COMBATING CHECK AND WIRE FRAUD IN A DIGITAL AGE

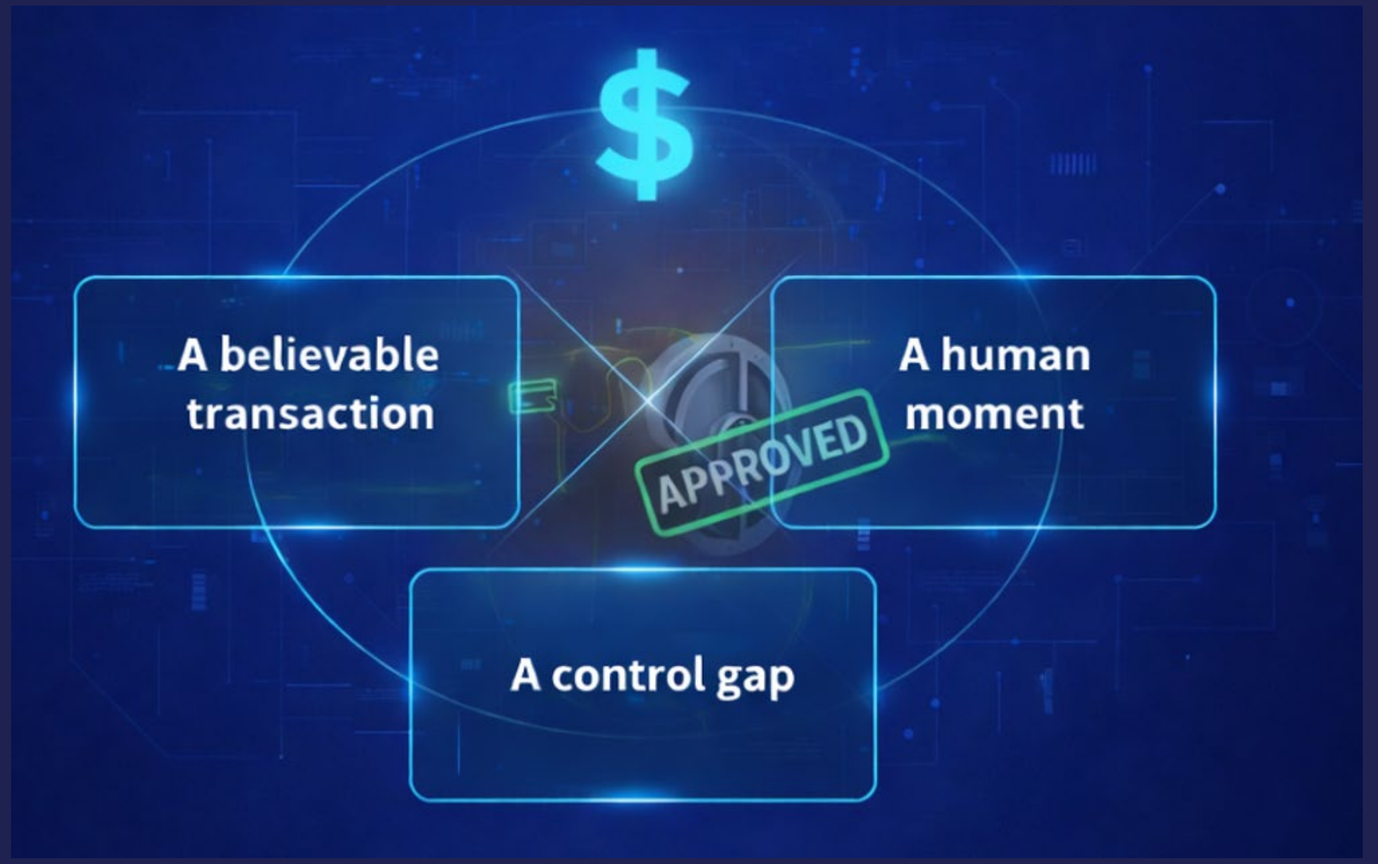
finovifi

FRAUD DOESN’T BREAK IN – IT GETS WAVED THROUGH

- Normal transaction
- Trusted customer
- Approved process
- Funds gone

Why Modern Fraud Works

Fraud succeeds when these three things align:



Fraud rarely beats one control… It beats handoffs!

Fraud Is Rising – What Do Customers Expect From Their Bank?

As fraud continues to rise and customers increasingly place responsibility on financial institutions, banks must understand evolving expectations and be prepared to meet them.

finovifi

Who Consumers Expect to Bear Financial Responsibility

Two-thirds of consumers (67%) believe their financial institutions should reimburse them for money lost in a scam even when they personally authorized the transaction.

AI Technologies Enabling Scams

85% of Americans worry that scams are becoming harder to detect because of ***AI technologies.***

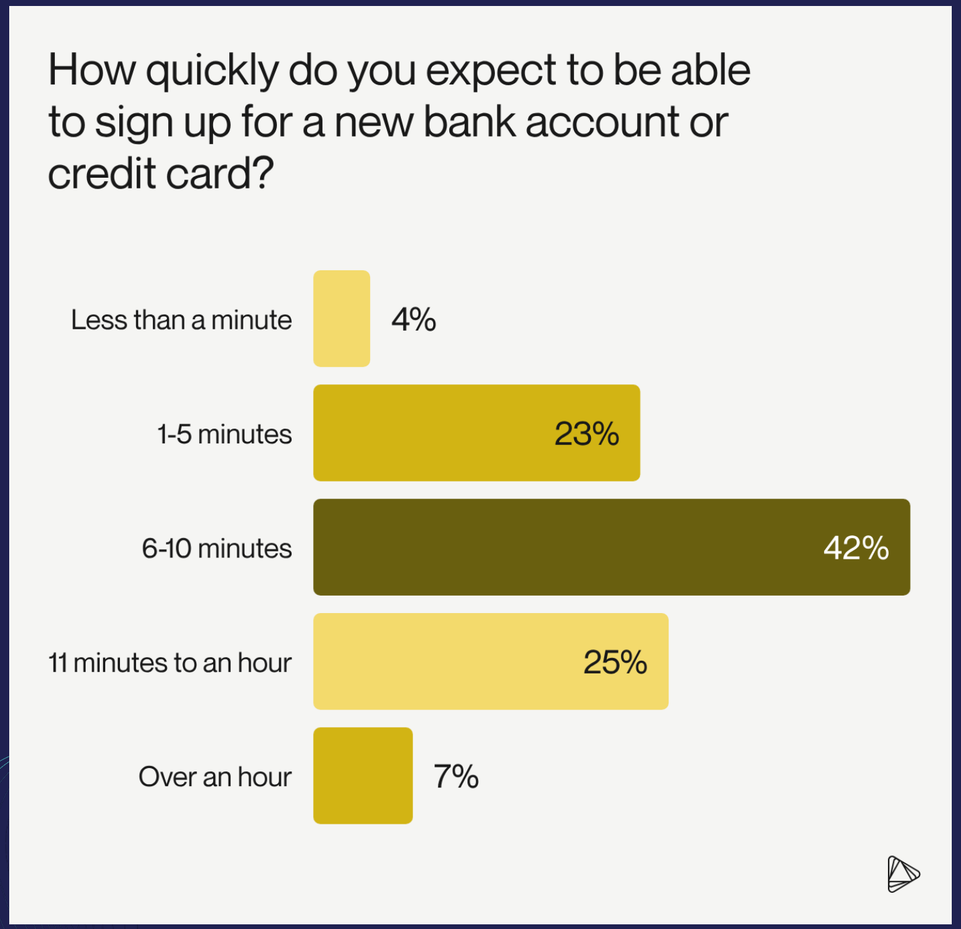
Spoofing & Social Engineering (The Multiplier)

Social Engineering Is the Force Multiplier

- **Authority** (This is urgent)
- **Familiarity** (We've worked together)
- **Fear or time pressure**
- **Policy overdoed by people**

Spoofing and social engineering don't defeat controls — they convince people to bypass them. Every major fraud loss includes a human moment. Training helps — but designing safer escalation paths helps more.

Speed Matters—But Not at the Expense of Security



Consumers see both safety and simplicity as *non-negotiable*. Add more security checks, and they might abandon the process. *Speed up onboarding, and fraud risk climbs.* Institutions are left trying to deliver two outcomes that feel, at times, at odds.

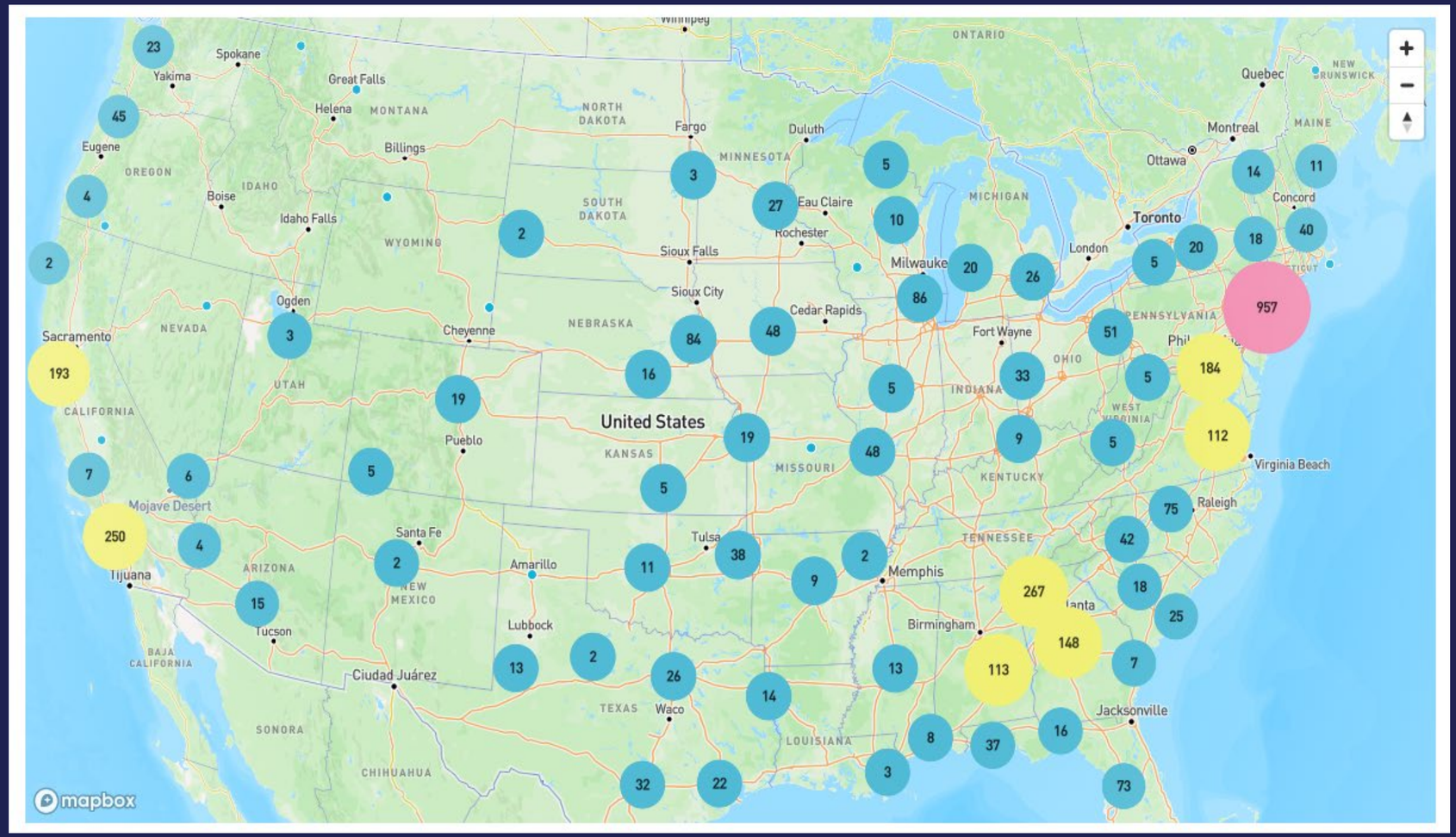
New Account Opening

Consumers want best-in-class fraud protection, but not at the expense of convenience when opening new accounts.

Nearly ***seven in ten consumers (69%)*** expect new account sign-up to take less than 10 minutes.

Check Fraud Sweeps Across The United States

Check fraud has been predominantly concentrated in the eastern United States but is increasingly spreading toward western regions.




THIS CHECK IS VOID WITHOUT A BLUE & BURGUNDY BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT AN ANGLE TO VIEW
Regions
TO THE ORDER OF
Pay to the Order of
For
63-466/631
Date
615
10-22-25
PAY TO THE ORDER OF
REGIONS
4399980
9/13/2024
PAY TO THE ORDER OF HEIDI GREY
Eight Hundred Thousand and 56/100
$ **800,000.56
DOLLARS
VOID AFTER 1 YEAR
MEMO APPROVED

Definition of Age Brackets

Gen Z

13–28 years old (born 1997–2012)

Millennials

29–44 years old (born 1981–1996)

Gen X

45–60 years old (born 1965–1980)

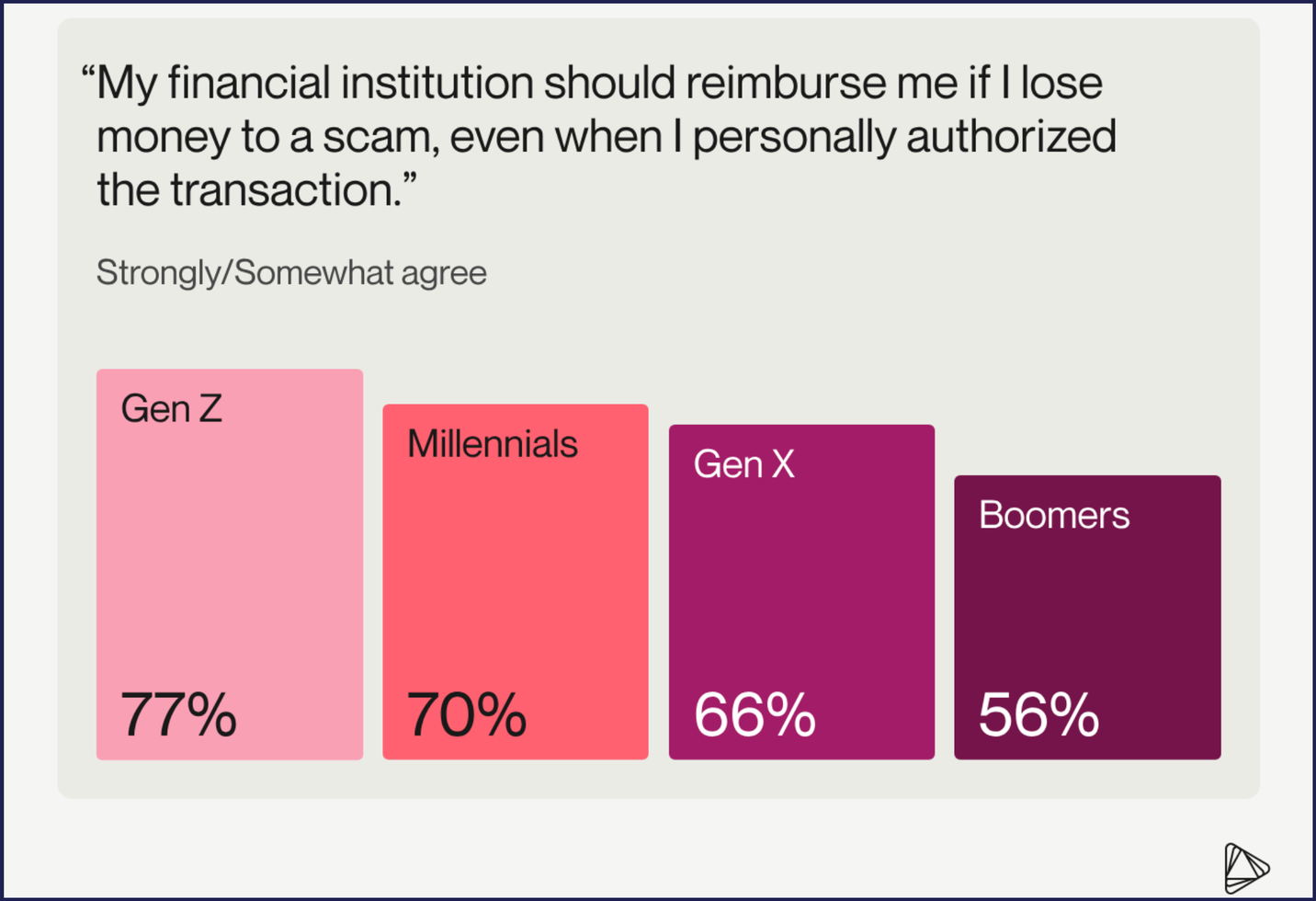
Baby Boomers

61–79 years old (born 1946–1964)

Ability to Identify A Scam

Scams also carry a strong social stigma. Many people believe they can recognize fraud, and when they cannot, the impact on pride and self-image can be significant. In fact, nearly three in four Americans (74%) say falling victim to a scam is more embarrassing than making a poor financial decision.

Consumers Expect Reimbursement—Even When Transactions Are Authorized



Consumers Want Partnership

Top expectations consumers have of their financial institution after a scam

Freeze account	Refund funds	Constant updates
68%	67%	67%

Nearly **nine in ten** (89%) consumers say they would lose trust in their bank if it failed to notify them immediately of a scam attempt.

Why It Matters

61% of financial institutions incurred losses of $500,000 or more in direct fraud costs.

Trust/Reputational Damage

Breaches erode customer confidence, leading to attrition and negative brand perception

73% of financial institutions identified reputational damage as the most severe consequence of fraud.

Regulatory Compliance

Failure to prevent fraud can result in legal penalties and non-compliance with industry standards.

70% of financial organizations reported losses due to goodwill credit issued to clients following fraud events, indicating a struggle to maintain compliance while mitigating reputational risk.

Financial Losses

Direct monetary losses affect profitability and can lead to increased insurance premiums.

Nearly one-third of financial organizations reported direct fraud losses exceeding $1 million in 2025, showcasing the substantial financial impact of fraud.

The Frontline Defense

Empowering Employees to Detect Fraud

finovifi

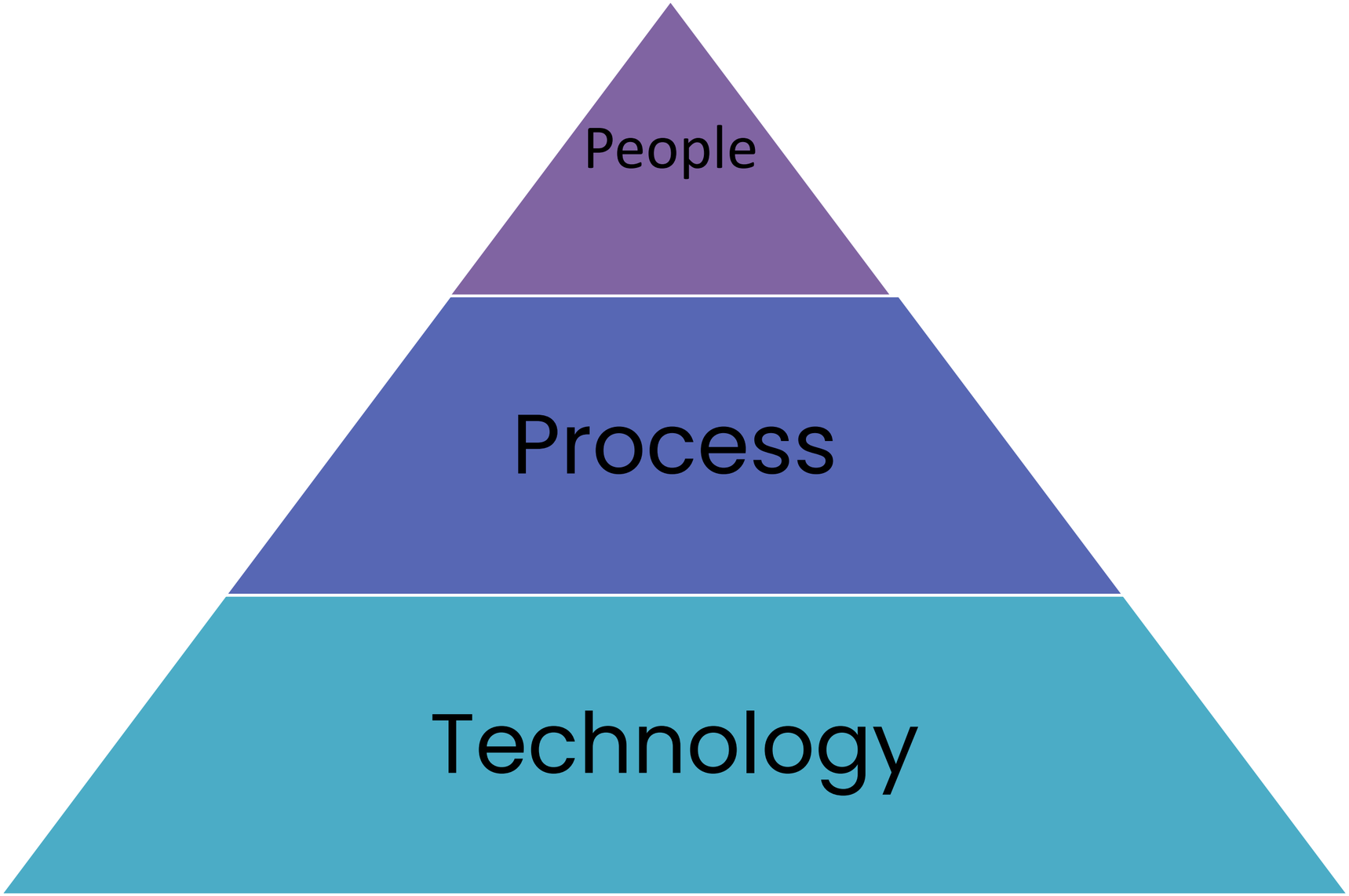
Why Fraud Prevention Starts with People

- **Fraud is evolving**—technology alone can't stop it.

- Employees are the **first line of defense** in identifying unusual activity.

- **Empowered staff** make better, faster decisions to prevent losses.

finovifi



The Layered Fraud Prevention Framework

- **People:** Training, awareness, and accountability.
- **Process:** Clear procedures, escalation paths, and consistent checks.
- **Technology:** Analytics, monitoring, and automated alerts.

finovifi

Technology – Supporting Human Judgement

Use Technology to Enhance, Not Replace, People

- Automated alerts flag unusual transactions but require human validation.
- AI and analytics help identify patterns invisible to the naked eye.
- Combine technology with employee expertise for optimal results.

finovifi

Empower People, Strengthen Process, Layering Technology

- People are your most powerful tool against fraud.
- Layered defenses reduce risk and improve response times.
- Training and culture are just as important as software and alerts.

finovifi

finovifi

RED FLAGS IN CUSTOMER BEHAVIOR

- Customer appears **nervous, rushed, or overly anxious**
- Avoids eye contact or gives **inconsistent answers**
- Becomes **defensive or aggressive** when asked routine questions
- Insists on completing a transaction **immediately**
- Appears to be **coached by someone on the phone**
- Elderly or vulnerable customer accompanied by someone who is **controlling the conversation**

finovifi

Transaction Red Flags

- Unusual transactions that don’t match the customer’s normal activity
- Large withdrawals after a recent deposit (especially checks)
- Frequent deposits just under reporting thresholds (structuring)
- Customer wants to break one transaction into multiple smaller ones
- Requests to wire money urgently, especially internationally
- Sudden request to withdraw all or most of account balance
- Multiple transactions across different branches in a short time

finovifi

Check Fraud Red Flags

- Check appears **altered, washed, or has mismatched handwriting**
- Amount in numbers doesn’t match written amount
- Missing or irregular signature
- Customer deposits a check and immediately requests **cash back**
- Check from an unfamiliar or out-of-area business
- Post-dated or stale-dated checks
- Repeated deposits of **third-party checks**

finovifi

Account Activity Red Flags

- **Sudden spike** in account activity after being dormant
- **Multiple NSF** (non-sufficient funds) items followed by deposits
- New account with **large or unusual deposits**
- **Rapid movement of funds** in and out (no clear purpose)
- Customer adds **or removes authorized signers unexpectedly**

finovifi

Identity / KYC Red Flags

- **ID appears altered**, expired, or inconsistent
- Customer **struggles to answer** basic account verification questions
- **Information doesn’t match** what’s on file
- Multiple customers using the **same contact information or address**
- Customer **reluctant to provide identification** when required

finovifi

Elder Financial Exploitation Red Flags

- Customer suddenly **accompanied by a new "friend" or caregiver**
- **Unusual withdrawals** inconsistent with past behavior
- Customer seems **confused about the transaction**
- Mentions of **lottery winnings, sweepstakes, or "grandchild in trouble**"
- Customer **expresses fear or urgency** tied to sending money

finovifi

Scam-Related Red Flags

Customer mentions:

- “The IRS told me to send this”
- “I need to pay a fee to receive a prize”
- “My boss emailed me to send a wire”

Requests to purchase large amounts of:

- Gift cards
- Cashier’s checks

Customer reading instructions from phone or paper during transaction

finovifi

Internal / Operational Red Flags
(for staff awareness)

- **Repeated overrides** of system alerts
- Transactions processed **without proper documentation**
- Employee **bypassing standard procedures**
- Same employee **handling all transactions for a specific customer**

finovifi

Path Forward

The path forward starts with recognizing that consumers and financial institutions face the same challenges—and that yesterday's best practices may not hold up tomorrow. The institutions that earn lasting trust will be those that evolve as quickly as the threats themselves, moving beyond baseline compliance to meet their customer's expectations—while building a strong customer relationship.

finovifi

Questions?

Ron Suhr

Phone Number

Office – (402) 592-5500
Cell – (402) 968-0424

Email Adress
rsuhr@finovifi.com