

EMERGING TRENDS IN WHITE COLLAR CRIMES

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Outline



1. Audit Trends at glance
2. Fraud- Key concerns
3. Cyber crime- Drivers, Trends
4. Social engineering
5. Data protection
6. Legal and regulatory landscape
7. New frontiers- debt

Audit Trends at glance



- 7 Key issues for Audit Committees
 - Talent and Human Capital
 - Technology and Cyber Security
 - Disruption to Business Models
 - Evolving Regulatory Landscape
 - Political and Economic uncertainty
 - Changing reporting expectations
 - Environment and Climate Change

Audit Trends at glance



Percentage of ACs who will increase time spent on these issues in the next three years

- Technology: 81%
- Talent/Human capital: 53%
- Business model disruption: 49%
- Regulatory standards 48%
- Environment 47%
- Changing reporting 36%

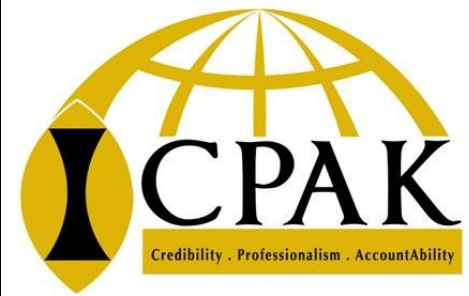
Fraud Trends at glance



Key Issues

- Junior employees
- Ex Employees
- Supply Chain ecosystem
- Rise of reputational risk
- Opaque ownership of subsidiary/ agents
- Cyber Crime
- Security

Cyber Crime



- 95 % of information is in digital form
 - Computers and the Internet continue to pervade and invade our lives. (IOT)
 - Digital economy
 - Potential for harm caused by computer crime increases manifold.
 - Limited information about what computer crime is, and how it should be investigated.
- Result.

Cybercrime



Use of computers in Crime :

Computer-Assisted

Computer as a Tool

Computer as a Symbol

Emerging Trends: Cyber Crime



The Kenyan examples

- Telco's - SIM Swap, Airtime,
- Tax Authority
- IFMIS- NYS Case
- Airtime Fraud
- Banks -
- IT company ransom- Bitcoins
- Financial Regulator



Changing Cyber Threats



Insiders

- Often undetected for up to 32 months
- Culprits are employees- typically managers – with 5 years + experience
- Usually low-tech, relying on access privileges

Hacktivists

- Attacks based on political reasons and justifications
- Targets include Government, Visa, MasterCard, Amazon and other big corporations

Organized Crimes

- Cybercrime is maturing as a business, with marketing, support, advertising, R&D, and economies of scale

National - States

Gauss Malware targets financial services in the Middle East; steals credentials

Crypto -Currencies



- Concentration of Mining (Pools)
- Scalability Challenges (Bitcoin one block per 10min)
- Private Key Management(Users/Exchanges/etc)
- Online Exchanges attacks
- Fake offers (Block chain on anything & everything)
- Fake Initial Coin Offers (ICOs)/Speculators
- Regulatory Frameworks (Lack of?)

Social Engineering



- “Hacking the Human”
- Leading Cyber crime method
- Less costly and most efficient
- Smishing – Kamiti School of business
- BYOD
- Social media intelligence
- Importance of awareness

Data protection



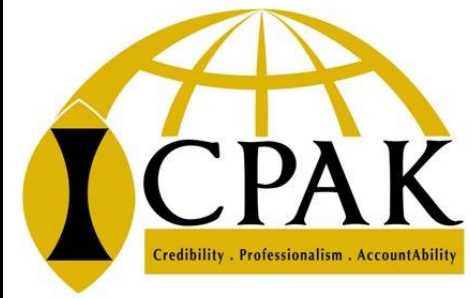
- Privacy
- Data protection bill
- Personally identifiable information (PII)
- Digital Assets
- Data is the new currency
- Price of Social media/user data more expensive than financial information
- Identity theft

Data Breaches



Entity	Year	Records	Industry	Method
Centers for Medicare & Medicaid services	2018	75,000	Healthcare	hacked
Facebook	2018	50,000,000	Social network	Poor security
Ticket fly(Subsidiary of Eventbrite)	2018	26,151,608	Ticket distribution	hacked
My heritage	2018	92,283,889	Genealogy	unknown
Google plus	2018	500,000	Social network	Poor security
BMO and Simplii	2018	90,000	Banking	Poor security

Legal and Regulatory landscape



- Increased requirement from regulators on Cyber security eg. CBK guidelines
- Cybercrime laws
- CDSC Act
- Evidence Act
- Anti Bribery Laws
- Data Protection – eg. GDPR

New technologies Risks & Opportunities



- Block chain
- Internet of things
- Artificial Intelligence
- Social Media Platforms
- Big Data/Analytics
- Cloud Solutions

Others

Risks & Opportunities



- Private equity funds
- Infrastructure projects/consortiums – what is happening during inception?
- Debt
- Identity theft
- Data theft
- Hospitality based investments as opposed to real estate
- Tenders
- Employment



INTERACTIVE SESSION

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THANK YOU GOD BLESS

