

NetWorth

Cybercriminals are using AI to target your finances

Cybercrime is taking a quantum leap forward in sophistication with the explosive growth of generative artificial intelligence (AI). This threat keeps security professionals up at night.

AI is making it easy to mimic a person's voice or create a scam website that looks exactly like the real one. Most people find it hard to tell whether a call, email or link is real. According to one 2023 survey¹, 75% of security professionals reported an uptick in attacks over the past year – most attributed to generative AI.

Larry Zelvin, Executive Vice President and Head of the Financial Crimes Unit at BMO Financial Group, is the former Director of the National Cybersecurity and Communications Integration Center for the U.S. Department of Homeland Security and Senior Director for Response for the National Security Council. We discussed the online issues ultra-high-net-worth families face and how to defend against them.

What are some of the growing cybersecurity risks?

I advise our clients to be mindful of deepfake videos that leverage AI, increasingly sophisticated phishing scams, and fraudulent ads or social engineering attempts while social networking or purchasing online.

How is AI changing the game?

It only takes a couple of hours and a minimal fee to create a deepfake video that appears very real using AI tools and a two- to three-second voice recording gathered online. These messages look or sound like a loved one in trouble, expressing an urgent need for money, help or information.

Criminals are also using AI to tailor their phishing through enhanced social media and other public information searches. We once watched for red flags like misspellings or poor grammar, but AI messages today are much more sophisticated, detailed, targeted, and professional-looking.

Are criminals using AI to impersonate executives?

When a CEO talks to direct reports, high-level employees learn how the leader typically speaks. However, employees a few levels down don't interact with the CEO or other leaders. For example, they may receive a message like: 'Hey, I'm coming to you because I've got an urgent matter and can't reach the CFO and need you to send this wire.' It seems legitimate; it may even sound like the CEO and come from their email address, so the employee sends the wire.

Larger organizations have an advantage over small- and medium-sized businesses because they have security infrastructure, procedures and employee training.



Let's connect

David Kozier, CIM, FCSI
Portfolio Manager, Wealth Advisor
Tel: 604 443 1558
dave.kozier@nbpcd.com

Jordan Lee
Investment Associate
Tel: 604 443 1570
jordan1.Lee@nbpcd.com

Michelle Hou
Senior Associate
Tel: 604 443 1589
michelle.hou@nbpcd.com

BMO Nesbitt Burns
885 West Georgia Street
18th Floor
Vancouver, BC V6C 3E8

How can ultra-high-net-worth families protect themselves?

Whether you're a high-net-worth client or a Family Office, the risks must be monitored and closely managed by experts who offer advanced security controls and programming.

With the Great Wealth Transfer, family members could get calls from advisors they've never met. How can families know who's legitimate?

If you receive a cold call from a financial advisor, always verify their credentials, preferably through multiple sources. If they claim to be from a bank, call that bank to verify.

Family members of legal age who have the ability to move or withdraw funds or take out loans pose a security risk. If these people fall victim to fraud, they could cause indebtedness. Educate them on security best practices and the latest scams and introduce them to your wealth team.

What should you do if you suspect that you're interacting with a fraudster?

Investigate. Look up the contact on LinkedIn or Google – and contact their company to validate their identity. When calling the organization, make sure you're using phone numbers you've used in the past or have obtained from their website. If you sense fraud, report it immediately and access resources at our **BMO Security site**.

How does BMO pre-empt cybersecurity risks?

Our Financial Crimes Unit is Canada's first security operations team of its kind. Founded in 2019, the FCU combines expertise from our cybersecurity, fraud, physical security, and crisis management teams to help clients detect, prevent, respond to, and recover from security threats. We use leading-edge security technology, data and analytics tools on a global scale to help ensure clients' safety across different time zones.

Our call centre technology also uses AI to match people's voices. We employ a company with a database of fraudsters and their voiceprints, who notify our agents in real time that they may be talking to one of them. We continuously educate our employees on what deepfakes look like, red flags to watch for, and where to report them.

What are your thoughts about the evolving nature of cyber risk?

I recently wrote an op-ed in the *Chicago Tribune* about how fraudsters are leveraging AI to make more sophisticated attacks. AI is an area of risk both for the bank, and more importantly, for our customers. We're happy to talk to clients about this topic and keep them informed.

[Visit our website](#) for the latest trends to stay protected.



The missing piece of the retirement puzzle

It's about more than money

While some are excited about living a life of travel and leisure after the daily grind, many lack a plan to use their free time meaningfully. Statistics Canada² says 55%+ of Canadians planning to retire would keep working if they could work part-time, and 43% would continue if work were less stressful.

Susan Latre moille, Co-founder of Next Chapter Lifestyle Advisors, explains, "Many retirees don't end up as happy as they thought they'd be. We should replace the word retirement with "reirement."

Marianne Oehser, a retirement and relationship coach and fellow Co-founder of Next Chapter Lifestyle Advisors, says, "When the initial euphoria of freedom wears off, people face 40 to 60 more hours of free time each week. So many people spend their adult lives preparing financially, but don't prepare for other aspects of retirement. We help Canadians to live well, give back, and leave a legacy – to lead "The RichLife" with happiness and purpose after retiring.

Understanding your values and goals

Self-reflection is critical, says Latre moille. Whether your values include volunteering, staying fit, spending time with family and friends, or returning to a hobby, they'll help you chart a path.

Executives and professionals often want to serve on boards, provide mentoring, or share their expertise with a non-profit. It's understandable, as work provides social connection, represents a big part of our identity, and keeps your mind active in retirement.

Consider test-driving your retirement plan with a sabbatical or part-time work. This "off-ramp" eases people into a new phase, giving them a safety net and confidence.

A different kind of portfolio

Oehser developed a framework called The Happiness Portfolio® to help retirees find fulfillment. Like an investment portfolio, it requires balance and diversification across eight areas.



The financial element

Ideally, your financial advisor addresses your values, goals and the finer details of your ideal retirement so your financial plan funds your bucket list as well as non-financial needs. But money can be an ongoing source of stress in retirement. No matter how well-prepared or affluent you are, it can be an enormous adjustment to live on a fixed income.

"When you have cash flow, you feel free to spend because more will be coming in," Latre moille explains. "The minute your income is finite, even if it's millions, a psychological thing taps in and you may change your spending or giving habits fearing you could run short."

Similarly, finances can cause marital strife if you haven't communicated what you want and expect regarding spending and investing. Oehser suggests both spouses write down their assumptions about finances and retirement and then discuss what they've listed.

Retirement can fulfill your dreams with forethought and planning. If you're already retired, it's not too late to shift your mindset, notes Latre moille. "The RichLife' doesn't mean having the most money; it means living well, giving back, and leaving a legacy."

Speak with your BMO financial professional to ensure your wealth plan reflects your current and future financial and non-financial goals.

The Happiness Portfolio

- 1 Professional** – if you want to continue working sometimes in a new career.
- 2 Primary relationship** – usually a spouse, but whoever is closest to you.
- 3 Family and friends** – spending more time with loved ones.
- 4 Giving back** – volunteering or mentoring young people.
- 5 Spiritual and emotional well-being** – meditation, yoga or religion.
- 6 Leisure** – hobbies, travel, reading, and catching up on movies.
- 7 Self-development** – continuing to learn new things.
- 8 Health and aging** – fitness, healthier eating and managing health concerns.

4 things high-net-worth women should look for in an advisor

As trillions of dollars pass down from one generation to the next in the Great Wealth Transfer, BMO estimates that, by 2028, high-net-worth (HNW) women will hold about \$4 trillion in assets, an important step forward in achieving financial equity.

It's one thing to get all that money; it's another to manage it. According to a recent BMO survey³, nearly 60% of HNW women say they're open to changing their advisors, partly because their professionals have not built a meaningful personal connection with them, says **June Zimmer, Regional President, Western Canada at BMO Private Wealth.**

While many advisors say it's important to include both partners at financial discussions, "presence alone isn't sufficient," Zimmer notes. If an advisor doesn't try to understand both parties' goals and values there's a greater chance women may look elsewhere when they control the finances.

When looking for a new financial advisor, consider:

Active listening

Look for someone who asks about your financial goals, listens without interrupting, and responds with more questions, treating your conversation like a discovery mission. "Many of us, gender aside, are emotionally tied to money." An advisor who asks how you feel about their suggestions, acknowledges the purpose and value you attach to your assets, and confirms you feel comfortable and informed is worth their weight in gold, Zimmer says.

Easy approachability

If you're taking the financial helm for the first time, you may have a lot of questions. Industry terminology and acronyms can be confusing, and you should feel comfortable asking for clarification. This is all about you. "If you call because you're nervous or have questions, your advisor should answer the phone and provide you with trusted information, advice, and perspective," Zimmer explains. Their role is to educate and empower you and should be one of your most trusted professional relationships.

Interest in your bigger picture

Many HNW women choose to use their money to drive positive change in the world. Tell your advisor if want to use your money to make a difference. In turn, they should ask questions to refine your wishes and tailor their approach.

"We shy away sometimes from questions about what's important, what's meaningful and what you hope to accomplish in your life," Zimmer notes. "Yet those conversations may have greater financial

implications than your investment returns." Maybe you want to invest in companies that improve the environment or advance social causes, or to establish a scholarship fund for university students. A good advisor will take time to understand your financial goals, values and priorities and make recommendations that align – from impact investments to donor-advised funds – to use your wealth altruistically while generating returns.

"However you choose to make an impact with your wealth – personally, within your family or the broader community, or on a global scale – sharing these goals with your advisor is an important part of the planning process," says Zimmer.

Alignment with your goals

Treat any first meeting with an advisor as an interview – ask about their approach to planning, investing philosophies, client communications, and fee structure – and if you don't think you align, talk to someone else. Zimmer emphasizes the importance of advocating for yourself – which women from the Boomer and Silent Generations may not be inclined to do.

"Meet with a few advisors and find the person – and team members – you can trust, that fit your personality, location and business, and who make you feel comfortable, heard and understood. If something isn't working, don't carry on because you don't want to have a difficult conversation," Zimmer says. "Ask for what you need every step of the way. Remember your circumstances, goals and needs will change over time, and your financial plan and advisor are there to support you through it all."

Learn more from your BMO financial professional.



¹ <https://www.ajg.com/insights/ai-keeping-pace-with-the-cybercriminals> ² www150.statcan.gc.ca/n1/daily-quotidien/230801/dq230801a-eng.htm ³ Source: RKI | Research + Knowledge = Insights, 2022-2024

⁴In 2024, BMO Private Bank was recognized as the Best Private Bank in Canada by *World Finance Magazine* for the 14th consecutive year.

BMO Private Wealth provides this publication for informational purposes only and it is not and should not be construed as professional advice to any individual. The information contained in this publication is based on material believed to be reliable at the time of publication, but BMO Private Wealth cannot guarantee the information is accurate or complete. Individuals should contact their BMO representative for professional advice regarding their personal circumstances and/or financial position. The comments included in this publication are not intended to be a definitive analysis of tax applicability or trust and estates law. The comments are general in nature and professional advice regarding an individual's particular tax position should be obtained in respect of any person's specific circumstances.

BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, and philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. Estate, trust, and custodial services are offered through BMO Trust Company. Insurance services and products are offered through BMO Estate Insurance Advisory Services Inc., a wholly-owned subsidiary of BMO Nesbitt Burns Inc. BMO Private Wealth legal entities do not offer tax advice. If you are already a client of BMO Nesbitt Burns Inc., please contact your Investment Advisor for more information. BMO Nesbitt Burns Inc. is a Member – Canadian Investor Protection Fund and is a Member of Canadian Investment Regulatory Organization. BMO Trust Company and BMO Bank of Montreal are Members of CDIC.

"BMO (M-bar roundel symbol)" is a registered trademark of Bank of Montreal, used under licence.