



# Embracing Digital Transformation

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## Cybersecurity in the Microfinance Sector

TEDDY THEANNE

# Business and Digital Transformation



## Technologies

DEVELOPMENT & IMPLEMENTATION

- Software development
- Website development
- Mobile app development
- Internet banking
- Cloud computing services
- Cybersecurity solutions

## Consulting

PLANNING & EXECUTION

- Business analysis
- Process reengineering
- Change management
- Risk management
- Regulatory compliance

## Digitization

MARKETING & CUSTOMER ACQUISITION

- Digital marketing
- Social media marketing
- Customer acquisition campaigns
- Customer retention programs

# Business and Digital Transformation



## Blueprint for successful digital transformation for financial institutions

### Establish a clear strategy

Digital goals, identify the target customer segments and define the roadmap for implementation

### Invest in technology

Invest in technology to create a solid foundation for digital transformation

### Develop a customer centric culture

Putting the customer at the center of all the digital initiatives to create a seamless digital customer experience across all touchpoints

### Build a strong talent pool

Hiring digital experts, training existing employees and fostering a culture of innovation

### Embrace data analytics

Leveraging data analytics to gain insights into customer behavior, optimize processes and drive revenue growth

### Partner with RegTech and Fintech

Stay ahead of competition to accelerate the digital transformation

# RegTech Services

GVX



RPA & IA



Data Privacy



Cybersecurity



GRC



Fraud Prevention &  
Monitoring



Identity Protection  
& MFA



AML & KYC



FinTech

# Issues



## FEB 2016

Bangladesh Bank cyber heist \$ 81M via swift transaction between Federal Reserve Bank of NY, Bangladesh Bank and RCBC

## JAN 2019

Lending company marketing server breached

## OCT 2020

Commercial Bank takes down 2,000 phishing sites during pandemic

## NOV 2020

Nearly 80% of Philippine firms hit by data breach

## FEB 2021

Credit app confirms data breach

## JUL 2021

Commercial bank users claim phishing losses totaling more than P 5.7M

## DEC 2021

Commercial bank says investigating "suspicious" transactions; identifies "mule" accounts linked to SMS scam

## DEC 2021

At least 700 commercial bank account holders lost their money through unauthorized bank transfers

## JAN 2022

Commercial bank crackdowns on money mules to secure financial institutions

## APR 2022

Banks told to toughen up vs money laundering. BSP instructs banks and FIs to strengthen their AML / CTF frameworks thru improved transaction monitoring & reporting systems

## in 2022

BSP reported complaints of up to P2B worth of financial transactions, BAP cybercrimes increased to more than P 1B from fraud & unauthorized transactions

## AUG 2022

DOJ indicts commercial bank official for involvement in Wirecard fraud

## JAN 2023

Commercial bank customers get surprised deductions due to glitch

## APR 2023

Over 1M records from NBI, PNP & other agencies leaked in massive data breach

## MAY 2023

Cybertheft Alert: Mobile app targeted in massive P37M transfer fraud

# Anatomy of the Data Breach

Information can be compromised in a number of ways :

- It can be distributed outside the organization
- Damaged or made inaccurate
- It can be rendered inaccessible



*These are violations of the information's Confidentiality, Integrity and Availability, also called the "CIA" of information security.*

# Type of Data Breaches

- **Phishing Attacks**
  - Use deceptive emails or messages to trick individuals into revealing sensitive information
- **Ransomware Incidents**
  - Encrypt critical data and demand ransom for its release
- **Distributed Denial of Service (DDoS)**
  - Aim to overwhelm an organization's network or website with a flood of traffic
- **Regulatory Compliance Gaps**
  - Inadequate attention to cybersecurity may result in regulatory violations and data breaches
- **Insider Threats**
  - Employees or contractors intentionally or unintentionally disclose information or misuse their privilege to access sensitive information
- **Data Leakage and Exposure**
  - Misconfigured cloud computing and storage of sensitive information on the internet
- **Third Party Vendor Breaches**
  - Often rely on 3<sup>rd</sup> party for various services

# Type of Data Breaches

- **Payment Card Data Breaches**
  - Target POS and online payment platform
- **Mobile App Vulnerabilities**
  - Can be exploited to gain access to customer data and conduct fraudulent transactions
- **Social Engineering Attacks**
  - Target individuals to manipulate them into divulging sensitive information that compromise security
- **Credential Theft**
  - Use Phishing and malware to steal login credentials or employees or customers
- **Account Takeovers / Unauthorized Access**
  - Gain unauthorized access to customer accounts
- **Personal Identifiable Information (PII) Exposure**
  - Can lead to identity theft and other forms of fraud



# Definition of Cybersecurity



- Protecting computer systems, networks, and data from unauthorized access, damage and disruption
  - Implementing measures to prevent, detect, and respond to cyber threats, ensuring the *confidentiality, integrity and availability* of digital assets
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# Importance of Cybersecurity in the Digital Transformation of Financial Institutions

GVX

- Protection of Customer Data
- Trust and Reputation
- Compliance with Regulations
- Prevention of Financial Fraud
- Business Continuity
- Competitive Advantage
- Digital Innovation and Expansion



## Protection of Customer Data

GVX

- Microfinance organizations collect and store customer data
- Safeguarding this data from *unauthorized access and data breaches*
- Result in financial loss, reputational damage and legal consequences



# Trust and Reputation



- Establishing and maintaining trust with customers
  - Strong commitment to protecting customer information
  - Can instill confidence and reliability in their digital services
  - Cornerstone of successful digital transformation
  - Attract and retain customers
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# Compliance and Regulations



- Security and privacy of customer data
  - Data protection laws – *Data privacy Act 2012*
  - To avoid penalties and maintain legal standing
  - Help ensure adherence to these regulation
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# Prevention of Financial Fraud



- Cybercriminals are evolving their methods to exploit vulnerabilities
  - Robust cybersecurity measures
  - Help protect microfinance institutions and their customers
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# Business Continuity



- Cybersecurity is critical for maintaining business continuity
  - Cyberattacks can disrupt operation
  - Financial losses and customer dissatisfaction
  - Cybersecurity solutions can help minimize the impact of cyber incidents and ensure uninterrupted service delivery
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# Competitive Advantage



- Cybersecurity measures can provide a competitive edge
  - Prioritize cybersecurity and demonstrate a commitment to protecting customer data
  - Reliable and Trustworthy partners for financial services
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# Digital Innovation and Expansion

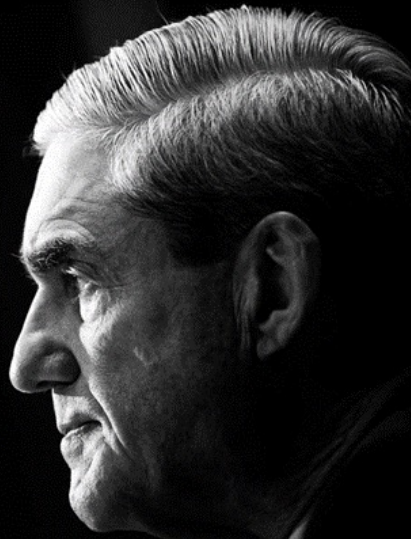


- Cybersecurity are enablers of digital innovation and expansion
  - Addressing cybersecurity concerns, organizations can adopt emerging technologies
  - Enhance customer experience, streamline operations and drive growth
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## In Summary

### Establish a Cybersecurity framework

- Policies and Procedures
- Risk Assessment and Management
- Access Controls
- Data Protection and Encryption
- Identity and Access Management
- Network Security
- Training and Awareness
- Compliance and Regulation



**“THERE ARE ONLY TWO TYPES OF COMPANIES: THOSE THAT HAVE BEEN HACKED, AND THOSE THAT WILL BE. EVEN THAT IS MERGING INTO ONE CATEGORY: THOSE THAT HAVE BEEN HACKED AND WILL BE AGAIN.”**

**-ROBERT MUELLER**

# Embedding Cybersecurity in Digital Transformation



As of April 2023, the estimated number of internet users worldwide is at **5.18 billion**.

Currently, there are around **1.1 billion** websites in the world.

Of which **50%** of these websites will be accessed through the mobile phones.

- How is technology evolving and how does it impact digital transformation?
- How can security ensure successful digital transformation?
- How to overcome paralysis by analysis when it comes to cyber risk and security?
- How to embed cybersecurity into digital transformation?

# Get in Touch

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