

The Role of Government in Payments Risk and Fraud

Measurement of Fraud

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AFP Mission/Focus – Research is a Core Function



- “Global resource and advocate for the finance profession”
- AFP education, information and research is developed with the interests of Corporate Treasury and Finance Practitioners (CP’s) in mind
- AFP research is conducted year-round, delivering reports on many topics of interest including 2-3 payments-related reports
- Many research reports are underwritten financially by third-parties—creates risk of bias, but AFP takes steps to ensure all research, analysis and conclusions are independent
- AFP Payments Fraud and Control report—done annually for several years, typically January survey/March report with ~ 300-500 responses

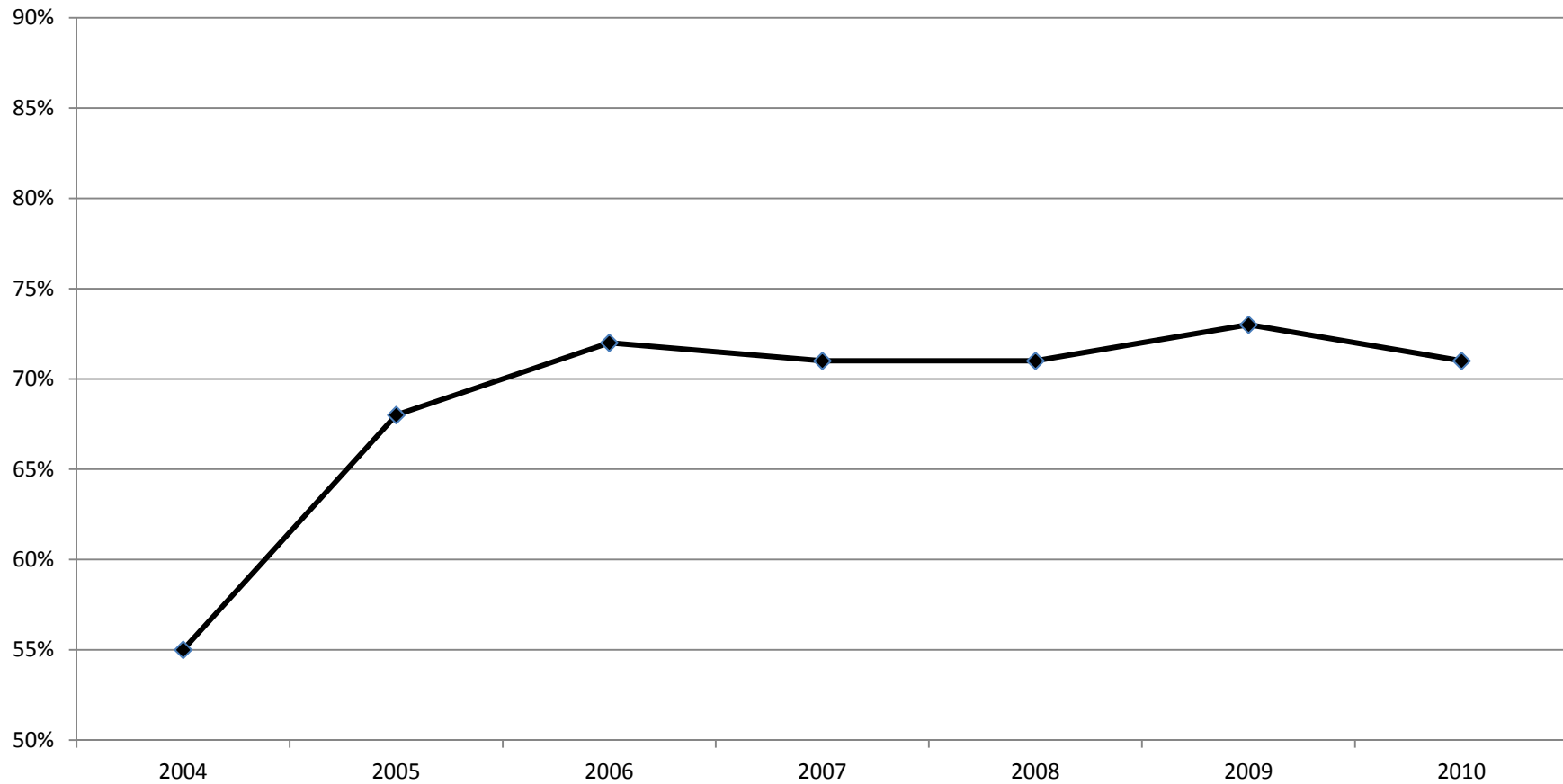
What Does AFP Ask CP's?

- Experience with Fraud
- Fraud by Payment Type
- Fraud Controls
- Emerging Fraud Trends



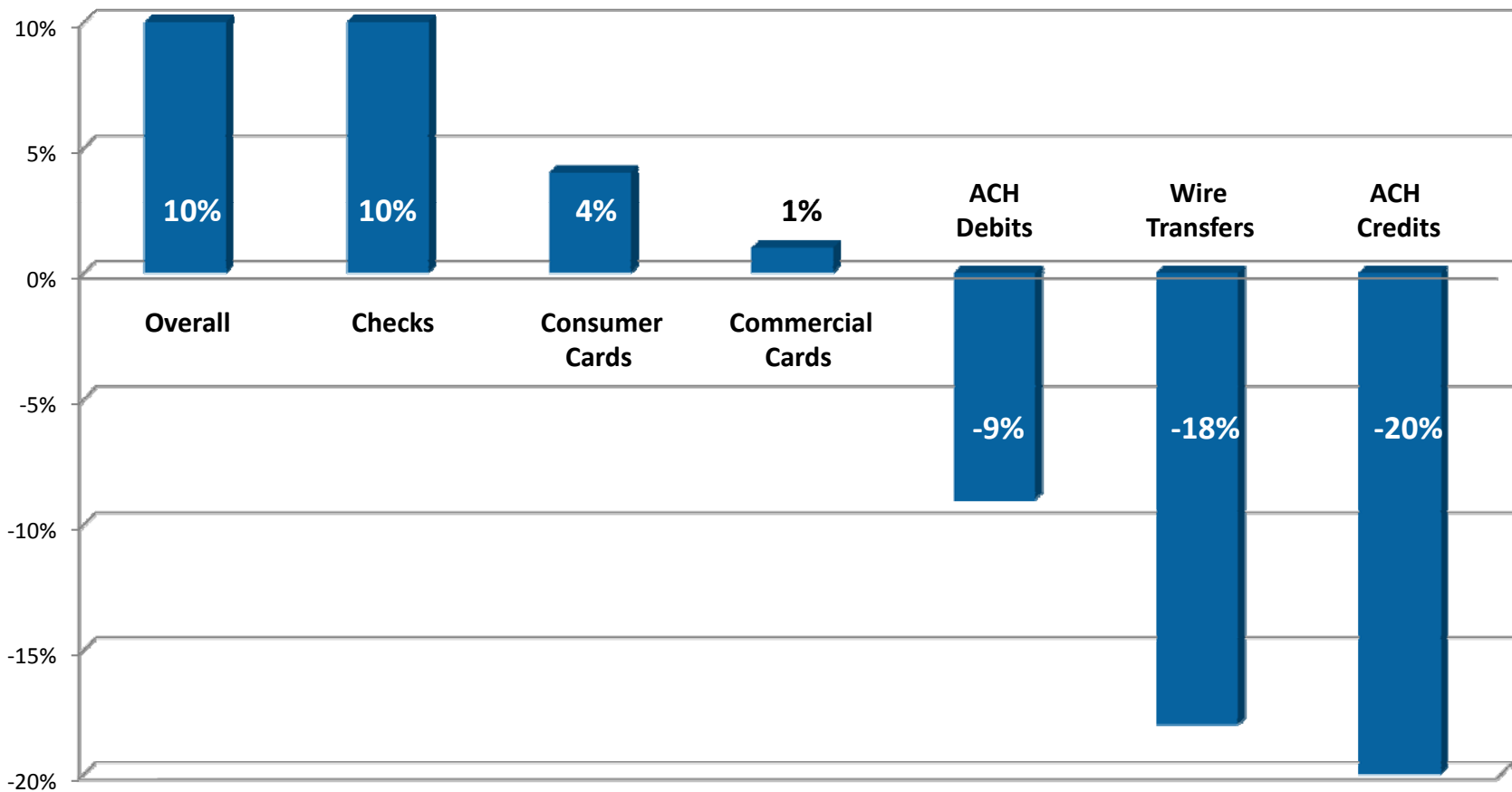
Fraud Experience: Business of Fraud Continues to Thrive

% of Organizations Subject to Attempted or Actual Fraud



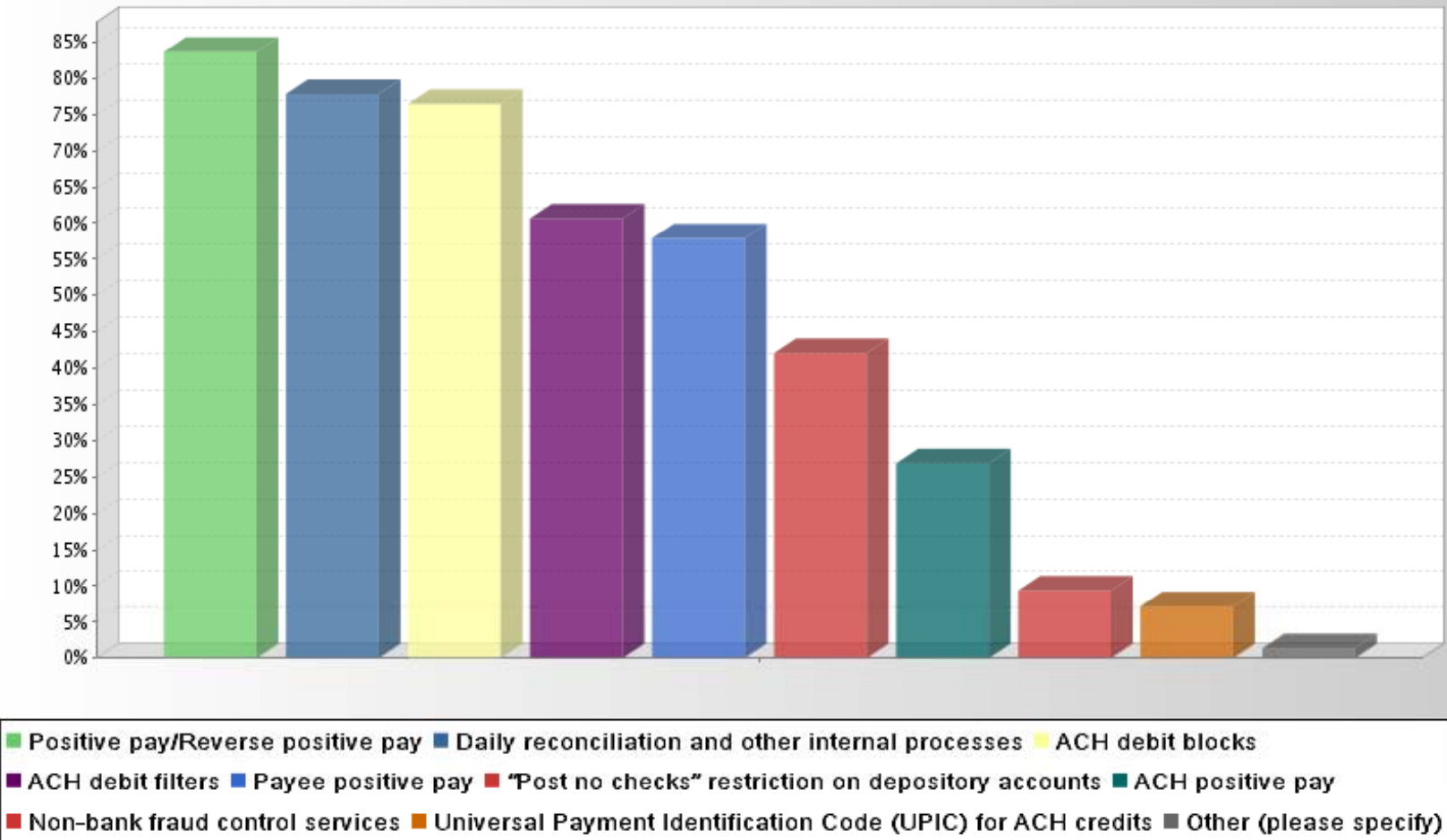
Fraud by Payment Type: Criminals More Active Overall in 2010 vs. 2009

Net Change in Frequency of Fraud Attempts at Organizations

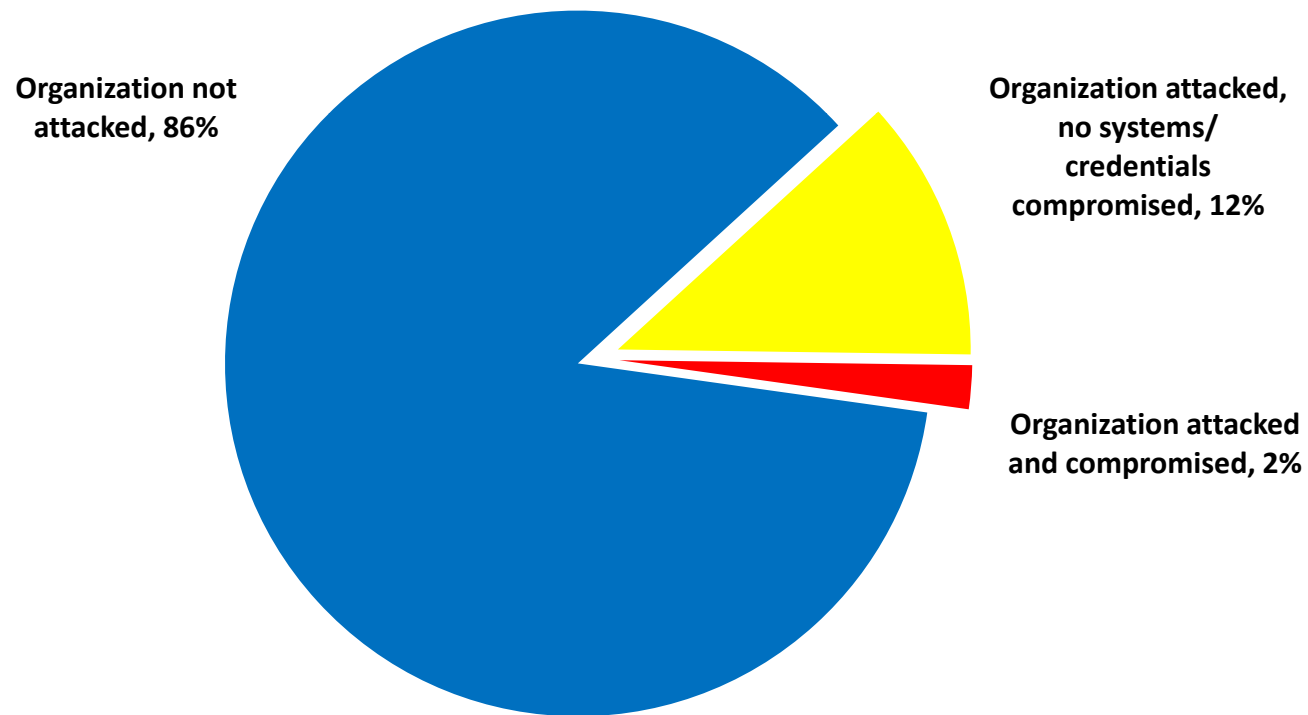


Fraud Controls: Companies Use a Wide Array of Tools, Providing “Layers” of Controls

Which of the following fraud control procedures or services offered by your banks does your organization use to protect its bank accounts? (Check all that apply)



Emerging Fraud Trends: 14% of Orgs Experienced Corporate Account Takeover Attempts in 2010



Fraud Research @AFP – Practical Considerations

- Audience
 - What do (I think) CP's want to know?
 - What do CP's want (I want?) others to know?
- Design
 - What are the right questions—today?
 - How much time are they willing to invest?
- Data Collection
 - Response rates, representative samples
- Analysis
 - What do we hear/what do we want to hear?
- Distribution
 - Reaching the target audiences



My View: Government's Role in Fraud Research

- Some bias inescapable for all survey reports—readers need to understand nature of that bias, take a critical eye
- Federal Reserve generally has very high standards for their research questions, results and analysis—not sure about others
- Federal Reserve Banks will naturally have bias towards commercial banks, or at least that perception will exist
- “Comprehensive Fraud Measurement” is idealistic goal worth pursuing—but who asks the questions, targeted at which audience, and how will the data be measured/analyzed/used/distributed?

