## Templosion and its effect on fraud

In the world of fraud prevention, the era of Templosion causes us to make faster decisions, with less time to react.

December 17, 2014
*by Howard Silverstone, CPA/CFF, and Jeffrey Willoughby, CPA/CFF*

"We should strive to welcome change and challenges, because they are what help us grow. Without them we grow weak like the Eloi in comfort and security. We need to constantly be challenging ourselves in order to strengthen our character and increase our intelligence."

So said the Time Traveler in H.G. Wells's *The Time Machine*.

It's hard to believe this novel was written in 1895. Wells's somewhat prophetic vision of what the world would look like thousands of years into the future took us through a heady time warp.

While this vision took us through many twists and turns, perhaps a forensic accountant's version of this story would have included smartphones, cloud computing, and even better credit card protection … or would it?

What the Time Traveler's journey did not include was the movement of time so quickly that the population could not keep up with the speed and growth as it related to the integrity of data and the decentralization of information. Futurist Edie Weiner, president of Weiner, Edrich, Brown Inc., has described Templosion as "the implosion of time as the speed of change accelerates exponentially."

In the world of fraud prevention, the era of Templosion causes us to make faster decisions, with less time to react. It makes business cycles seemingly shorter and creates more opportunities for mistakes, therefore leaving businesses with greater consequences that result from their decisions.

The concept of Templosion is not just the change in technology—it is the *rate* of change and acceleration of that rate. Credit card information can be stolen and used for fraudulent purposes in a matter of minutes (if not less), and photos of celebrities can be posted on social media in a matter of seconds—the opportunity for misadventure created in nanoseconds appears limitless.

A recent survey by IT firm Unisys found that Americans' biggest fears are: financial security (notably the abuse of credit cards), identity theft (having someone impersonate them), and terrorism. Kevin Mitnick, the convicted hacker-turned-consultant, who once was the United States's most wanted computer criminal, told CNN, "A company can spend hundreds of thousands of dollars on firewalls, intrusion detection systems, and encryption and other security technologies, but if an attacker can call one trusted person within the company, and that person complies, and if the attacker gets in, then all money spent on technology is essentially meaningless." Simply put, we can put all the controls in place and then blame the technology all we want, but human intervention is still able to undermine our progress.

In recent times, we have read and heard so much about the attacks on credit card information maintained within certain national chains. As far back as 2005, at a national credit card conference, Suzanne Lynch, who was then vice president for security and risk services at MasterCard International noted, "We build a 10-foot wall, and the bad guys build an 11-foot ladder."

This is perhaps the most profound statement that sums up our predicament in the age of Templosion. Is it possible to build a bigger wall and not have the bad guys build a larger ladder? John Shaunessey, at the time senior vice president for fraud prevention at Visa USA, said at the same 2005 conference that "this is going to take big investments over a number of years, and we're talking hundreds of millions of dollars to come up with a secure system."

It would appear that the industry did build a 10-foot wall, but in the past 10 years, the bad guys continued to build their 11-foot ladder. How can we bring technology to market *before* the fraudsters have already defeated it? Edward Teller, a key member of the Manhattan Project in World War II, is quoted as saying, "the science of today is the technology of tomorrow." This is still true some 70 years later, and we truly face a chicken-and-egg situation when it comes to developing technology, the controls around such technology, and methods by which to undermine it.

At the end of the day, it likely does not matter which comes first; what is important is the ability to adapt to change, to be flexible, and, most importantly, to be prepared. The inability to adapt to such change will leave a business or industry always in the position of catching up and spiraling toward an inadequate control environment. This speed of change has in turn changed the faces of fraud—we need to know who the targets are and how to protect our assets. Some experts believe the concept of a truly secure control environment is unattainable.

This brief overview of Templosion is intended to stimulate discussion among practitioners—to be vigilant, to continue to brainstorm problematic areas, but to be aware of the speed of this change. Continue to focus on risk areas, but know that the boundaries continue to expand, even as far as the cloud.

Perhaps our guide at this point in time is once again H.G. Wells's Time Traveler, who advised us to "face this world. Learn its ways, watch it, be careful of too hasty guesses at its meaning. In the end you will find clues to it all."

*Rate this article 5 (excellent) to 1 (poor). Send your responses here.*

**Howard Silverstone**, *CPA/CFF, CFE, FCA, is a director at Forensic Resolutions Inc.* **Jeffrey Willoughby**, *CPA/CFF, CFE, is a senior associate at Forensic Resolutions Inc.*