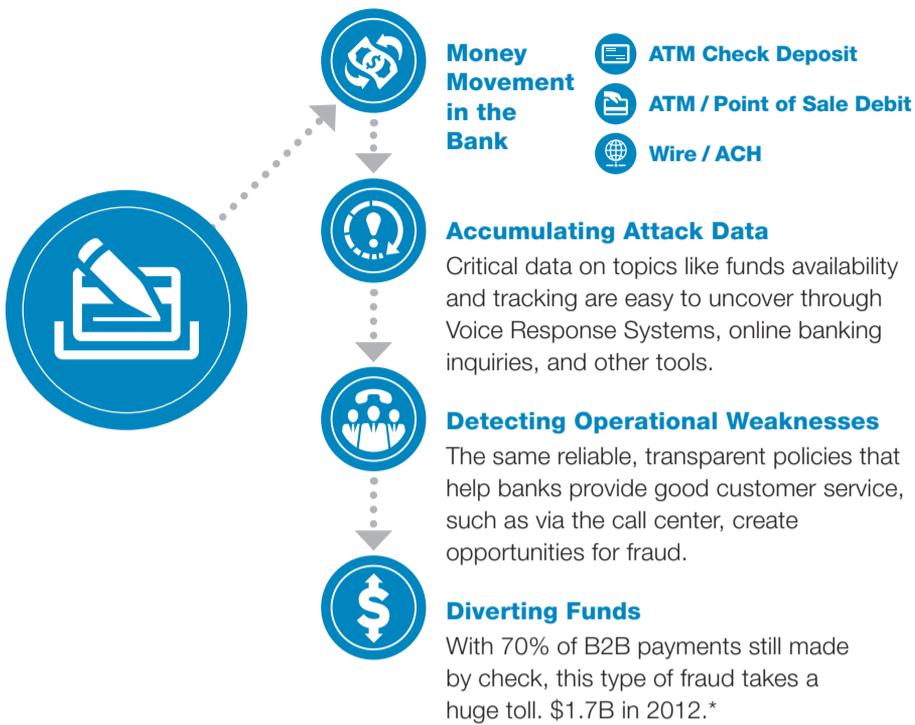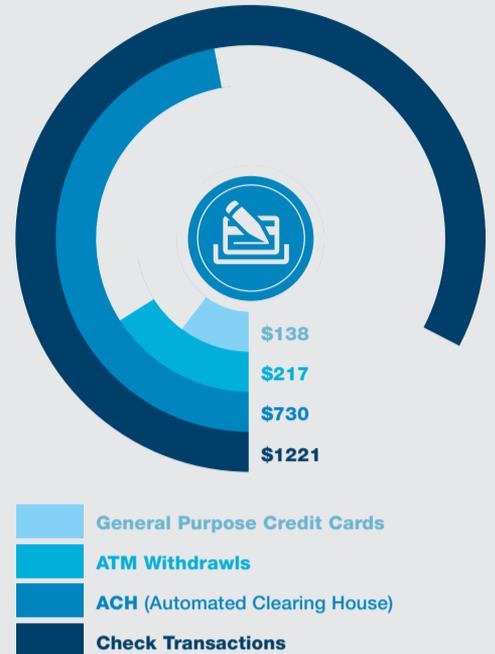# Multi-Channel Banking Fraud

IBM

Check Deposit Fraud

Fraudsters exploit the channels designed to improve customer experience, gathering details on financial institution operations in order to defraud the bank.
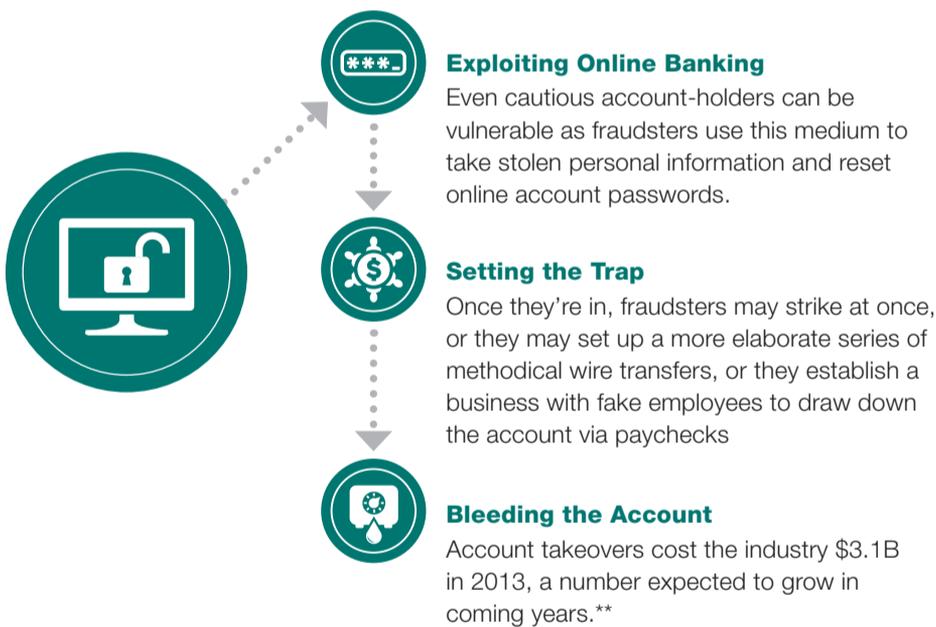
Money Movement in the Bank

- ATM Check Deposit
- ATM / Point of Sale Debit
- Wire / ACH

Accumulating Attack Data
Critical data on topics like funds availability and tracking are easy to uncover through Voice Response Systems, online banking inquiries, and other tools.

Detecting Operational Weaknesses
The same reliable, transparent policies that help banks provide good customer service, such as via the call center, create opportunities for fraud.

Diverting Funds
With 70% of B2B payments still made by check, this type of fraud takes a huge toll. $1.7B in 2012.*

Average Value of Unauthorized Transaction by Type*

All fraud hurts, but when compared to other instruments and transaction channels, nothing has the potential to hurt like check deposit fraud.

$138
$217
$730
$1221

- General Purpose Credit Cards
- ATM Withdrawls
- ACH (Automated Clearing House)
- Check Transactions

Account Take Over

Your best security practices can be undermined by customer vulnerabilities. Whether it's from mass compromise events or unsecured e-commerce, stolen information can be used to compromise customers' online authentication credentials and take over high-balance accounts (high-net worth customers, private wealth customers, small business accounts, corporate banking accounts).

Exploiting Online Banking
Even cautious account-holders can be vulnerable as fraudsters use this medium to take stolen personal information and reset online account passwords.

Setting the Trap
Once they're in, fraudsters may strike at once, or they may set up a more elaborate series of methodical wire transfers, or they establish a business with fake employees to draw down the account via paychecks

Bleeding the Account
Account takeovers cost the industry $3.1B in 2013, a number expected to grow in coming years.**

Account Take Over Fraud Losses & Incidence Rate**

Account take over is still a major problem in the banking industry, and, with recent mass compromise events, the risk is on an upswing.

$3.1 / .95%
$3.0 / .55%
$5.1 / .20%
$4.7 / .25%

Fraud Losses (in billions)			
Incidence Rate (in %)			
2010	2011	2012	2013
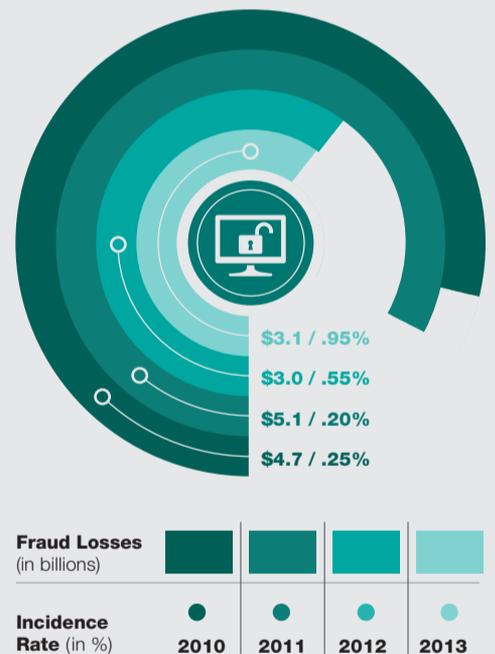
How Advanced Analytics Help

A Wider Observation Space

- Keeping our eye on the big picture by layering analytics on transaction-by-transaction inspection.
- Using our insights to rapidly identify & decode suspicious behavior
- Smarter approach integrates counter-fraud, anti-money laundering (AML) and cyber security.
- Putting Big Data to work by utilizing relational databases, in-memory streams, distributed processing, and by harnessing unstructured data

Sharper Clarity on Entities and Anomalies

- Enabling proactive identity & relationship resolution.
- Improving initial and retrospective risk scoring.
- Tracking and understanding cross-customer relationships for improved risk analysis, detection, clarity and the identification of non-obvious risks.

Improved Business Efficiency

- Helping to interdict fraud before financial loss is possible.
- Expediting & targeting analytics to identify emerging problems
- Improving customer experience through reduced false-positives, elimination of inconveniences for good customers, and full-stop for fraudsters.

Discover what is happening, determine **why** it is happening, **predict** what is likely to happen and **prescribe** the best course of action. The arsenal of analytics within IBM Counter Financial Crimes Management enables institutions to pro-actively anticipate, prevent and continuously adapt to threats while remaining compliant.

Learn More