



American  
Bankers  
Association

# Measuring Deposit Account Fraud

The Role of Government in Payments Risk and Fraud

November 17–18, 2011

The Federal Reserve Bank of Atlanta

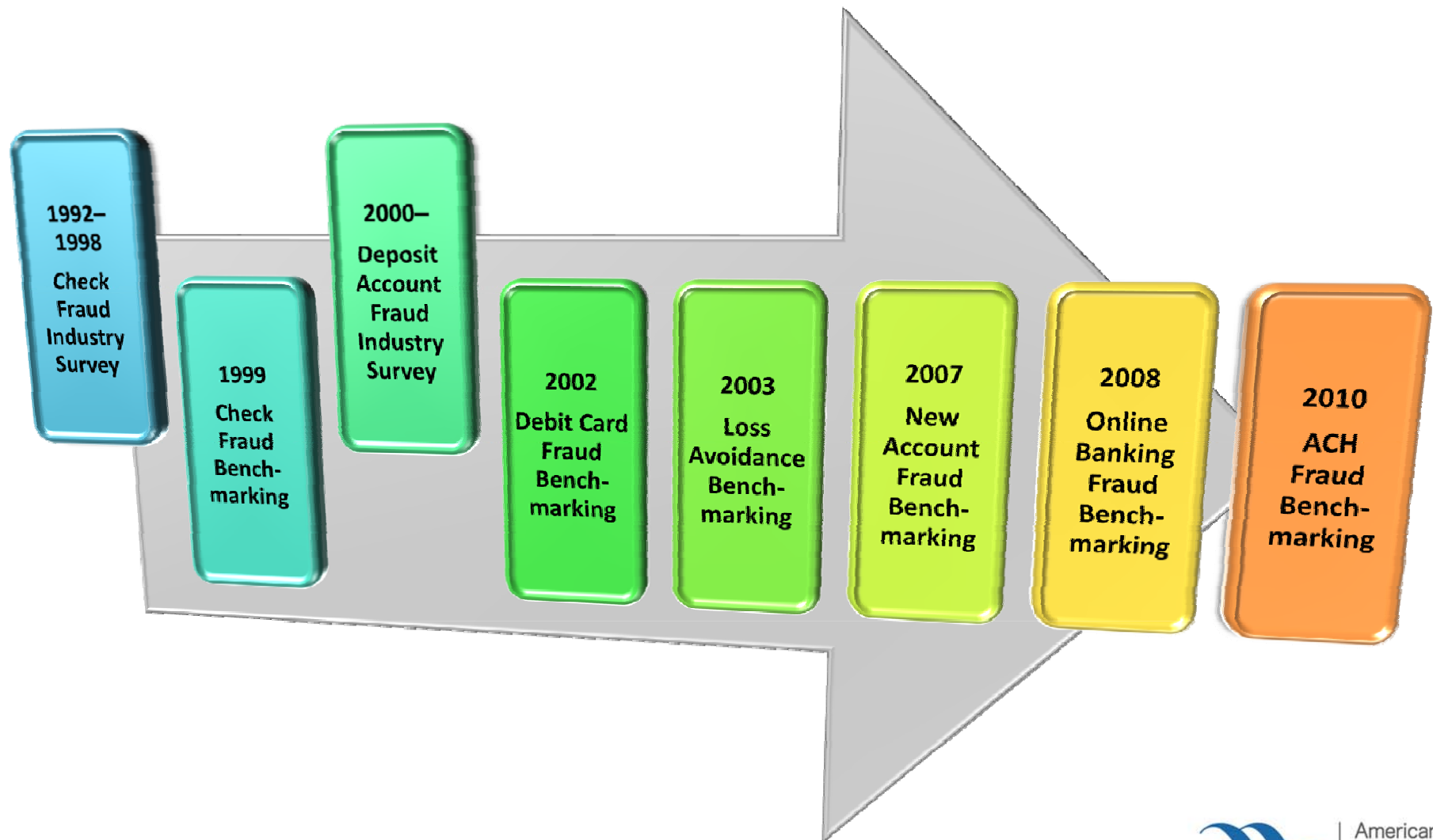
Retail Payments Risk Forum

Atlanta, Georgia

[aba.com](http://aba.com) | 1-800-BANKERS



# ABA Deposit Account Fraud Reporting Project Launch Timeline





# Check Fraud Reporting

## Major Fraud Categories

- Forgeries
- Counterfeits
- Alterations
- Kiting
- Return Deposited Items (including 8 sub-categories)

## Other Loss Classifications

- New Account Fraud
- ID Theft (account takeover, true name fraud)
- Organized Customer Scams

**Fraud losses compared with number of transaction accounts, banking assets, and transaction account balances**



# Debit Card Fraud Reporting

## **POS: Signature vs. PIN** (as basis points of sales)

### **Major Fraud Categories**

- E-Commerce / MOTO
- Card not Received
- Counterfeit Card
- Lost / Stolen Card
- Account Takeover

### **Other Loss Classifications**

#### **Losses Attributable to:**

- Phishing
- Third-Party Data Breaches
- Skimming

## **ATM**

(as basis points of withdrawals)

### **Major Fraud Categories**

- Card not Received
- Counterfeit Card
- Lost / Stolen Card
- Account Takeover

### **Other Loss Classifications**

#### **Losses Attributable to:**

- Phishing
- Third-Party Data Breaches
- Skimming



# Online Banking Fraud Reporting

- **Billpay, ACH, Wire**
- **Consumer vs. Nonconsumer**
- **Fraud Losses / Attempts Compared with Funded Transactions**
- **Fraud Losses / Attempts per Active Online Banking Customer**



# ACH Fraud Reporting

- **ODFI : ACH Origination Fraud**
- **Retail (consumer) vs. Wholesale (corporate) Accounts**
- **Corporate Account Takeover**
- **Fraud Losses / Attempts Compared with ACH Origination Volume**



# New Account Fraud Reporting

- **Tracking Fraud Losses Related to Accounts Opened Less Than 180 days**
- **Fraud Losses by Account Age**
- **Consumer vs. Small Business Accounts**
- **Losses by Account Opening Channel**
- **Losses by Transaction Access Channel**



# Loss Avoidance Reporting

*Loss avoidance is the prevention of a loss to the bank through use of internally or externally developed fraud filters or processes. Typically, the bank would take some action to secure its position, such as placing or extending holds on deposits, closing accounts deemed high-risk or fraudulent, refusing questionable transactions, returning confirmed or suspected fraudulent items to the depositing bank, and blocking ATM or debit cards.*

*Source: ABA Deposit Account Fraud Survey Report*

## Types of Fraud Covered

### ***Currently***

- **Check**
- **New Account Fraud**  
*(account not opened or account closed for fraud)*

### ***To be added in 2012***

- **ACH**
- **Debit Card**
- **Mobile RDC**
- **Online Billpay**
- **Wire**





# Challenges

- **Consistency:** The group must be able to come to an agreement concerning the reporting definitions
- **Data Availability:** It may take a significant amount of resources for an FI to set up a system to capture data according to the definitions
- **Confidentiality:** Always of concern to FIs



# Challenges

- **Ability to collect data on total fraud exposure, not just fraud losses**
- **Ability to collect data on emerging threats (preventive vs. investigative)**
- **Ability to quantify the cost of fraud prevention**
- **Completeness of Data: Are fraudsters moving to nonbank, alternative payment channels?**



# Questions?

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