

Fraud Awareness: Alert and Prepared

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My mission – Inform you

- Industry Landscape
- Fraud Methods – Red Flags
- Best Practices
- Solutions for Combating Fraud
- Questions

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Industry Trends

In 2013, 66% of organizations experienced attempted or actual payments fraud

85% Fraud instances where **checks** were the target

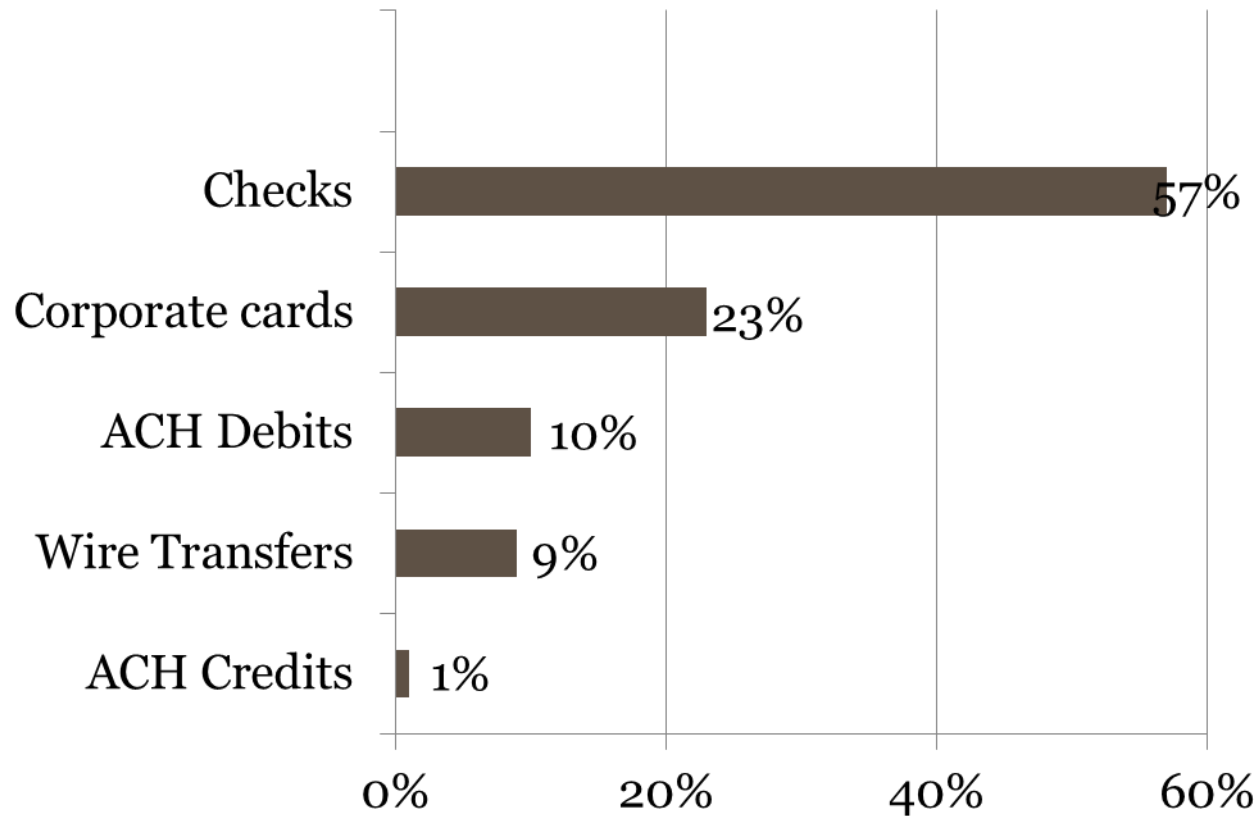
75% Companies hit by **online fraud**

60% Fraud incidents that involved **employees**

- U.S. organizations lose about 7% of their revenue to fraud
- Checks remain the primary target for fraud attacks for companies

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Industry Trends: Payment method responsible for largest dollar amount of fraud loss



Source: 2013 AFP Payment Fraud and Control Survey

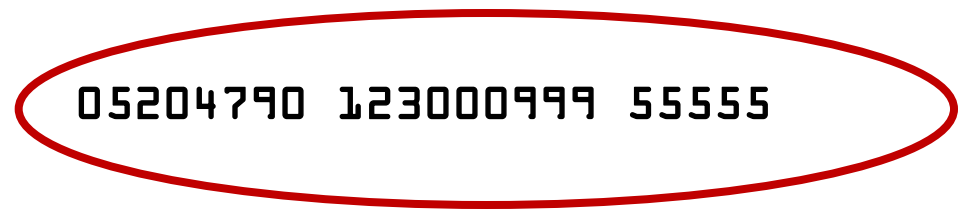
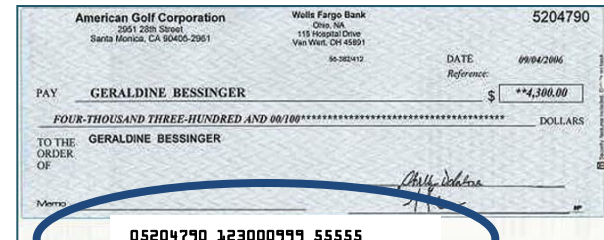
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Fraud Methods



Why checks?

- Digital world -counterfeit
 - Alterations
1. Criminals get MICR-line information from a legitimate check
 2. Sell information to fraud rings
 3. Fraud rings originate ACH transactions using legitimate account numbers



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Fraud Methods - continued



Cyber Fraud

- Social Engineering - phishing
- Malware - Codes can be used by criminals to gain unlimited access to data from victim's computers.



Imposter Fraud

- Imposter Fraud – fraudster posing as a person or entity our client's know and trust.
- Hacker's breach your email system

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Fraud Methods - continued



Embezzlement

Definition: The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets

- **Occurs when the perpetrator is given too much control over financial functions within the organization**

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Best Practices–Prevention-Take Action Today

Know your red flags: checks, on-line, internal risk

- Move from paper check to electronic methods of payment
- Reconcile your accounts timely
- Educate employees/our customers' employees are the front line of defense against online fraud
- Execute transactions from a dedicated computer where email and web browsing are not possible.
- Implement verification practices
- Use dual custody for money movement
- Perform surprise audits - Occupational fraud perpetrators only commit fraud if they believe they will not be caught.

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Solutions for Combating Fraud

Technology & Expertise

- **Positive Pay/Reverse Positive Pay/Payee Name**
- **Debit Block** - block any ACH debit coming to your account that is not authorized.
- **Post no checks** – block accounts that do not issue checks.
- **ACH Fraud Filter**- Review service option; you review unauthorized transactions and make pay/return decisions
- **Fraud Analytics** – based on transactions

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Solutions for Combating Fraud

Technology & Expertise (continued)

- **On Line Services** – Dual Control, token
- **Mobile Security** – Receive alerts to certain bank activity
- **Event Messaging** -Receive text messages alerts
- **Cyber Fraud Insurance** – Mitigate damage in the event of a computer attack

Questions?

