



Santander Payments Services

# Best Practices For Fighting Payment Fraud

Fraud is an ever-present threat in the payments business. Market research\* suggests that at least 70% of companies continue to be targeted by fraudsters, with Accounts Payable departments being particularly susceptible. Checks and electronic transfers, both of which are essential to companies' daily cash management activities, are the most prevalent payment methods subject to fraud.

- Check fraud is often perpetrated through theft of the original instrument, after which the checks' payees and/or amounts are altered by the fraudster. Checks can also be completely counterfeited, using high quality printers and paper, drawn on a company's disbursement accounts.
- Electronic Transfers fraud is typically conducted through a very common technique known as Business Email Compromise. In such cases, a perpetrator masquerades as a legitimate, familiar source – often someone with authority such as a Treasurer or CFO – and tricks recipients into acting on their instructions to wire money quickly to an unfamiliar beneficiary.

Improving internal controls and leveraging your bank's fraud prevention capabilities are key to mitigating this risk.

## ***Internal Controls to Manage Fraud Risk***

- Require dual authorization for payment origination, user entitlements and modifications to established payment information
- Implement alerts for any changes to payment data, staff entitlements or payment thresholds
- Carefully monitor online usage and account activity
- Conduct regular fraud risk training on how to spot common cyber threats, including phishing, ransomware and social engineering
- Establish escalation protocols for any activity that appears suspect

## ***Bank Solutions Effective at Fighting Fraud***

- ACH Positive Pay, including filters and blocks to allow only transactions that meet your criteria
- Check Positive Pay to ensure only those checks authorized in your issue file are paid
- Check Blocks to prevent fraudulent checks from posting to specific accounts
- Digital check solutions that deliver check payments electronically, greatly reducing the risk of theft or alteration of paper checks

\*2022 AFP Payment fraud and control report.