

Don't Become a Statistic: Protect Yourself from Check Fraud

Payment fraud is insidious. It chips away at corporate profitability, jeopardizes your reputation, consumes staff time with remediation, and puts your business' viability at risk. Businesses have too much at stake to leave themselves vulnerable to soaring payment fraud.

Paper checks represent the lion's share of financial losses from payments fraud.

According to the 2022 Association for Financial Professionals Payments Fraud and Control survey¹, 71% of organizations reported having been victims of payments fraud activity in 2021.

Organizations must remain vigilant against fraud. It's more important than ever that business departments assess whether their payment methods protect them from a fraudulent attack. Skilled fraudsters can hijack the funds from all payment types, but checks are more vulnerable to fraud because they contain valuable information that can be easily forged or stolen.

Industry experts say check fraud was up 106% because of the pandemic while check volumes only rose 8%². Experts attribute several factors to the uptick in check fraud during the pandemic, including the end of stimulus checks, social media, new accounts scams, mail theft, and aging technology³.

Nonetheless, check fraud is no new phenomenon. From 2016 to 2018, attempted check fraud nearly doubled to \$15.1 billion and accounted for 60% of attempted fraud against deposit accounts at U.S. banks⁴. Further results from this study showed that successful check fraud made up 47%, or \$1.3 billion, of banks' fraud losses, up from \$789 million in 2016. Despite their risks, check remains the most popular payment method for business-to-business (B2B) payments, and as of 2020, 42% of companies used checks for B2B payments⁵.

Although there is always a risk of fraud when paying with a check, there are several ways to keep your organization safe:

Lock your checks away: Keeping checks locked in a secure location makes it harder for them to end up in the hands of the wrong person.

How you write the check matters: You should never write a check with a pencil because fraudsters can easily erase information, and it's also important to consider the type of ink you use. Writing a check in pen is critical, but the color and style of ink also matter. You should opt for a black gel pen instead of a ballpoint pen to prevent "check washing" or the removal of information from your check.

Be diligent when writing a check: Always specify a recipient and fill out every section on a check to make sure fraudsters cannot fill out any additional information.

Security envelopes: When mailing a check, security envelopes add an extra layer of protection by hiding sensitive information.

Never mail a check from your business or home: One problem people face is that checks are being stolen once they are mailed and then cashed by a fraudster. Although it is more convenient to send a check directly from your business or home, dropping a check inside the Post Office is one way to lower the chances of a fraudster intercepting a check and cashing it. Even if they are locked, do not use outside mailboxes because thieves can break into them. If you cannot make it to the Post Office, handing a check directly to a mail carrier is the second-best way to avoid a fraudulent attack.

Monitor your accounts and check for suspicious activity: After you mail a check, it is important to monitor bank accounts and report any suspicious activity.

Utilize Positive Pay: Positive Pay is an automated cash-management service companies use to deter check fraud. Banks use Positive Pay to match the checks a company issues with those presented for payment. Any check considered suspect is sent back to the issuer for examination.



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Payments fraud is always a concern for AP practitioners, and labor shortages combined with heavy staff turnover within business and finance offices continue to add to that stress. Securing how you pay your vendors can alleviate some of that worry. In addition to saving your money by eliminating the costs associated with paper checks, Paymerang's world-class automation solution safeguards payments and helps keep bank accounts safe from fraud.

Additionally, by implementing Paymerang, partners are paired with a payment solution provider that offers white-glove services. The internal security teams employed by Paymerang prevent hundreds of fraud attacks against their clients, saving millions of dollars each year.

¹2022 AFP Payments Fraud and Control Survey

²Jake Emry, Nice Actimize Solutions fraud expert

³Frank on Fraud: Check Fraud is Booming Again in a Post-Pandemic US

⁴American Bankers Association's 2019 Deposit Account Fraud Survey Report

⁵2020 AFP Payments Fraud and Control and Control Survey

