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Internet banking security questioned

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Internet banking is meant to be easy and convenient, just find a computer and an internet connection and you can do your banking anywhere in the world.

But how safe is your money? Sunday arranged for a computer hacker to try to break into an internet bank account. What was discovered may teach you a valuable lesson.

Nick Van Dadelnszen is 28, wears well-cut suits and blends into Wellington's corporate sidewalks. He looks honest, but he thinks like a criminal and he knows how to break into bank accounts.

Dadelszen, who works for Security-Assessment.com, says it is a thrill hacking into a bank.

"When you are sitting there and you find an issue that could potentially, you know, gain access to other people's accounts... when you are doing that hack you know it is an exciting piece of work."

Dadelszen says it is relatively easy to break into an internet bank account.

"You don't need a lot of expertise...it's not a hard thing to do," says Dadelszen.

The former child prodigy who was writing computer programmes from the age of six is now hired by New Zealand's biggest banks as an internet security consultant.

Dadelszen finds ways of breaking into their systems, and he finds ways to keep crooks out.

He says there is a dark side as well as a light side to the work he does.

"There are people like myself who do it for the benefit of the organisations that they work for, and the community in general... and there are of course the other ones who decide to do that for... there's many reasons for hacking, even just to say they did it or to know if they could," says Dadelszen.

Ever since there have been banks, there have been people wanting to crack them.

Once we trusted safes, keys and armoured guards with our money - now we trust computers. Banks now exist in cyberspace, and crooks are finding new ways to break in.

"The internet was originally designed for information sharing, so what's happening is the internet has been retrofitted with this security so that people can provide commerce on the internet," says Dadelszen.

"So to be able to say that the internet is safe for something like internet banking, it requires both the banks to do their part. But it also requires the end user, the public who have to do their part and understand those risks."

Internet banking has caught on - it's fast, easy, efficient for customers and it has huge cost savings for banks.

It has also become easy for thieves to access other people's money and their private details.

As an experiment Sunday opened every day accounts with internet access at three major banks. In each account sat \$300. The balances were checked at an internet cafe, then logged off before Dadelszen was put to the test.

He was able to access the accounts from the same computer terminal that was previously used.

"Absolutely everything that you were doing on that computer... it had a full record of your actions on the internet at the time," says Dadelszen.

Not only that, Dadelszen tampered with the accounts and transferred \$300 into his own account.

"I was able to log in as you into those banking accounts and transfer the money away... take it from your account into mine."

Earlier, Dadelszen had gone to the internet cafe and, without raising any suspicion, he installed a simple software programme freely available on the internet.

Dadelszen says anyone can do what he accomplished.

"A simple search will bring up multiple versions of different software that you can download and install," says Dadelszen.

It allowed him to see - even photograph - the characters typed, the username and even the secure password.

"In that case it wasn't difficult at all... there were no controls that were stopping me from doing that so that made it very easy for me to do that," says Dadelszen.

Maarten Kleinjes, who heads up the Police National Electronic Crime Lab, says this kind of fraud has been escalating since online banking was introduced seven years ago.

Two banks, ASB and its partner Bankdirect, have made it tougher for hackers by introducing a second level of security - called two factor authentication.

A unique number is given to you on the spot, sent to your mobile and you enter it when making an online transaction. Two factor authentication makes banking harder to use, but it makes stealing harder as well.

Dadelszen has recommended two factor authentication to five banks.

"It does raise the bar, it does make this harder, it does provide better security for the end user for the public, so it has to be done at some point," says Dadelszen.

Westpac's Paul Gregory reflects the views of the other mainstream banks who say customers must share the responsibility for security.

All the banks say they are at least evaluating a two factor authentication system.

Gregory says they must balance customer convenience with security considerations.

He says making it too difficult for a customer to use their online banking will damage the proposition of it being convenient.

But you don't have to use an internet cafe to get ripped off. Last year Westpac customers were hit by a scam called phishing.

An email was sent that looked like a message from the bank asking customers to enter their name and password.

The sender was someone in Estonia trying to steal New Zealand dollars.

What makes this type of fraud particularly tricky, is that it is hard to identify the perpetrators who are almost always based overseas.

The fraudsters recruit unwitting New Zealanders, or "mules" as they are called, who believe they are working for legitimate businesses.

The mules access people's accounts then transfer the stolen money out of the country, never to be seen again.

"There are people working out of the states, out of Russia, out of Nigeria, and these people are making a lot of money doing this internationally. And in fact I've even heard quotes where some crime lords are now making more money through certain internet fraud than they are through cocaine," says Dadelszen.

Dadelszen says there are a few simple steps that will help you to protect your money. The first step is to avoid internet banking or any sensitive transactions on public computers like internet cafes.

"The other one is to make sure that your computers that you are using such as your home computers have adequate security measures... a firewall is ensuring you're getting automatic updating and its anti-virus," says Dadelszen.

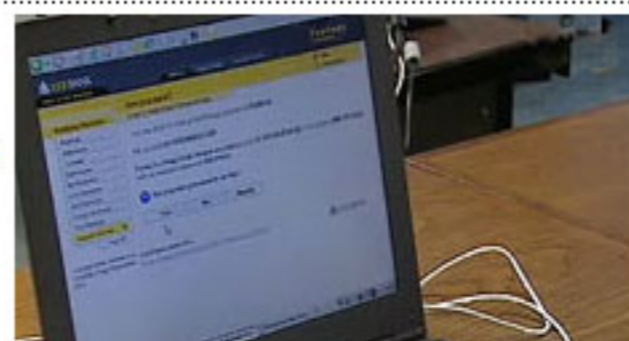
Just one log-in on an insecure computer is enough to reveal all your daily business including eftpos, emails, purchases on auction sites - every electronic transaction is available to be seen.

"And that is always the risk of the internet, the internet is not 100% safe place. There will always be hacks on the internet and it's almost an arms race in that whatever anyone on the internet does to secure the internet... people out there will find ways around it," says Dadelszen.

Source: Sunday

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