

Digital Infrastructure Resilience

December 9, 2020

will begin shortly ...

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Digital Infrastructure Resilience

Bank of America

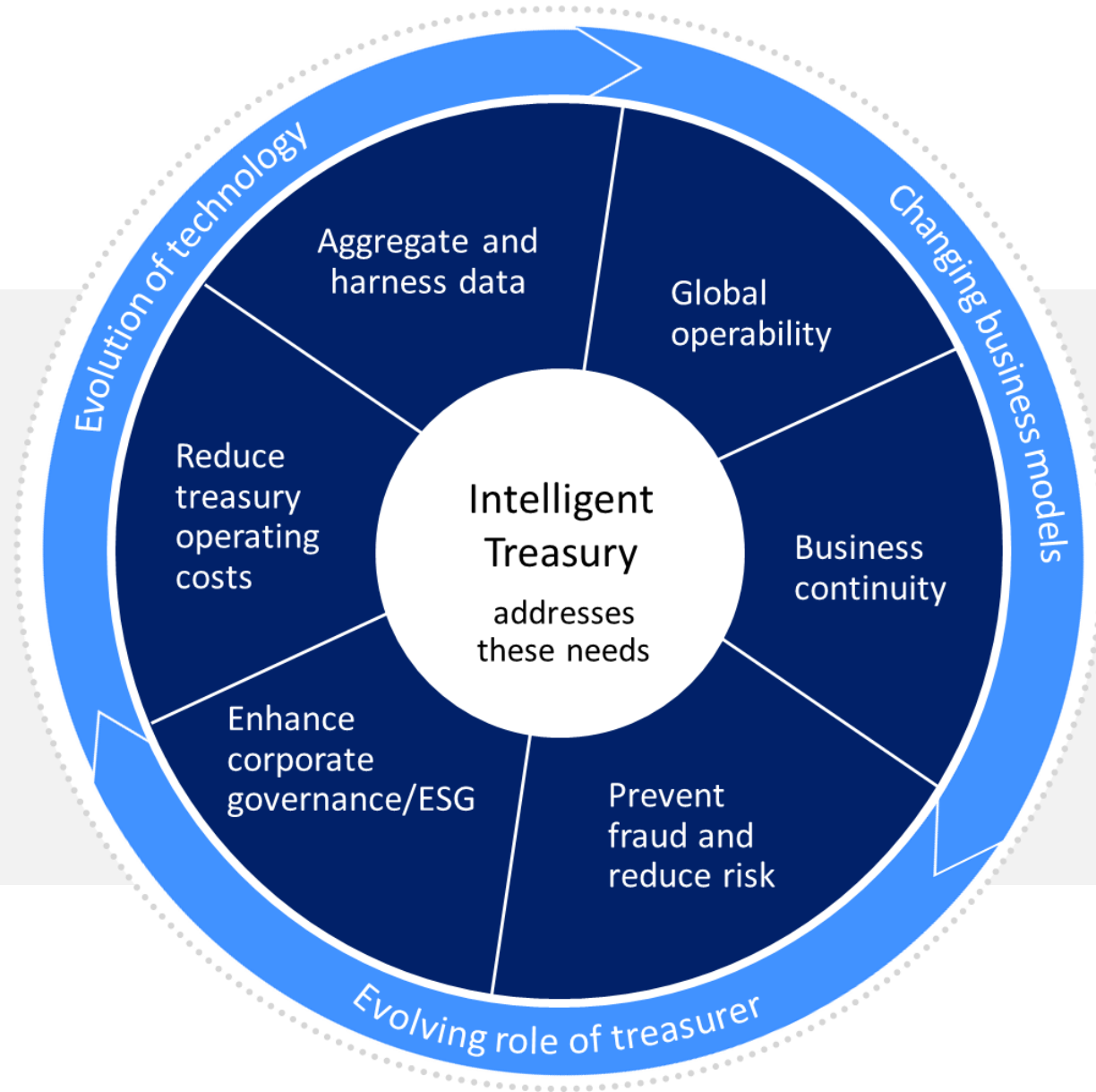
Tom Durkin, Managing Director and Digital Channels Executive

December 2020

The treasurer's mission and ecosystem are changing



Innovative capabilities, data and digital experience are reshaping the treasurer's role and objectives



COVID redefining business as usual and driving digital adoption



The acceleration of digital transformation among has positioned CashPro to deliver unique value

		Client Profile		
PRE-COVID		Digital Not Prioritized	Slow to Adopt	Digitally Engaged
Today	New Trends	<ul style="list-style-type: none"> • Now demand digital options • Face transition challenges • Take undue business risks 	<ul style="list-style-type: none"> • Innovative products now viewed as necessary • Business contingency challenges for paper disbursements • Open to other forms of digital operations 	<ul style="list-style-type: none"> • New digital processes, roles, routines, leveraging technology • Strategic ways to emerge stronger from the crisis • Expand responsibilities of treasury team to adapt to changes ahead
	Digital Banking via CashPro®	<ul style="list-style-type: none"> ✓ Well positioned to respond to demand ✓ Entitlements corrections to enable Digital ✓ Education and training on risks 	<ul style="list-style-type: none"> ✓ CashPro BillPay for business contingency ✓ Record online payment volume and value for BB clients ✓ Cyber security advisory 	<ul style="list-style-type: none"> ✓ Increased usage of mobile app, mobile, and remote deposit ✓ eSignature up by 350% YoY ✓ Automated end-to-end solutions (e.g. APIs) ✓ Drawdowns on credit lines and flight to safety or higher yields

Business Resilience

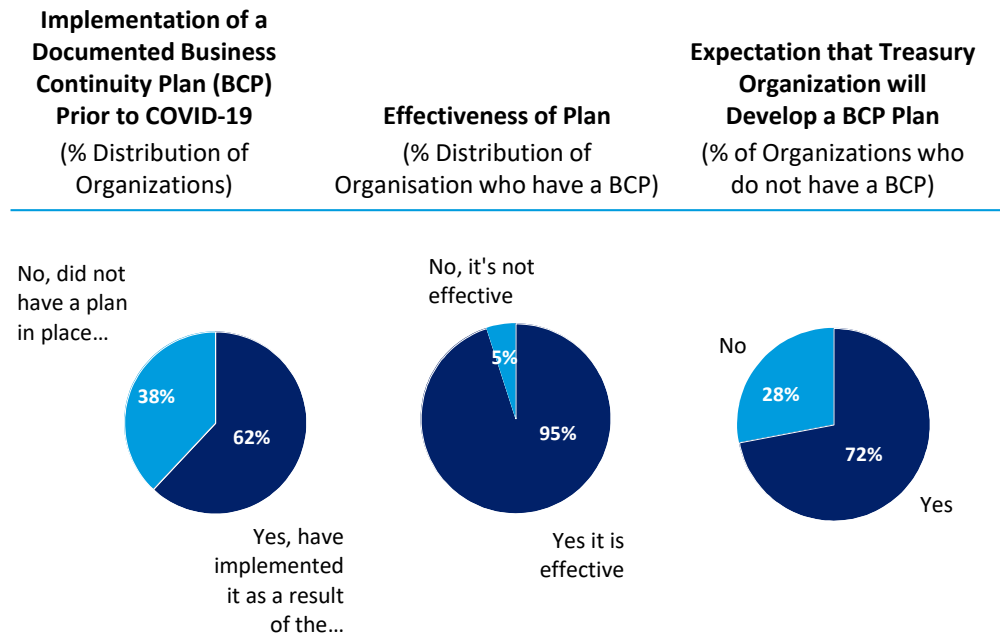
Extending Beyond Business Continuity



Business Resilience

In the face of a crisis or economic slowdown, resilient organisations ride out uncertainty instead of being overpowered by it.

The significant investment to create and maintain a rigorous and “live” Business Continuity Plan just paid off



Operational capability

The ability to align all operational components to continuously deliver against business performance objectives in a dynamic environment

Key Components of Operational Capability



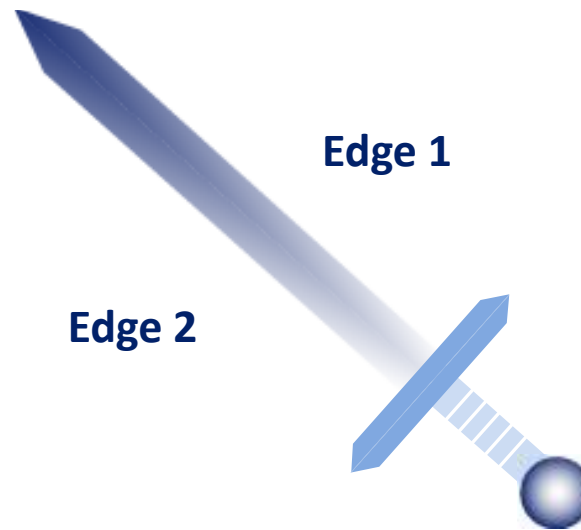


Realigning Risk For Digital

Double Edged Sword – Increased and Different Risks But More Tools to Manage

The **positive** aspects of digital for managing risk:

- Always-on real time monitoring
- In-process real time controls
- Enhanced decision support and execution – advanced analytics
- Remote process management
- Access to extensive data sets from existing and new sources
- Fintech partner acceleration
- The cloud



The **negative** aspects of digital for managing risk:

- Cyber threats
- Digitally enabled fraud
- Real time execution
- The impact to “how we work” – jobs and employment

47%

Told us **they had experienced fraud in the past 24 months**. This is the **second highest** reported level of incidents **in the past 20 years**.

6 Incidents of fraud

On average, companies reportedly experienced six incidents **in the last 24 months**.

Top 4 Types of fraud

- 1 Customer Fraud
- 2 Cybercrime
- 3 Asset Misappropriation
- 4 Bribery and Corruption

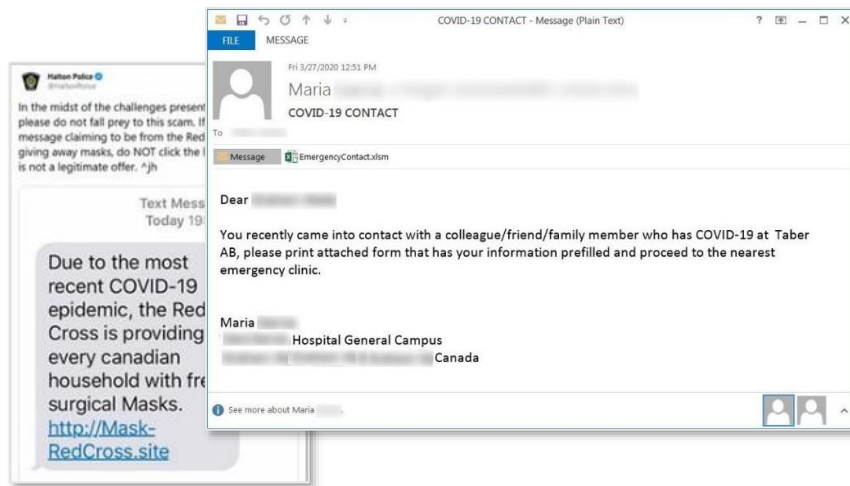
Reported incidents of fraud committed by customers, accounting fraud, anti-trust, human resources fraud and bribery and corruption – saw big increases this year.

Current Cyber Crime Trends

Global rise in cyber events due to Coronavirus



Increase in phishing, smishing and vishing attacks that rely on urgency and fear to encourage people to give away personal information or click on malicious links.



Mobile vs. Desktop Attack Patterns¹



21%

vs.



79%

Global rise in attacks due to COVID-19¹



2x ↑

Event volume since 2H 2019



25% ↑

Attack rate on all transactions since 2H 2019

Increase attack rates across use cases²



36% ↑

Number of orgs experiencing fraud attempt from April to May



200% ↑

BEC attacks on invoice or payment fraud from April to May



7:00 AM CST

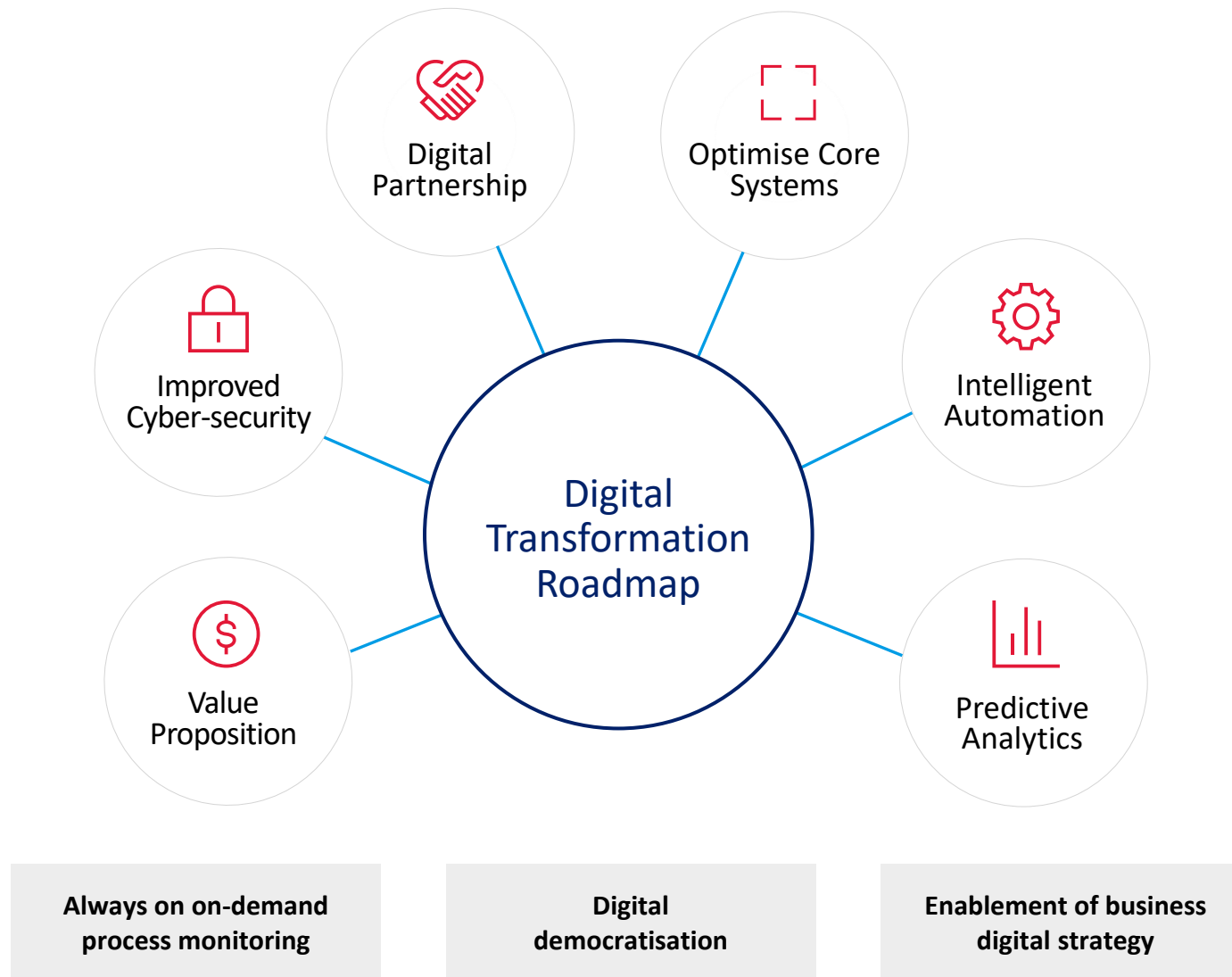
Time for highest event rate¹

¹Arkose Labs Q3 2020 Fraud Report

²<https://www.helpnetsecurity.com/2020/06/30/payment-fraud-bec-attacks/>

Treasury Digital Strategy

Create – Reprioritise – Accelerate



End-to-End Automation

Direct Consequences Of COVID-19 But Also Providing The Catalyst for Enduring Transformation



Electronic Signature

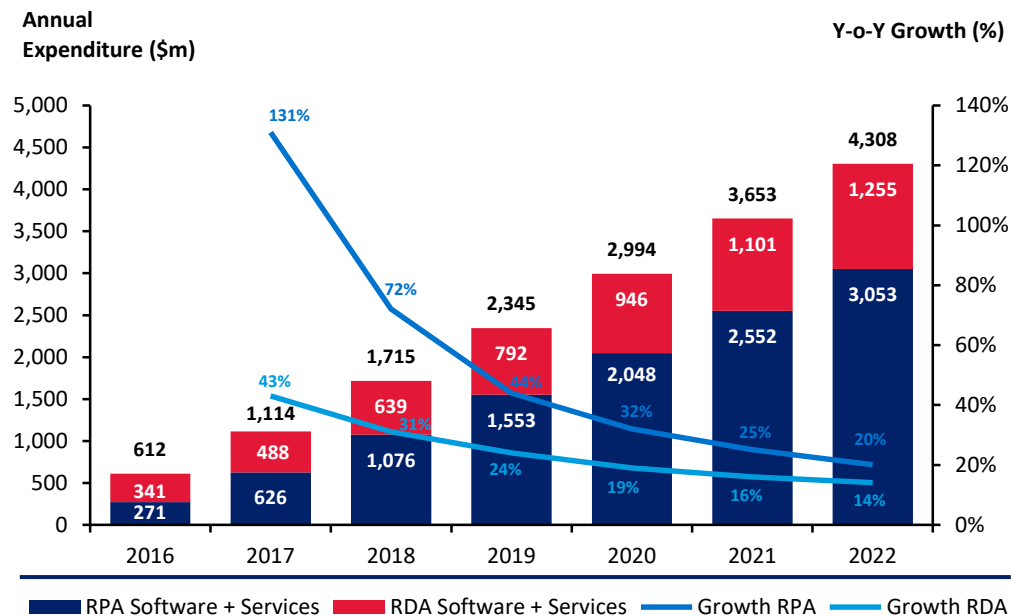


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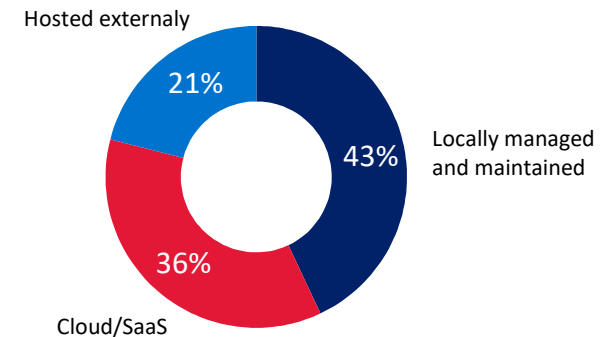
Open treasury accounts and services days faster

Total Robotic Process Automation Market



Cloud/SaaS

Corporates are investing more and more in cloud-based technologies at a larger level (ERP systems).



Source: Deloitte – 2019 Global Treasury Survey: A journey toward adoption of new technology

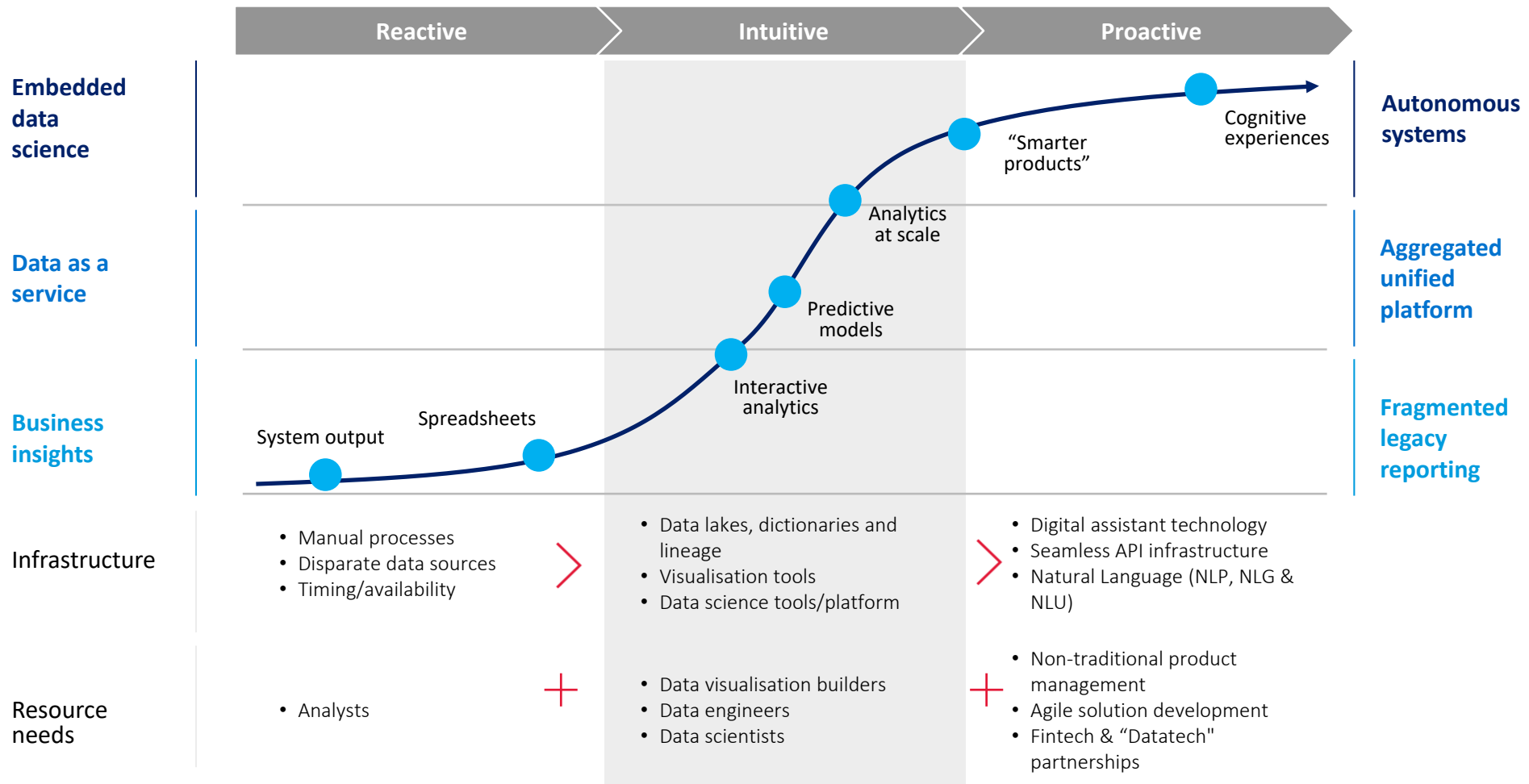
Robotic Process Automation [RPA] is being driven out of shared service centres and IT “Automation factories” but is struggling to gain operational scale

Data – Visualisation – Advanced Analytics

The Evolutionary Curve of Data



The re-prioritisation of treasury’s technology priorities will require re-investment of effort and capital in data, advanced analytics and visualisation tools.



Reprioritize

Stop – Defer – Start – Accelerate



2019 Strategic challenges for treasury organizations



Source: Deloitte – 2019 Global Treasury Survey: A journey toward adoption of new technology

↑ ↓ = Potential Reprioritisation in 2020/21

Re-Prioritised 2022 Strategic challenges for treasury organisations

What

- Focus on delivery of core treasury functions:
 - Cash management and liquidity
 - Balance sheet management and funding
 - FX/IR risk
- Improve management reporting capability
- Enhance business resilience
- Safety and well being of workforce

How

- Digital strategy – create and align with the business
- Develop scenario analysis and stress testing capability
- On-demand predictive cash forecasting and working capital management
- Review all risks – realign policy and risk management tools
- Develop, acquire digital skills and talent
- Partner with internal/ external key partners



Q&A

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