

# SafeAlert®



A loss control advisory from the ABA-sponsored insurance program underwritten by Progressive

## Heighten Awareness of Potential Fraud This Holiday Season

Community banks are increasingly reporting “crooked bookkeeper” claims: the bank’s commercial customer discovers that a trusted employee - often the bookkeeper - is embezzling funds through unauthorized payments, internet banking transactions, or check fraud. Despite being negligent in not personally reviewing monthly statements to detect suspicious activity, the customer typically tries to deflect responsibility for the loss to the bank.

*Explain to your staff that fraud increases during and immediately following the holiday season as people become stretched financially.*

In the current economy, we anticipate a continued increase in this type of fraud, particularly during and immediately following the holiday season. Almost universally, the perpetrator does not plan to defraud the company, but intends to simply “borrow” the funds and repay them once a personal financial or health crisis has passed. The borrowings then escalate and become self-perpetuating, as the employee finds himself immersed in an even more severe predicament.

Protect your bank and your customers by heightening awareness of potential fraud this holiday season:

- › Explain to your staff that fraud increases during and immediately following the holiday season as people become stretched financially. Even the most trustworthy individual may unintentionally become a perpetrator by “borrowing” from an employer or family member.
- › Reiterate to customers the need to oversee financial transactions and review monthly statements, particularly if they entrust their bookkeeping to an employee.
- › Review fraud detection policies and procedures with employees and reiterate the importance of following these procedures. Retrain both front-line and back-office staff on signature verification procedures and how to detect a counterfeit or altered check.
- › Impress upon employees the importance of reporting any suspicious behavior or unusual transactions, even those involving long-term customers. Make sure that there is a “go to” person with whom employees can consult.
- › Apply the same scrutiny to your employees, who may also be feeling financial pressures. Ensure that segregation of duties is upheld throughout the bank, that all accounts are reconciled by an individual who does not have access to the accounts, and that employees are encouraged to report any suspicious transactions or behavior.

For more information about preventing fraud, contact Judi Kovach, Loss Control Manager, at (800) 274-5222.