

## Pay Now or Pay Later: Obtaining ROI from Security Solutions

Most credit unions don't have large IT departments and huge budgets to devote to security. Since most of the spending has historically been dedicated to the perimeter and internal networks, those areas tend to be very well covered. Now they are increasingly turning their attention to protecting their online banking program, so 2006 will be the year of protecting online bankers as they login to the credit union's website and from phishing schemes.

Credit unions should not view the NCUA guidelines for mutual authentication as overkill because it really is a much needed mandate driven by common sense. Because all levels of financial institutions are under attack from phishers, scam artists and professional hackers, every credit union with an online presence is susceptible to these threats and must act now to keep member confidence high in their electronic services. If member accounts are compromised, the reputational damage to the credit union can be tremendous.

There are two questions that every credit union should ask of their authentication vendor: 1) what is your rate of false positives, or how do you impact the user experience and 2) how much can you reduce fraud? You can not afford to have a system in place that generates false positives because of the high cost of support calls to the credit union, and you do not want a solution that puts a burden on every user. Cyota's risk-based two-factor authentication solution called eSphinx™ is invisible to the majority of users (over 99%), and only visible in risky cases and to fraudsters (less than 1% of the cases). eSphinx™ is easy to use and easy to implement and only invokes additional authentication for risky transactions, i.e. a small minority of the cases, using an array of options including challenge-response or a real-time out-of-band phone call.

Credit unions do not need to overspend on this technology – for example, there is no reason a credit union should have to purchase expensive hardware tokens for all of its users. While some financial institutions have chosen to deploy tokens for their entire user base, most have selected not to do so and are looking for a less expensive solution. At Cyota, we believe that for most typical users there should be no hardware or software to download. Not only should the system have virtually no impact on the average online banker's experience, but it should also be affordable for credit unions of any size to implement and manage. Cyota has accomplished both of these goals with a price point of less than a dollar per member per year. Another critical aspect – eSphinx is incredibly simple to deploy.

However, Cyota's eSphinx™ online banking authentication product is just one component of a complete arsenal of fraud fighting tools that we have developed specifically with credit unions in mind. For example, our eStamp™ reverse authentication solution presents online bankers with their own personalized watermark graphic or 'eStamp' to ensure that they are communicating with the credit union's legitimate website and not an easily faked website. While Cyota FraudAction™ system helps credit unions fight email fraud, pharming, and phishing. At the end of the day, our end-to-end solutions allow credit unions and their members to operate securely online despite evolving Internet fraud threats. Many of Cyota's credit union customers are utilizing the full protection offering, enjoying a single point of contact for all their online banking security needs (anti phishing, authentication etc) as well as a discounted price for the combined solution.

Note: On December 30, 2005, RSA Security and Cyota announced that RSA Security completed its acquisition of Cyota. With this union, RSA Security and Cyota will offer layered security and fraud protection, ranging from anti-phishing services; passive authentication using anomaly detection and transaction monitoring behind the scenes; risk-based authentication; to one-time passwords.



**Naftali Bennett** is Chief Executive Officer and co-founder of Cyota. Mr. Bennett has over 10 years of security, software and anti-fraud experience. He is responsible for defining strategy and overall executive management of the company. Under his leadership, the company has developed an array of authentication and security products and has grown to become one of the largest anti-fraud providers to the financial industry. Cyota's systems secure more than 450,000,000 account holders in North America, Europe and Asia-Pacific. Cyota's array of products include: Cyota FraudAction™, Cyota eSphinx™, and Cyota's eStamp™, Cyota SecureSuite™ and Cyota eVision™.