



## A Study of Online Banking Attacks and Vulnerabilities

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**Abstract:** A study of Online Banking Attacks and Vulnerabilities that affect current internet banking systems is presented along with two attacks which demonstrate the insecurity of such systems. Based on a thorough analysis of current security models, we propose guidelines for designing secure Online Banking systems which are not affected by the presented attacks and vulnerabilities.

**Key Words:** Internet banking, e-bank, online bank, identification, authentication, authorization.

**Introduction:** Currently there is a clear need for efficient security models by banks which offer online access to their banking systems. In face of the growing number of transactions processed through online banking systems, several new security technologies and models which aim at providing authenticated secure communications through known insecure channels have been introduced in current literature. The rest of this paper is organized as follows: The current security models for online banking are discussed in sections 2 and 3. In section 4, I present a comparative analysis of the solutions currently adopted by banking institutions and their inherent vulnerabilities. In section 5, attack modelling is introduced and we describe efficient attacks against currently adopted solutions. In section 6, the countermeasures necessary to thwart the presented attacks are introduced. Finally, in section 7, we conclude with suggestions for future works.

### 2. Related Works

Current research is directed towards attacks and malicious activities identification in online banking systems. In the authors introduce attack techniques focused on vulnerabilities which are present in a specific Online banking system, presenting attack

implementation results. In the authors propose a protocol for legitimate user identification based on transaction profile pattern matching and dynamic keys and groups. However, a model solely based on legitimate user identification is not computationally efficient due to the constantly growing number of online banking systems users. The same authors propose a smartcard based identification protocol in.

### 3. Online banking security models:

Online banking systems require efficient security models capable of identifying users and authorizing transactions, thus mitigating fraud. However, current models are focused on fraud Identification instead of fraud prevention, which means that actions are taken only after a fraud occurs instead of performing a series of preventive procedures. Analysing the security devices implemented by the ten largest banks in Brazil it is observed that several security layers and methods are concurrently adopted (Figure 1). Virtual keyboards are clearly one of the most used models, being adopted in 8 different banks. However, banking trojans continue to successfully operate, directing security to reactive fraud identification rather than prevention.

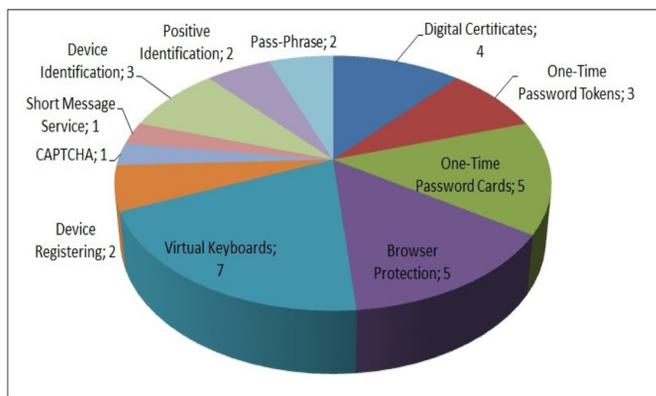


Figure 1: Online Banking Security Models

In this analysis, SSL (Secure Sockets Layer) was not considered because it is adopted in all online banking systems. Moreover, SSL only provides security from the network layer downwards but is not capable of guaranteeing protection against attacks based on the application layer, where data is captured or modified before encryption. Basically, banking systems need to accurately identify the user and authorize his access to banking transactions.

#### 4. Security models adopted currently:

The models currently adopted in online banking systems are based on several security layers, consisting on diverse parallel solutions and mechanisms which aim at protecting the banking application and the user's data, providing identification, authentication and authorization.

- **Digital Certificates:** Digital certificates are used to authenticate both the users and the banking system itself. This kind of authentication depends on the existence of a Public Key Infrastructure (PKI) and a Certificate Authority (CA), which represents a trusted third-party

who signs the certificates attesting their validity.

- **One-Time Password Tokens:** One-Time Password devices are commonly used as a second authentication factor, which may be requested in specific or random situations. This kind of devices render captured authentication data useless for future attacks through the use of dynamically changing passwords which can be used only once.

- **One-Time Password Cards:** One-Time Password Cards constitute a less expensive method for generating dynamic passwords, also providing a second authentication factor. However, in some banking systems, passwords generated by OTP cards are reused a number of times before being discarded, rendering this system vulnerable to short term replay attacks.

- **Browser Protection:** In this model, the system is secured at the Internet browser level, which is used to access the banking system. The user and his browser are protected against known malware by monitoring the memory area allocated by the browser in order to detect such malware and hinder



credential theft and capturing of sensitive information.

- **Virtual Keyboards:** Virtual keyboards were developed to thwart the efficient use of keyloggers (which capture information typed into the device). These devices are usually based on Java and software based cryptography, allowing portability between different devices. Currently they are being replaced by other more efficient methods which require less processing power and slower transmission rates.

- **Device Registering:** This method restricts access to the banking system to previously known and registered devices. Hardware fingerprinting techniques are used in conjunction with user identification through secret credentials.

- **CAPTCHA:** Completely Automated Public Turing test to tell Computers and Humans Apart [28], is a method recently adopted in some banking systems whose objective is to render automated attacks against authenticated sessions ineffective. This method requires the legitimate user to input information conveyed as scrambled images which are difficult for

- **Pass-Phrase:** It is a security model based on information held by the user. It is usually used as a second authentication method in transaction that involves money movement.

- **Transaction Monitoring:** Even though this method is not thoroughly analyzed in the present work, it is currently applied in all online banking systems, each of them using different techniques. Artificial intelligence, transaction history analysis and other methods that identify fraud patterns in previously processed transactions are among the

automated robots to process and recognize.

- **Short Message Service (SMS):** This method has been applied in some banking systems to notify users about transactions requiring their authorization. It provides a second authentication channel for transactions that fit certain characteristics by sending to the user a set of characters which have to inform in order to authorize and process the transaction through the online banking system.

- **Device Identification:** Device identification is usually applied together with device registering but it is also used as a stand-alone solution in online banking systems that aim at facilitating user access. This identification model is based on physical characteristics of the user's device through which it is possible to identify its origin and history information.

- **Positive Identification:** Positive identification is a model where the user is required to input some secret information only known to him in order to identify himself. It is applied as a second authentication method. various approaches to transaction monitoring.

**5. Vulnerabilities in online banking systems:** Table 1 presents known vulnerabilities which affect each security model discussed in this paper. It does not present all the vulnerabilities which may exist in such models but shows that those models are currently vulnerable to several attacks. The correct identification of the threats faced by current Online banking systems is essential for designing more



efficient models which provide a higher level of security.

Table 1: Vulnerabilities in Online Banking Systems

Security Models	Vulnerabilities
Digital Certificates	It is possible to export A1 certificates and remotely utilize them; A3 certificates can be used by more than one user at the same time, allowing adversaries to use stolen certificates.
OTP Token	The generated password may be captured and used in real-time; The user may be lured into informing the password for unauthorized transactions through the use of social engineering.
OTP Card	Malware may collect passwords or lure the user into informing them.
Browser Protection	New malware remain active until they are identified by the model; Counterfeit online banking system web pages which prevent the protection from properly loading can be used to make the user input his sensitive data (such as passwords) in an unsafe environment.
Virtual Keyboard	Known tools such as Screen loggers or mouse loggers may capture sensitive information; Decryption techniques and attacks focused on flawed encryption algorithms can also be applied.
Device Registering	Characteristics thought to be unique to the user's device may be reproduced; Information regarding the device's register can also be reproduced. An attacker can apply social engineering to persuade the user to authorize and register a malicious device.
CAPTCHA	The methods applied to scramble the information in the image are too simple, making it possible to extract the desired information using OCR software
Short Message Service	The attacker may alter the cellular phone number to which the authorization messages are sent.
Device Identification	Characteristics thought to be unique to the user's device may be reproduced.
Positive Identification	Information thought to be only known by the user may leak in the Internet and social engineering techniques may be used to discover such information.
Pass-Phrase	Tools such as screen loggers, key loggers or mouse loggers can be used to capture the secret information; Decryption techniques may be applied.
Transaction Monitoring	Recent malwares are creating behavior profiles which enable them to impersonate the user profile.

**6. Attack Modelling and Typical Scenarios:** The attack tree model for common attacks against online banking systems is presented in Figure 2. This model represents the main components of banking systems authorization and authentication mechanisms and efficient

attacks against them. The attacks exploit vulnerabilities inherent in the people (engineering social and phishing) then to gain control of device (malware) and credential theft legitimate user (fake Web pages and malware).

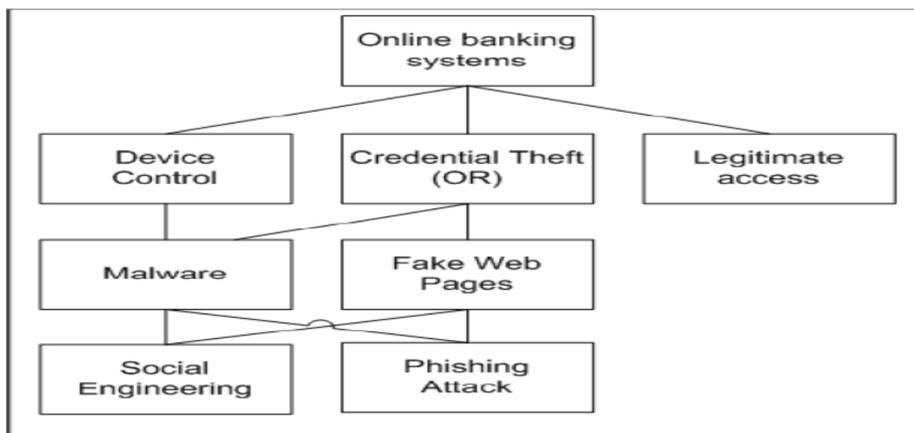


Figure 2: Attack Tree model

The attacks description in this section is based on current trends observed in malware specifically focused on banking. It has been observed that such attacks are efficient against the authorization and authentication schemes currently adopted in online banking systems. Each attack is present along with a description of the security mechanisms they target.

**6.1 Credential Theft:** This kind of attack is the simplest and most commonly performed against banking systems. It basically consists in obtaining the necessary credentials and user data in order to access the system as a legitimate user, providing information normally known only to legitimate users (Figure 3).

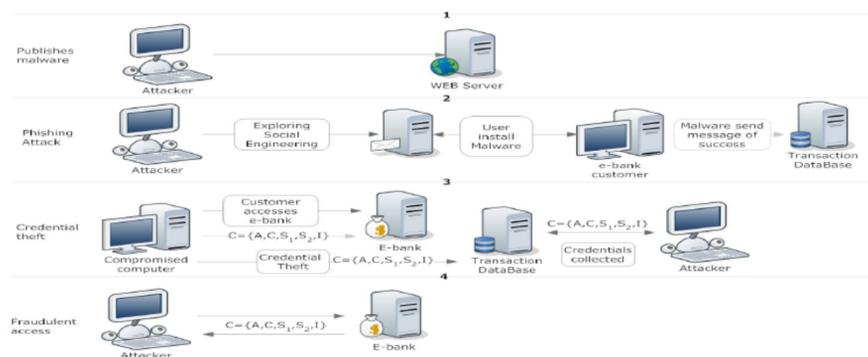


Figure3: Credential theft



This attack is effective against the following security mechanisms: **OTP Token; OTP Card; Browser Protection; Virtual Keyboard; CAPTCHA; SMS; Positive Identification; Pass-Phrase.**

The attacker must capture all information needed to reproduce a legitimate access, therefore you must have the credentials to  $C = \{A,C,S1,S2,I\}$ , to:

- A - Bank Identifier;
- C - Customer unique identifier;
- S1 - Access password;
- S2 - Authorization password;
- I - Device Identification information.

Credential theft is summarized in the following steps:

1. The attacker publishes specially crafted malware or counterfeit banking system web pages.
2. Exploiting vulnerabilities in applications such as browsers or applying social engineering the attacker manages to install malware in the device through which the honest user access online banking services.
3. When the legitimate user accesses the service, the authentication data informed by him is captured by the malware or counterfeit web page which the attacker controls.

4. After the malicious artefact obtains the information necessary for accessing the Online banking system, the user is transparently redirected to the legitimate service. No error message is issued but generally the user has to re-inform the authentication data.

5. The attacker verifies which information was captured.

6. Having obtained the necessary data, the attacker performs the authentication process, accessing the system as a legitimate user. In order to perform the authentication process the attacker fully impersonates the legitimate user, also providing information about the legitimate user's device physical characteristics, which is commonly used as an authentication factor.

**6.2 Device Control:** The device control attack is presented in Figure 4 and its objective is to obtain full control of the user's device instead of only stealing data used in the authentication process. The user's device itself is then used by the attacker to access the banking service and perform frauds. This attack is more complex than credential theft (Figure 3) and tracing its origin is much more difficult because the attacker never directly accesses the online banking service.

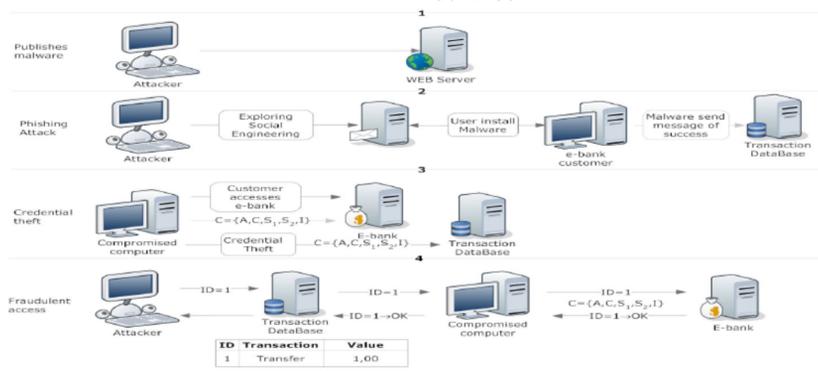


Figure 4: Device Control



This attack is effective against the following security mechanisms: Digital Certificates; Device Registering; Device Identification; Transaction Monitoring.

Device control is summarized in the following steps:

1. The attacker publishes specially crafted malware or counterfeit web pages.
2. Exploiting vulnerabilities in applications such as browsers or applying social engineering the attacker manages to install malware in the device through which the honest user access online banking services.
3. The malware then captures the information necessary for accessing the service.
4. After the malicious artefact obtains the information necessary for accessing the Online banking system through the legitimate user's device, it downloads a list of transactions to be performed previously stored by the attacker in a remote repository.
5. Having obtained the necessary data, the malware automatically accesses the online banking system as a legitimate user through the user's device and performs the transactions specified by the attacker.
6. While the malware remains active, it suppresses information about the transactions it performed from the banking system's interface, preventing the user from detecting the attacks.
7. The attacker updates the repository containing transactions to be performed by the malware.

**7 Potential Countermeasures:** Due to the inherent complexity and flexibility of the presented attacks it seems unlikely that a single centralized security solution would successfully solve the security

issues on which they are based, effectively mitigating those attacks. The main problem relies on the weakest link in the security chain, generally the user (or his access device), and its role in the whole authentication and authorization process. In most cases, the security of the authentication and authorization process in online banking systems is based on secret information supposedly known only by legitimate users and the bank, depending on the user for maintaining the secrecy of such information. However, as it was described in the previous sections, an attacker can easily obtain this secret information through the use of social engineering techniques and malware, compromising the system as a whole. In face of these issues, new authentication and identification models should be as independent from the user or the security of his device as possible, relying on more than one source for authentication and identification data.

## 8 Conclusions

The security models for online banking systems currently in use are strongly based on Online banking user identification and authentication methods, which are also the components where most Online banking systems' vulnerabilities are found. Most of the attacks directed at online banking systems target the user (the weakest link in the chain), focusing on obtaining authentication and identification information through the use of social engineering and compromising the user's Online banking access device in order to install malware which automatically performs banking transactions, apart from obtaining authentication data. This fact indicates that secure Online banking systems should provide security mechanisms as user independent as

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possible, mitigating the risk of user related information leaks and security issues affecting the system and leading to fraud. As a future work, a new Online banking system could be developed along with a new security model which provides the security requisites introduced in this paper. Furthermore, efficient techniques for real-time fraud and attacks detections could be proposed based on efficient data mining and pattern recognition methods.

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