

# Fraud Risk Bulletin

*Exclusive, As-It-Happens Risk Updates and Insights*

## RISK ALERT

### Significant Uptick in New Account Fraud

#### SUMMARY

Often using stolen identities, bad actors with the sole intent to defraud are looking for financial institutions' weakest links to join. These attacks are happening both in-person and online. Protect your institution from becoming a haven for bad actors.

#### HOW FRAUD ATTACKS ARE OCCURRING

- Bad actors move quickly, often immediately
- Listen for probing questions about your internal controls
  - Check hold procedures, ATM deposits, RDC deposits, Overdraft/Courtesy Pay programs, access to plastic cards, etc.
- Funding new accounts via ACH using stolen account information at other financial institutions
- Fabricating documents for identification, proof of residency, and income

#### RISK MITIGATION STEPS

- **Identify** bad actors at the application process and deny access
- **Review** your internal databases; don't let the same person defraud you multiple times
- **Audit** applications for suspicious information
- **Review** credit reports (bad actors often have derogatory credit or are using someone else's credit)
  - Look at credit score, addresses, aliases, inquiries, fraud alerts, and other warnings
  - Confirm social security number issue year matches the birth year of the applicant.
- **Examine** the identification provided; check for security features
- **Verify** identity of online applicants using Knowledge Identity Questions (KIQ)
  - Using multiple layers of authentication protects against identity theft and synthetic identity fraud
- **Track** digital signatures of bad online applications such as email address, IP address, location, etc.

- **Understand** the risks of online account funding (ODFI warrants risk for ACH transfers)
  - Consider implementing low daily limits for originated ACH transfers
- **Utilize** new account flags for at least 6 months
- **Use** appropriate check holds, including exception holds
- **Deploy** real-time fraud detection software, such as ToolCASE Informant

## RISK MITIGATION RESOURCES

- For a more in-depth look at new account fraud risks, review our [Resource Paper](#).
- ToolCASE Informant is an AI-based solution for the financial services industry. Combining best-in-class AI, machine learning and pattern recognition, Informant is a full enterprise risk management solution that monitors transactions across all channels for fraud in a real-time environment. Learn more [here](#).
- The Consumer Financial Protection Bureau (CFPB) [Electronic Fund Transfers FAQs](#) clarify what constitutes an unauthorized EFT under Reg E.
- Tap into knowledge from our experts by visiting our risk alerts library for your loss control efforts by visiting [alliedsolutions.net/enews/risk-alerts](https://alliedsolutions.net/enews/risk-alerts).
- **TEST YOUR KNOWLEDGE:** Can you spot a synthetic?



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