

Your Business is at Risk for Check Fraud.

74%

Did you know that business check fraud is the **number one form of payment fraud and affects 74% of organizations?**
Reduce your risk with modern solutions.

Prevent Business Check Fraud with Modern Solutions.

The myth that check printing is dead is not reality. And, if you're reading this, there's a solid chance you still print checks. A full 95% of business leaders state that checks are still their number one choice for making payments.¹

Business check fraud is a legitimate risk to any small business, enterprise organization, or even financial institution writing checks. **Yet, most businesses do not have the proper solutions in place for check fraud prevention.**

95%

The Unrealized, Widespread Threat of Check Fraud.

While 70% of those same business execs said they were concerned with the cybersecurity risks of online banking portals, less than 10% cite management of check fraud as valuable.

?!?! WHAT ?!?!

70% Concerned with Cybersecurity Risks

10% Concerned with Check Fraud Risk



During industry conferences this year, we've been asking attendees about their check fraud knowledge. **The results show a resounding lack of awareness** that check fraud even exists in a business environment. **Yet, 74% of organizations, across the U.S., experienced check fraud** last year with no sign of decline.²

That means businesses need to be more proactive to help prevent loss before it occurs.

The loss associated with check fraud is multi-faceted. **Financially, the loss costs between 0.5% and 1.5% of total revenue.** You must also consider the impact fraud has on employees and consumers who could lose faith in your organization, reflecting poorly upon your brand reputation.



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Have You Considered Insider Risks?

The threat is not just worrying if vendors or end users are **altering checks; internal controls, and checks and balances**, are mission critical to a proactive solution. Misappropriation of assets represents 89% of occupational fraud and 12% of that is check and payment tampering.³ Over the course of 24 months (the average length of a scheme before it's caught) businesses stand to lose upwards of \$150,000.

Small businesses are at a greater risk (22%), compared to only 8% of companies with over 100 employees. Not surprisingly, the departments committing check and payments fraud are the folks who have the most access to payment solutions.



In 32% of cases, lack of internal controls made it easy for check and payments fraud to be committed. The ability to override set protocols was to blame 18% of the time.

Part of the problem is that businesses are actually backing off from investments in internal controls that could prevent fraud.⁴

- PYMNTS.com

This further confirms the lack of awareness for check fraud. Businesses recognize the need for tighter cybersecurity due to constant awareness and news commentaries about breaches and data theft. While much of the check fraud news comes from consumer-related fraud, not B2B.

Digital Technology = Less Checks, Right? Which Means Less Check Fraud, Right?

There is belief among companies, and some consumers, that paper checks are dead. So, when planning security solutions, executives are dismissing check and payment security as a risk... because if digital technology is replacing checks, that means less checks, which means less check fraud, right?

With the continued proliferation of online and mobile banking and the phased, yet inevitable adoption of EMV, check fraud looks all the more attractive - especially to those who have specialized in this type of fraud in the past.⁵

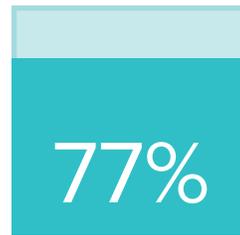
- Advanced Fraud Solutions

NO!

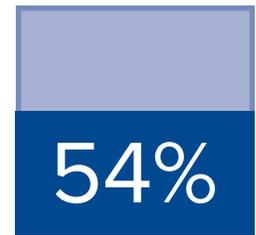
Check fraud is becoming easier due to lack of awareness and security measures in place.

And, print isn't going anywhere anytime soon. Interestingly, **77% of millennial decision makers believe that print will still be important in 2025**, compared to just 54% of business execs aged 45-54. This group thinks that important documents should be printed and are more durable than their digital counterparts.⁶ Whether that sentiment is passed along to checks and payments over the next few years remains to be seen.

But, we're already seeing **double-dipping on mobile check deposits** as users are depositing the check electronically and taking it to the bank to deposit in person. And, if they alter a check then deposit it via mobile, it may be more difficult to detect any alterations to that document.



Millennials



Age 45-54



What are Your Next Steps?

Whether you run a financial institution, a university, a small business, or a large enterprise, the first step is to **assess your current check and payment workflow process**. Start at the first step and move clear through the end. Take notes and really inspect potential gaps that could be leaving your company exposed.



If you're printing checks on preprinted stock, burn any remaining stock and make the switch to plain paper, high security check stock. Okay, maybe burning the leftover is a bit extreme, but we don't want you to just throw it away. Make sure it's shredded by a reputable security company. **The risk with preprinted stock is a large liability**. With preprinted stock, make sure you have locks and solid chain of custody protocols, along with the proper checks and balances, to protect theft of the stock.



Check fraud continues to be the most common type of payment fraud, as paper checks remain a commonly used method by businesses. Fraudsters can acquire unsecured check stock directly from the business or intercept mail to get a check that they will chemically wash to alter the payment information.⁷

- Huntington. Practical Insights

Assess your printer and the toner used. Are you using a reliable MICR printer, or just an off the shelf laser printer with no additional security? What about the toner; is it MICR toner and if so, **does it have anti-tamper technology?** Consider your software; does it have positive pay and auditing/reporting functionality? Does your software and printer allow you to print additional anti-copy, anti-alteration watermarks? Are digital signatures locked down for access only by authorized personnel?

If you run a financial institution, **are your customers protected from their checks being altered?**

"Check security - especially for your high value, loyal check writers - is very important to guarantee customer satisfaction and protect your financial institution's bottom line."⁸

The Key to Preventing Business Check Fraud is Modern, Secure Solutions.

We were floored when we realized the lack of awareness for check fraud. Research is showing that resources are being put toward cybersecurity and protecting digital assets. Due to the lack of check fraud knowledge, checks and printed payments are under attack. **Fraudsters, those who have been specializing in check fraud for years, are having an easier time due to lack of security controls.**

Companies are also losing sight of the risks which lie under their own roof. Again, due to lack of security and emphasis on protocols, internal risks are just as prevalent as external. Yet, most business executives are blind to these factors.

The explosion of digital technology isn't mimicking a reduction in checks, nor a decrease in check fraud. Your mission is to start with a complete assessment of your process and identify where security gaps are putting your organization at risk.

After your assessment, **the key is to implement modern, secure solutions.** The risk of check fraud is manageable and can be minimized with the proper partner to guide you.

We're on a mission to help reduce check fraud. How can you help?

Learn more about the complete check printing solution.

Infographic

bit.ly/2v9CA0H

Help us raise awareness by sharing this information with your coworkers, risk and compliance teams, and any local business partners you have.



Let Us Be Your Partner to Prevent Check Fraud.

About TROY

Celebrating its 55th anniversary this year, TROY Group, Inc. continues to be a globally recognized leader in MICR solutions and security printing. As an HP Gold Solutions Partner, TROY is the only company in the world authorized to enhance HP printers and consumables for use in secure printing workflows. TROY manufactures patented MICR Toner & Inks in its ISO 9001 certified factory, adhering to the tightest quality tolerances. In 2017 alone, TROY toner was used to print over 5 billion checks. TROY offers a total check printing solution, including MICR printers, MICR toner, software, security check stock, digital signatures, security fonts and post-sale services.



¹ Executive Opinions on Digital Banking and the Changing Payments Landscape. J.P. Morgan. Accessed 11 July 2018.

<https://commercial.jpmorganchase.com/pages/commercial-banking/executive-connect/trends-digital-business-banking>.

² 2018 AFP Payments Fraud and Control Survey Report. J.P. Morgan, April 2018. Accessed 23 April 2018.

<https://commercial.jpmorganchase.com/jmpdf/1320745402134.pdf>.

³ 2018 Report to the Nations. Copyright 2018 by the Association of Certified Fraud Examiners, Inc. Accessed 25 May 2018.

<https://s3-us-west-2.amazonaws.com/acfe-public/2018-report-to-the-nations.pdf>.

⁴ Breaking Down The Data Behind Record Levels Of B2B Payments Fraud. PYMTNS.com. April 14, 2017. Accessed 25 May 2018.

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⁵ Blame Chip and Pin and Mobile Banking: Check Fraud is Here to Stay. Advanced Fraud Solutions. Accessed June 29, 2018.

<https://www.advancedfraudsolutions.com/white-paper-check-fraud/>.

⁶ Fernandes, Louella. Print 2025 Spotlight: Millennials Matter. July 10, 2018. Accessed July 13, 2018.

<https://www.print2025.com/millennial-decision-makers-attitude-print-workplace/>.

⁷ Practical Insights: Business-to-Business Payment Fraud. Huntington. 2018

⁸ Nikitas, Stephen. Checks, Endorsed: Why Check Writers are More Important (and Valuable) Than Ever.

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<https://info.bai.org/executive-report-fraud-cybersecurity.html>.