

- NeFF has also commenced the establishment of a Payment System Security and Risk Management Center in order to allow participating organizations share cyber threat information and use it to improve the cyber defenses of the Nigerian Payment System.
- Discussions with FS-ISAC - ongoing

Current Structure of NeFF

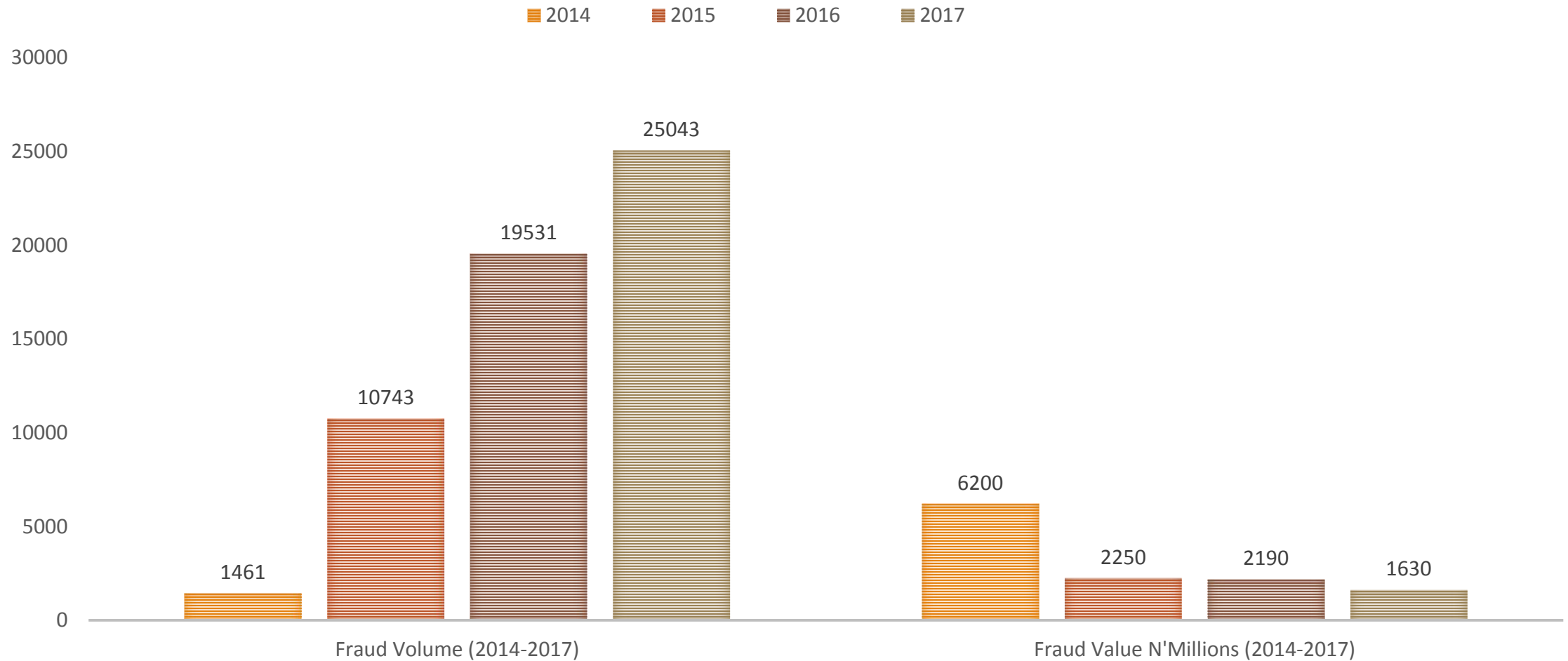


Funding of NeFF

- NeFF is funded through member's commitment to our programs and other industry initiatives
- Cost of hosting is rotated among members pairing both banks and non-banks together in order to ensure better collaboration and cooperation.
- The Central Bank of Nigeria also supports the Forum financially and provides leadership for the forum

Fraud Statistics in Nigeria

FRAUD VOLUME/VALUE DISTRIBUTION (2014 – 2017)



Lessons Learnt

- The collaborative platform of NeFF has afforded us the opportunity to manage Industry Fraud as the preceding slide has shown. Even though attempts have increased as predicted, **fraud losses are on a continuous decline.**
- Cybersecurity readiness of members has been enhanced. We have learnt from one another bearing in mind that we are only as strong as our weakest link.
- Information sharing has occurred without inhibitions enabling quicker response times and effective mitigations.

Extending This Collaboration Across the Continent



Capacity

- Trainings
- Drills
- Scenarios

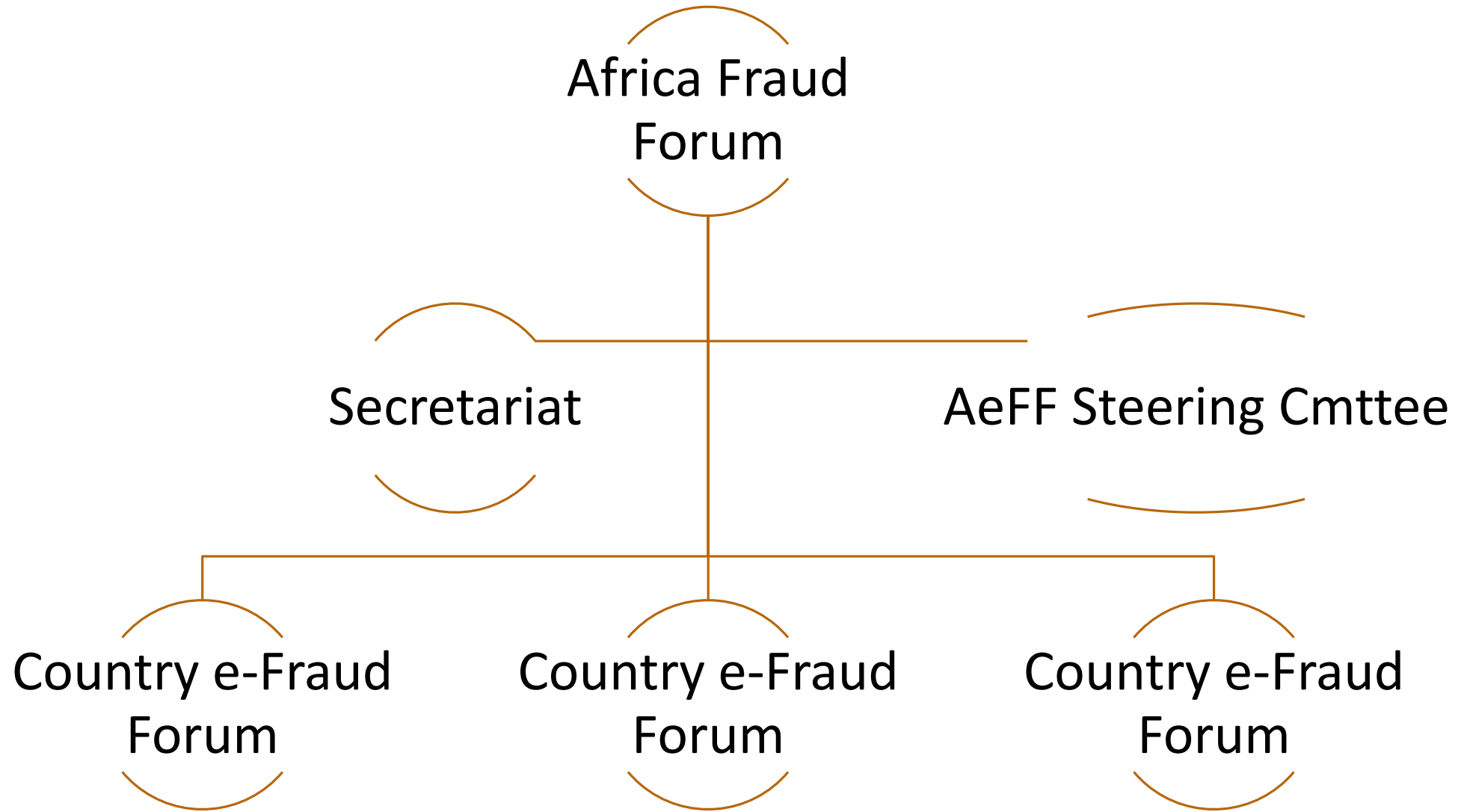
Collaboration

- Law Enforcement
- Technical Assistance

Cooperation

- Information Sharing
- Intelligence

Proposed Structure for the AeFF



Funding

- Annual Subscriptions from members in Member States?
- Grants, Bilateral and Multilateral Support?
- Donations and Gifts?
- And ... how about making the fraudsters pay?

Next Steps >>>

- Members to walk the talk by commencing discussions on making the Africa electronic Fraud Forum a reality.
- Nigeria proposes to host the Secretariat of the Forum, while the Chairmanship will be rotated on a bi-annual basis.
- The proposed Africa Joint Fraud Conference to hold in Nigeria in 2019 is a good avenue for a start and possible ratification of this idea?



<https://www.cbn.gov.ng/neff/about.asp>

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Thank you for your attention