

Institutional Fraud Awareness

— *Where your organization may be at risk*



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Social Engineering

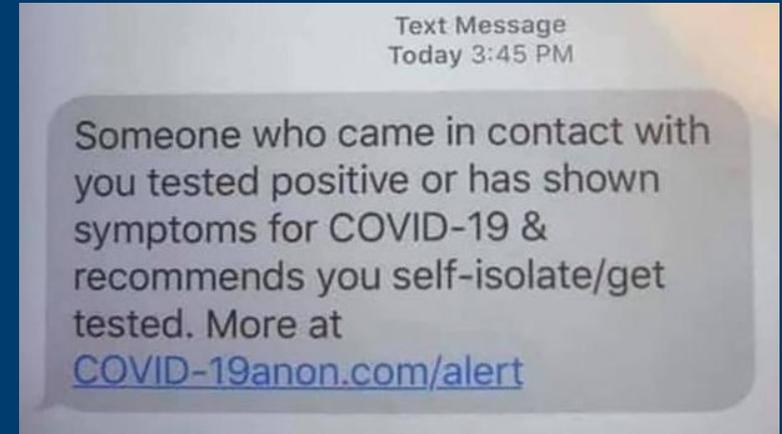


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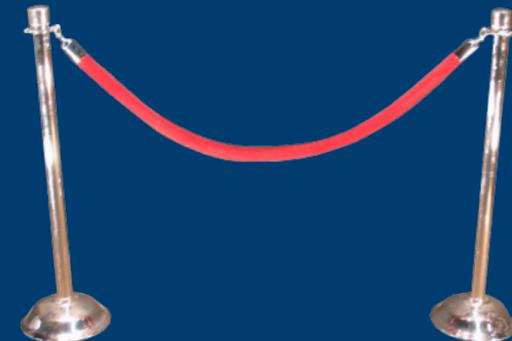


Think of your
personal information like
your toothbrush.
Don't share it.

What is social engineering?



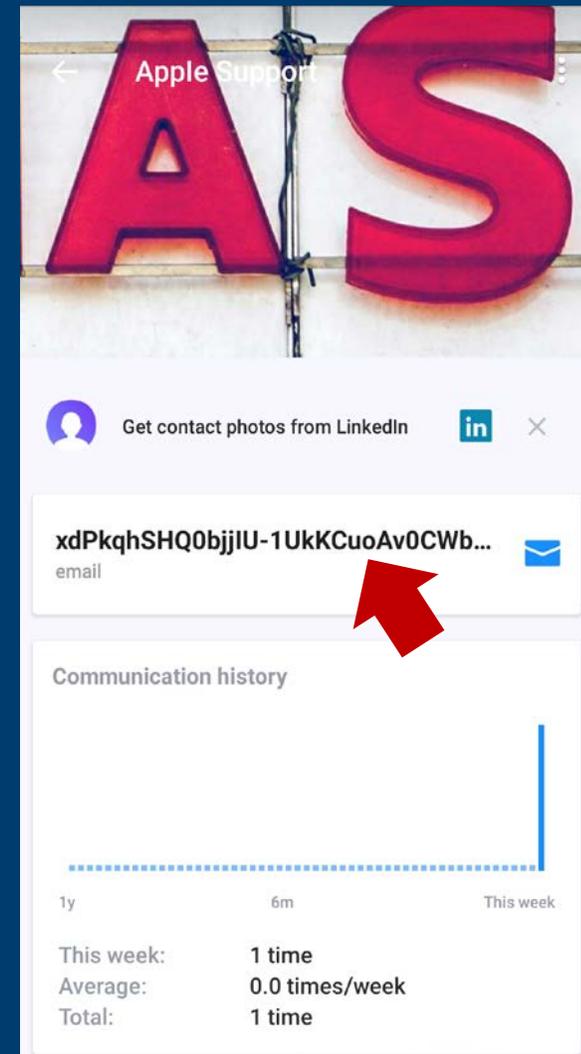
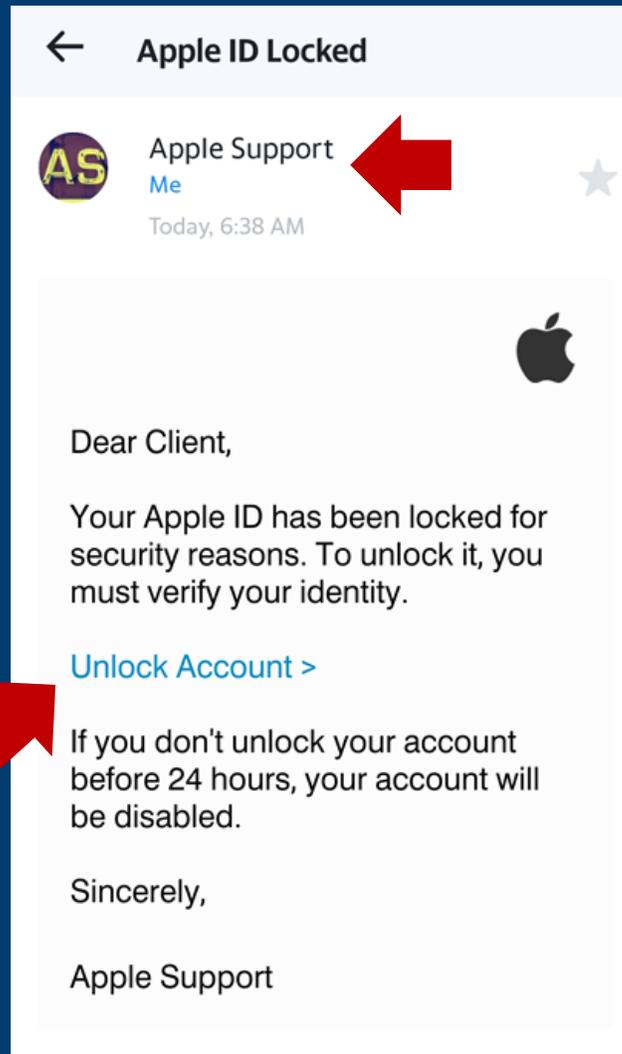
I CAN'T SLEEP
I HAVE
FOMO
(FEAR OF MISSING OUT)



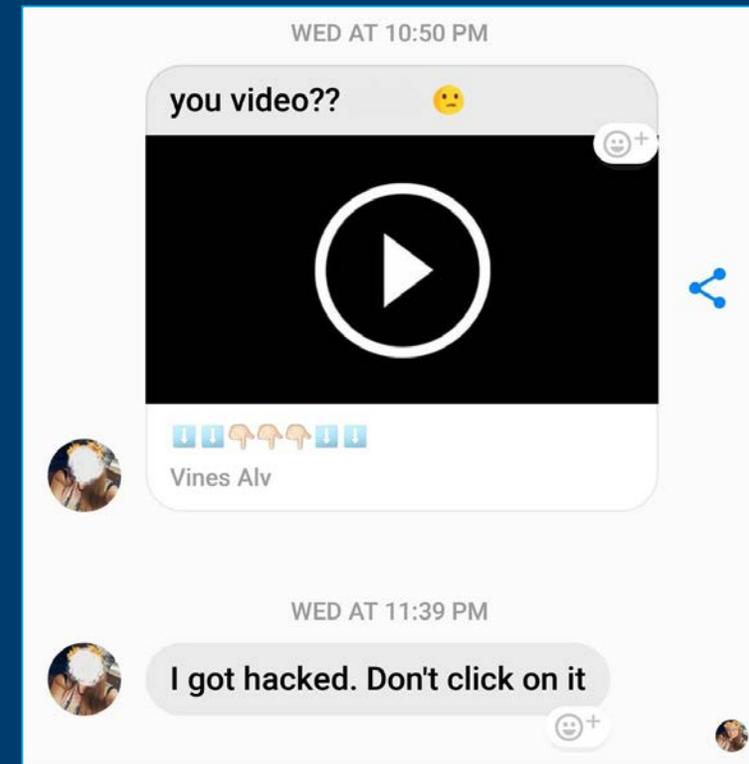
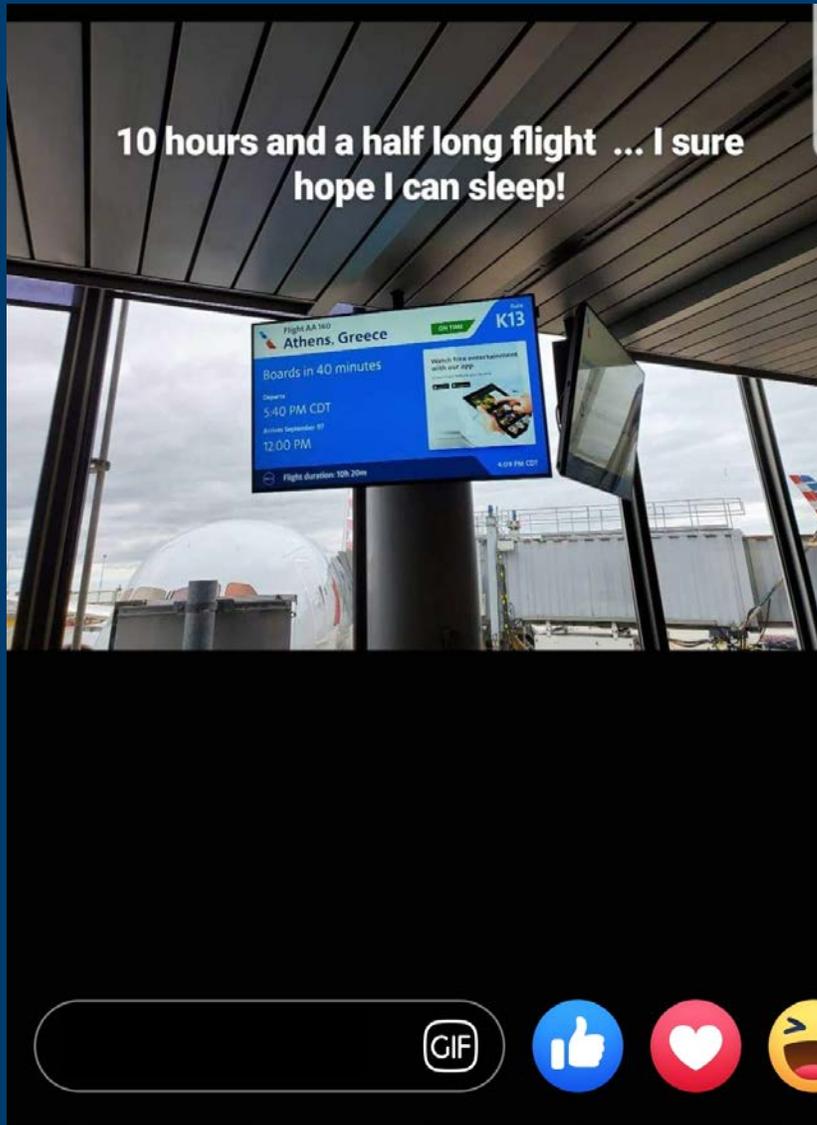
Phish in the wild



https://89.163.227.249/click.html?r-r55FUcWEARgAgHAWHcHWXf5HcgERqc/t|XsfqyzoZc84JT|k|_W6JP|7Zqmqlq|7Z1mr eGirenIqNnU4NtVScEoVoH|gcMh2SMhiT91822
Click to follow link



Online and offline



A reel cautionary tale



AML / Corporate Risk



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Fraud Triangle

THE FRAUD TRIANGLE

Pressure
Motivation or Incentive to
Commit Fraud

Rationalization
Justification of Dishonest
Actions



Opportunity
The Knowledge and Ability
to Carry Out Fraud

The Fraud Triangle by Donald R. Cressey

“Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property.”

Donald R. Cressey, *Other People's Money* (Montclair: Patterson Smith, 1973) p. 30

Pandemic – Pressure & Opportunity Increasing

- Pressure
 - Escalating unemployment
 - Potential economic contraction
 - Medical costs
- Opportunity
 - Increased digital coordination/communication
 - Changes in process/procedure to accommodate pandemic
 - Macro-economic changes

The Confluence of AML, Fraud Operations, & Cyber Security

- Fraud – predicate crime to money laundering
 - Suspicious Activity Reporting requirements
 - Identification of Perpetrators
 - Digital fingerprints
 - Victim or Accomplice?
- Key Considerations
 - Common vernacular
 - Clear responsibilities between teams
 - Access to data to key parties
 - Coordination on fraud events/incidents
 - Reinforce good control discipline

ACH / Check Fraud



Terry Watson

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ACH Fraud

- ACH Fraud is the use of the Automated Clearing House network to perpetrate fraud.
- All that is needed is the ABA routing number and an account number.
- According to NACHA over 23 billion in ACH payments were made in 2018.
- 24 hour window to return a business ACH/60 days for a personal account

Fraud Prevention Tips:

- ✓ Use Online Banking tools to monitor an account
- ✓ Review statements
- ✓ ACH Filters
- ✓ Awareness on phishing and social engineering

- According to the ABA 2019 Deposit Account Fraud Survey
 - Fraud against bank deposit accounts amounted to \$25.1 billion in 2018, up from \$19.1 billion in 2016, according to ABA estimates.
 - \$2.8 billion in losses to the industry and \$22.3 billion in fraud prevention, i.e., fraudulent transactions that were stopped by banks' prevention measures.
 - In 2018, check fraud accounted for 47 percent or \$1.3 billion of industry deposit account fraud losses.
 - Compared with the last survey results, industry fraud losses from debit cards decreased slightly/remained stable. However, losses increased for both check and electronic channels.
 - Survey respondents rated customer victimization scams (e.g., fake check scams, Internet job scams, lottery scams), phishing emails and business email compromise (BEC) schemes, social engineering (including recruitment of money mules via social media), elder financial abuse, and ATM/gas pump skimming as the leading risks to the industry and its customers in the next 12 months.

Check Fraud

- Trends –
Deposit/Counterfeits/
Altered/Forgeries

Fraud Prevention Tips:

- ✓ Online Banking tools to monitor an account
- ✓ Review statements
- ✓ Notify bank asap
- ✓ Dual Control for reconciling
- ✓ Positive Pay
- ✓ Paper Draft Block
- ✓ Awareness on phishing and social engineering

Q&A



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