

How the three fraudulent transactions happened at CUB

LN REVATHY



N KAMAKODI, CEO, City Union Bank - Bijoy Ghosh

Hackers disabled the printer connected to SWIFT before the heist, says CEO Kamakodi

COIMBATORE, FEBRUARY 22

Fraudsters and cyber criminals seem to be on the prowl, attacking one Indian bank after another.

While state-run Punjab National Bank said that it came across a suspected fraud amounting to ₹280.70 crore due to some irregularities in one branch of the bank, a day later on February 6, Kumbakonam-headquartered City Union Bank said that three fraudulent remittances, which did not originate from the bank, were sent via the global payments platform SWIFT to accounts in Dubai, Turkey and China.

While the transfer of \$500,000 made through Standard Chartered Bank's New York branch to an account in Dubai has since been returned to the bank, the other two transfers — one amounting to \$1 million to a Chinese bank is said to have been claimed by fraudsters and the other remittance of €300,000 to an account in Turkey is hanging fire.

Unknown hackers who tried to steal money had diverted the attention of the systems department by dis-enabling the printer connected to SWIFT before the loot, said the bank's Chief Executive N Kamakodi.

“We did not suspect a cyber attack; thought it was a systemic failure,” he said, recalling the fraudsters' tactics.

“The transactions happened around 6 pm on February 6. It hit the respective accounts around 9 pm, but the printer was jammed. So we were unable to receive acknowledgement messages for the three transactions until the next morning.”

(For all remittances via SWIFT, the acknowledgement is a printer advice, with which the banks reconcile receipts and payments.)

“The systems department began the verification process around 10 am the following day; an hour later, at around 11 am they found that there were these three transactions that had not originated from our bank,” Kamakodi said.

“We got into action immediately, approached the respective banks and managed to retrieve the transfer of \$500,000 to an account in Dubai and block the €3000,000 remittance to an account in Turkey. But the third one totalling \$1 million sent through a Bank of America account in New York to a China-based bank could not be blocked as it had been withdrawn by then,” he said.

The entire happening has made us realise that “we have to be careful” as SWIFT is an accepted mechanism.

Asked about the impact of the attack on the bank's performance/provisioning, he said, “Every paisa is crucial, but the overall impact on the profit and loss account may not be material. We have to be careful,” he reiterated.

The bank is working with the Ministry of External Affairs and officials in Turkey and China to repatriate the funds.

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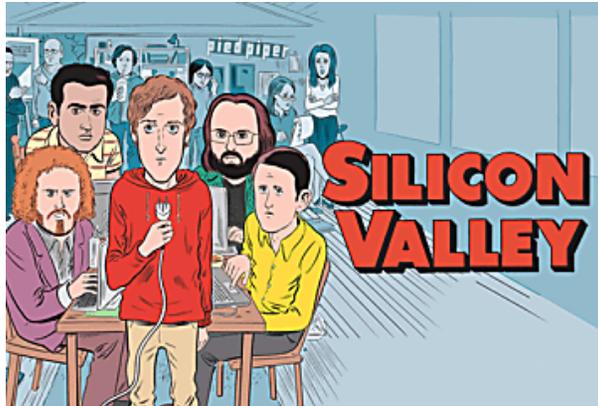
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