

## Executive Summary

As financial transactions continue to migrate to digital platforms, the risk and complexity of payments fraud have escalated. Financial institutions must navigate this challenging environment, developing and refining strategies to safeguard their assets and protect their account holders. The Payments Fraud Survey provides a deep dive into the current state of payments fraud, offering critical insights drawn from a wide range of financial institutions.

This survey was designed with the following primary objectives in mind:

- 1. Assess the Impact:** To understand how payments fraud affects financial institutions and their account holders, focusing on both the direct and indirect consequences.
- 2. Investigate Detection Methods:** To explore the various methods and tools that financial institutions use to detect and identify payments fraud effectively.
- 3. Evaluate Response Strategies:** To examine the strategies and actions taken by financial institutions once payments fraud is identified, from immediate responses to long-term mitigation plans.
- 4. Identify Emerging Trends:** To uncover emerging trends in payments fraud, enabling financial institutions to better anticipate and prepare for future threats.

The Payments Fraud Survey aims to provide financial institutions with actionable insights and best practices to combat payments fraud effectively. By focusing on continuous improvement, leveraging advanced technologies, and fostering account holder awareness, institutions can stay ahead of fraudsters and protect their assets and reputation.

## Highlights

- 1. Emerging Fraud Trends:** The survey reveals a marked increase in sophisticated fraud tactics, especially involving the manipulation of authorized parties, with 62% of institutions reporting a rise in such incidents. Notably, fraud attacks have surged in check processing and debit card transactions, with 58% and 51% of respondents, respectively, citing more frequent occurrences. These trends highlight the critical need for financial institutions to stay vigilant and continuously enhance their fraud prevention strategies to keep pace with the evolving threat landscape.
- 2. Effective Fraud Prevention Strategies:** To manage risks when opening new accounts, financial institutions employ various strategies. Around half monitor account activity closely and set daily transaction limits to prevent fraud. A third conduct background checks, and a quarter require additional documentation. Some also use ChexSystem and credit reports. However, 12% of institutions do not implement specific risk mitigation steps, highlighting potential gaps in fraud prevention practices.
- 3. Response and Mitigation:** When fraud is detected, immediate actions such as suspending accounts, reviewing other incoming transactions, and filing Suspicious Activity Reports (SARs) are critical. The results further underscore the significance of long-term mitigation strategies, particularly the role of account holder education programs delivered through websites and social media campaigns, in enhancing institutional resilience against fraud.

For a deeper dive into the findings and to explore more strategies for effective fraud prevention, contact your Payments Association.

## About the Study

The Payments Fraud Survey, conducted by Industry Insights, Inc., in collaboration with the Center for Payments and key industry executives, is a comprehensive analysis based on data gathered through online surveys conducted between May and June 2024. The survey reflects input from 443 members of various financial institutions, with asset sizes ranging from under \$10 million to \$25 billion or more. It offers a comprehensive analysis of the current practices and procedures employed by the industry to detect, assess, and mitigate payments fraud. For more detailed information about the study, please contact [info@centerforpayments.org](mailto:info@centerforpayments.org).

## Payments Associations Working Together



### About the Center for Payments™

The Center for Payments is a joint program sponsored by 10 Payments Associations for the purpose of helping members and staff better prepare for the continued evolution in U.S. payment systems. The mission of the Center for Payments is to advance the payments industry as a united voice through market intelligence and thought leadership. This program further enhances the value of membership in the participating associations. Current participants in the program include: ePayResources, EPCOR, Macha, NEACH, PaymentsFirst, SHAZAM, Southern Financial Exchange, The Clearing House Payments Authority, UMACHA, and Wespay. These associations represent over 10,000 financial institution members, businesses and stakeholders with an interest in U.S. payment systems. Find out more at [centerforpayments.org](https://centerforpayments.org) or contact [info@centerforpayments.org](mailto:info@centerforpayments.org).

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