

Bank of Valletta	EUR Not Identifiable Loss Euro
USD Not Identifiable Loss US Dollar	EUR Not Identifiable Loss Euro
BL0301 - Retail Banking	EL0201 - External Theft & Fraud
MT - Malta	Western Europe
Loss Event	Published in media 13 February 2019

Bank of Valletta suspends services after hackers falsify transactions to steal EUR 13 million

On 13 February 2019, Bank of Valletta announced on its website that it had suffered a cyberattack involving the fraudulent transfer of EUR 13 million, and had temporarily suspended its operations, including branches. Services resumed during the night of 13 February 2019, and the fraudulent transactions are in the process of being reversed as of 13 February 2019.

According to prime minister of Malta, Joseph Muscat, at the start of business on 13 February 2019, Bank of Valletta noticed discrepancies in the reconciliation of 11 payments to the value of around EUR 13 million from its foreign payment accounts, MaltaToday reports.

According to MaltaToday, Malta Security Services confirmed to the bank that it had been the victim of a cyberattack which had originated overseas. EUR 13 million in fake payments had been made to accounts in the UK, the US, the Czech Republic and Hong Kong. Muscat stated that Bank of Valletta immediately contacted its correspondent banks, advising them to block the transactions, and began the process to reverse the payments.

Within 30 minutes of the confirmation, Bank of Valletta decided to shut down its systems, including ATMs, branch services, online banking, mobile banking and card services. Muscat told Parliament that although shutting down the bank that controls “half the economy” was a serious matter, the decision to do so was made because “caution trumped every other consideration”, MaltaToday reports.

On 13 February 2019, Bank of Valletta published a press release informing people of the suspension. Bank of Valletta stated that it was working with local and international police authorities to resolve the issue, and assured customers that their accounts and funds had not been impacted or compromised.

Bank of Valletta released an update on 14 February 2019, confirming that it had resumed services during the night. However, payments to third parties were still suspended. Bank of Valletta asserted that this incident proved “that the contingency plans in place and the preventive measures taken by Bank of Valletta were appropriate and that these measures safeguarded the [b]ank, its customers and stakeholders”.

It is not clear how the attack was carried out, however, Infosecurity suggested that it resembled the 2016

Bangladesh Bank USD 80.6 million cyberattack, and thus may have been a business process compromise (BPC) attack in which hackers research the internal operations of an organisation to fraudulently manipulate key processes to make transfers.

As of 14 February 2019, it is unclear whether Bank of Valletta will recover the funds within the five business days necessary to be considered a 'rapid recovery' according to ORX reporting standards, therefore ORX News has reported the loss amount as 'Not Identifiable'.

UPDATE

1 March 2019: Digest updated to correct error related to dates of event.

Author: Isha Pearce

Published Date: 14 February 2019

Last Update: 01 March 2019

Published In Media	Occurrence - From	Occurrence - To	Discovery Date	Recognition / Settlement
13 February 2019	13 February 2019	13 February 2019	13 February 2019	

Boundary Risk Other Risk	Industry Event	Scenario SC0024 - Cyber-Related Fraud
Product PD0703 - Electronic Payments	Process PC1004 - IT Security	Event Closed No
ORX Member No	Role of Firm LS0307 - Position Taking (Principal)	Jurisdiction / Choice of Law LS0105 - Western Europe (excluding United Kingdom)
Cause 1 CS0102 - Assault by Criminals / Terrorists	Cause 2	Cause 3
Counterparty LS0212 - Not Identifiable	Environmental Volatility LS0406 - Not Identifiable	Provision No

Source(s)

https://www.maltatoday.com.mt/news/national/92964/bank_of_valletta_shuts_down_operations_followin
<https://www.bov.com/News/bov-temporarily-suspends-services>
<https://www.bov.com/News/bov-resumes-operations>
<https://www.infosecurity-magazine.com/news/hackers-target-maltese-bank-in-15m/>

Related links