The $81 Million Heist!

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Executive Summary - A huge sum of $81 million was stolen by hackers from Bangladesh Bank by routing money to casinos in Philippines in a well-planned cyberattack. It is one of the largest cyber crimes in the world and has exposed weaknesses of financial systems. There are investigations going on in both the countries but there is not much hope in recovering the money.

Unknown hackers breached the banking systems in Bangladesh and stole $81 million from Bangladesh Bank account with Federal Reserve Bank of New York. It was a detailed and well thought plan. In 2015, dollar accounts were opened in branches of Rizal Commercial Banking Corporation (RCBC) bank in Manila, Philippines and an account in the name of an NGO in Sri Lanka. The Bangladesh Bank (central bank of Bangladesh) was hacked in February 2016 on a Friday when banks are shut there. There were many SWIFT requests made to transfer the amounts to the accounts in Philippines and Sri Lanka. Requests to transfer money worth $81 million to the bank accounts in Philippines were successful. Some of the money in Philippines was routed to casino operators accounts. The money seems to have disappeared after that. There is no trail. The Anti Money Laundering law is not applicable to casinos there. Some money was transferred to a businessman's account who claims it is not his money and his signatures have been forged for the transaction. Some of the money has been withdrawn. The transfer to the Sri Lankan NGO was held as the spelling of ‘foundation’ was spelled as ‘fandation’ and that amount could be saved. Deutsche Bank which was involved in this transaction sought clarification from the Bangladesh central bank, which led to the transaction being stopped. Since too many requests were being made, the Federal Reserve got suspicious and alerted the Bangladesh bank which helped curtailing the damage. But the theft seems to have come to light only after about a month when there were news reports in Philippines about hackers using official electronic bank messaging technology had diverted the money in early February.

Apart from the huge amount stolen, there are many discrepancies, negative effects and many suspicious incidents and flaws in the system opening up. The bank manager in the RCBC bank who allowed for the huge withdrawals is being questioned. She is claiming superiors are involved in this withdrawal. The Philippine Anti-Money Laundering Council got involved after Bangladesh Bank Governor Atiur Rahman called Governor Amando Tetangco, his Philippine counterpart, and sought
help on the stolen funds which means different law agencies are not working in close cooperation. The Bangladesh Bank Governor has resigned as this is a major security breach in the banking system. RCBC's shares in the Philippines stock market has seen a major drop. The Finance Ministry in Bangladesh had dismissed two deputy central bank governors and the Bank and Financial Institutions division secretary, who were all accused of having kept the theft a secret from their superiors. The hack has exposed the weakness of financial systems in Bangladesh. There are investigations on some people for fraud and money laundering in Philippines. But so much time has elapsed since the theft that it seems difficult to recover the money now.

It is a shocking incident that cybersecurity attacks can be made on such a large scale with officials being in the dark for so long. There seem to be loopholes in the banking system which can be easily breached. It is also possible that there was inside help for the hackers.

It is important for the financial systems of different countries to come together to defend against such attacks. The number of cyberattacks are on the rise in the last few years. The national security adviser in India has alerted the RBI to increase alert levels so that similar incidents can be avoided.

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