

THE IMPACT OF WIRE FRAUD LOSS BY THE NUMBERS

Anatomy of Wire Fraud

Criminal steals bank customer's banking credentials



Initiates fraudulent wire transfer request



Bank receives what appears to be legitimate instructions from a customer



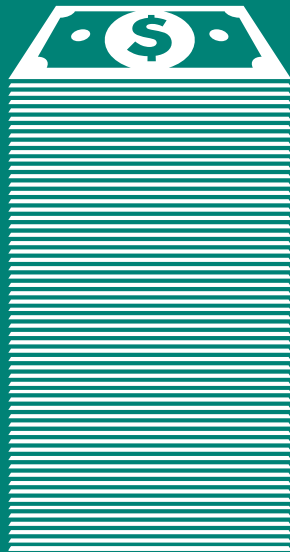
Bank wires funds to crook's bank account



What are the facts?

- In 25% of reported incidents, the bank did not perform a call-back verification
- Banks were only able to recall 15% of fraudulent wire transfers
- 33% of wire transfer fraud losses were initiated by an email request

What is the cost?



**MORE THAN
\$50,000,000**

has been incurred by Insureds in wire fraud losses since program inception

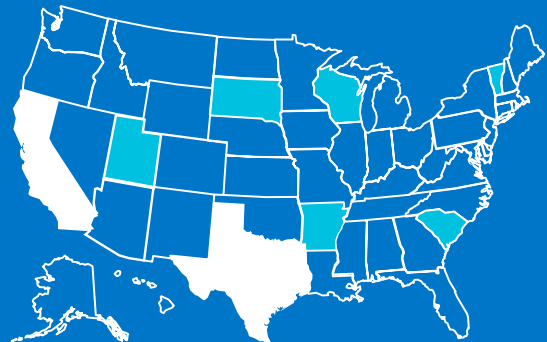
**MORE THAN
\$15,000,000**

of those reported losses were sent overseas

\$260,000

is the average amount of a wire fraud loss

Where is it being reported?



California Banks in California experienced the highest number of fraud losses, followed by Texas

Arkansas, South Carolina, South Dakota, Utah, Vermont and Wisconsin have never reported a wire fraud claim

What is a bank's best defense to prevent fraudulent wire transfer loss?

Know Your Customer

- Has the customer ever wired or requested to wire money?
- Is this a typical account behavior or pattern? Scrutinize requests that appear atypical.

Follow Verification Protocol

- Establish verification procedures with the customer before the first wire is made.
- Wire verification, such as a call-back, on every transfer request is critical.
- Be wary of phone, fax or email requests to change previously agreed upon verification procedures.

Educate Frontline Staff

- Is this an international transfer? Fraud is more common with these requests.
- Encourage staff to ask questions, and bring suspicious or unusual activity to a supervisor's attention.

Source: ABA Insurance Services' financial institution program statistics, experience and data, 1987 - current.

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