

OrboNation Newsletter: Check Processing and Fraud May 2024



Check Fraud Accounts for Nearly 20% of SARs Filings in 2023

Thomson Reuters reports that the number of suspicious activity reports (SARs) — the documents that financial institutions must file with the federal government's Financial Crimes Enforcement Network (FinCEN) upon detection of behavior by employees or customers that may be associated with money laundering, fraud, or other types of criminal activity — is steadily rising.

This is significant because SARs is regarded as one of the most accurate measures of the prevalence of financial crime in any given year in the United States.

Jacob Denman of Thomson Reuters goes on to note that even areas of fraud that declined slightly in 2023 -- check fraud, for instance -- will likely maintain a steady pace into 2024 as well. "Honestly, it's hard to see how check fraud could go any higher," Denman said, but he concedes that it might.

While the number of check-fraud SARs fell just a bit in 2023 to 665,505, even that number is shocking, Denman says.

"Check fraud accounts for almost 20% of all SARs filed," Denman says. "And if you consider that more than half of all SARs are filed by the top five or six banks in the country, and those banks are getting hit close to 100,000 times a year — that's nuts."

[Read the full article →](#)



OrboGraph Announces Successful Check Fraud Roundtable and Innovation Conference

Highlights Include Check Fraud Trends, SARs Analysis, OrboAnywhere Sherlock 5.3, and Deposit Fraud

Burlington, MA, May 23, 2024 – OrboGraph, a premier supplier of check processing automation and fraud detection software and services, reports successful Check Fraud Roundtable and Innovation Conferences on May 14-16, 2024, at the Hilton Tampa Downtown. These two distinct meetings brought together check fraud professionals from financial institutions and representatives from leading fraud solution providers and service bureaus. The conferences addressed ongoing on-us and deposit fraud challenges and presented solutions including the latest features of OrboAnywhere Sherlock 5.3.

"The OrboGraph Check Fraud Roundtable and Innovation Conferences provided a unique opportunity to bring together financial institutions, fraud technology vendors, and services bureaus to discuss ever-changing on-us and deposit fraud challenges, while also receiving invaluable feedback from our clients/partners to improve upon our technologies," said Barry Cohen, CEO at OrboGraph.

[Read the full press release →](#)



Embracing Data Consortia to Prevent Payments Fraud

PYMNTS.COM reports on Tech Against Scams is a newly announced anti-fraud consortium that includes crypto companies Coinbase, Kraken, Ripple, and Gemini; dating app business Match Group; social media parent company Meta; and the Global Anti-Scam Organization. The consortium...

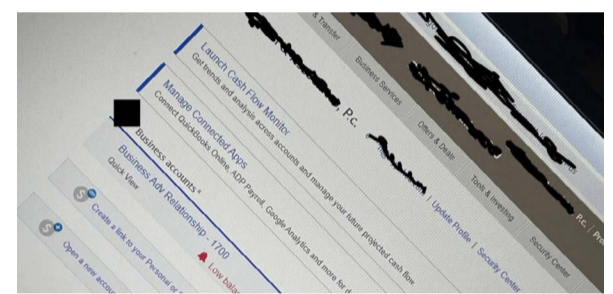
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Collapse of Synapse Highlights Need for Neobanks and Traditional Banks to Choose Stable Partners

The American Prospect features a rather alarming story illustrating the higher risk faced by neobanks as compared to conventional financial institutions, and the dangers for FIs partnering with unstable companies. Because so much fintech...

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Be Aware: Fraudsters Are Opening LLCs to Commit Check Fraud

We all are aware of check washing/alterations and how effective this method is for stealing funds. However, the success rate is not guaranteed, particularly when it comes to business checks. More and more businesses are adopting payee positive pay solutions to fight back against fraudsters...

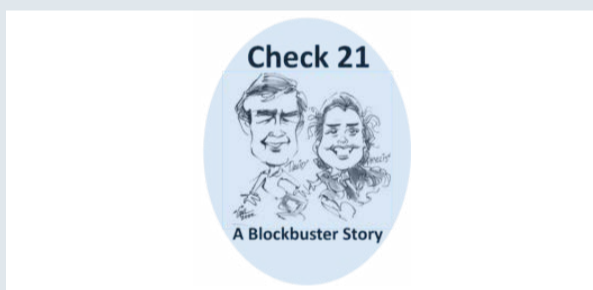
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Check Fraud Detection at the Dawn of the '80s vs. Today

An interesting artifact from way back in the '80s depicts a fraudster's-eye view of the techniques in play a little over 40(!) years ago. The film follows a smooth character who has decided, for some reason, to share with the viewing audience his bag of state-of-the-art (circa 1979) tricks for check fraud...

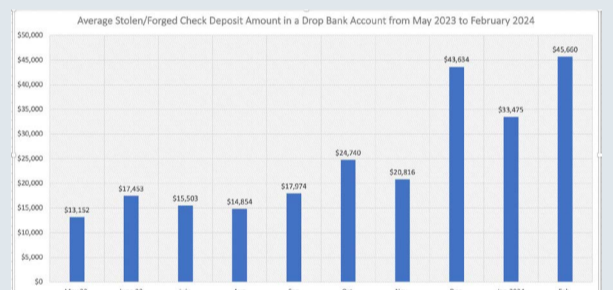
[Watch the video and read the full article →](#)



eBook: Check 21 – A Blockbuster Story

The Check Clearing for the 21st Century Act or aka Check 21 is perhaps the most important event for checks in history. It was signed into law on October 28, 2003, and became effective on October 28, 2004. Check 21 is a federal law that is designed to enable banks to handle more checks...

[Read the article and download the eBook →](#)



Establishing "Drop Accounts": More Than Opening an Account

Many in the banking industry as are aware of one tool that is crucial to a fraudster: drop accounts. For those who are not as familiar, this is an account that fraudsters will utilize to deposit -- or drop -- fraudulent checks to steal funds from businesses and consumers. While there are many variations of drop...

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FBI Investigates Corruption Allegations — Including Forged Checks — Against Illinois Mayor

Unfortunately, politics and corruption seem to go hand-in-hand. The US is ranked number 24 out of 180 nations in terms of political corruption worldwide according to Transparency International -- we have certainly seen that there are some people...

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AI Set to Transform Open Banking Landscape? Not Without Fintechs!

The amount of banks are not operationally ready to participate in and implement open banking is as high as 75%, according to the latest Digital Banking Experience (DBX) report released by Sopra Steria and Sopra Banking Software, and as reported by The Fintech Times. And, while many banks...

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Bad Actors: Not Always Outsiders

We have in past posts related some pretty alarming tales of postal theft and efforts to stop it. Now there's news of an elaborate and ongoing "inside job" series of postal thefts in Rhode Island recently uncovered. A supervisor and six workers collaborated to remove mail from a USPS distribution...

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Over Half of All FIs Plan ML and AI Deployment to Combat Fraud

According to PYMNTS Intelligence's "Leveraging AI and ML to Thwart Scammers," a report created in collaboration with Hawk, a growing number of financial institutions (FIs) are deploying machine learning (ML) and artificial intelligence (AI) tools to fight back against fraud. And with good reason...

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Bank Earning Reports Spotlight Progress in Digital Payment Adoption

PYMNTS.com reports that the observed shift toward digital channels in financial services shows no signs of slowing down as reflected in latest earnings results from incumbent banks and financial services providers.

During the first quarter, Bank of America...

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Podcasts: Check Fraud is a Growing Business...Positive Pay is Only PART of the Solution

Less than five years ago, check fraud was a niche topic, with very few outside the banking industry really understanding the in's and out's of check fraud. Well, fast-forward to the present and media across the country are covering the topic -- from news stations to podcasts...

[Listen to the podcast and read the article →](#)

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