Fraud Mitigation for the Win

By Tina Giorgio, ICBA Bancard, President & CEO

I recently came across a *Harvard Business Review* piece titled, “[Do You Play to Win—or to Not Lose?](https://hbr.org/2013/03/do-you-play-to-win-or-to-not-lose)” At the surface level, these choices seem like the same thing, but the article goes on to discuss that the difference lies in individual motivation. Simply put: If you’re playing to win, you’re taking advantage of opportunities; if you’re working to “not lose,” your focus is on preventing the other team from dominating.

In banking, a lot of times, we err on the side of “not lose.” And that reaction is justified. For example, the newly released [2017 Financial Institution Payments Fraud Mitigation Survey](https://www.minneapolisfed.org/about/what-we-do/payments-information) from the Federal Reserve Bank of Minneapolis revealed three out of four FIs experienced fraud losses in 2016, and 96 percent of debit card issuers faced card fraud losses. What’s more, 63 percent of banks reported increased fraud loss over 2015.

With fraud continuing to rise, losses growing, and new types of attacks emerging, sometimes it feels like we need to lock down our vaults and throw away the keys. But if we do so, we cease to improve our game and strengthen our competitive edge. So, in this mode of prevention, how can we, as community bankers, switch our focus from losses to wins?

To me, the answer rests in how we protect our house. It’s the systems we put in place to bolster our defense against fraudsters. And it’s in how we work with our partners.

For starters, having the right mix of multi-layered tools is a must. The Fed Minneapolis survey found that for debit and credit card transactions, 70 percent of respondents use seven of 11 fraud screening and scoring tools—yet they still suffered losses. Why? It may be because they don’t have the right mix of tools in play.

In addition, banks expect their customers to be their last line of defense. The Fed report concluded that there is “some reliance on customers detecting fraud when other methods did not block the transaction from occurring.” The problem with this? At this stage of the game, the fraud has already occurred.

Yet the solution is within our grasp. By working with trusted partners to assess our areas of vulnerability and recommend solutions to strengthen our infrastructure, we can lessen our reliance on the customer as a last-stop tool in combating fraud.

To that point, there are many reliable sources out there who can help banks better safeguard their systems and grow fraud detection programs. So, talk to your current providers and ask them to evaluate where there may be gaps in your protections. Research new entrants to the market to ensure you’re on top of the latest technology and how it responds to ever-changing attacks.

Reach out ICBA Bancard to learn about solutions that can augment existing channels, like its [new partnership with Cardinal Commerce on a card-not-present authentication tool](https://www.icba.org/bancard/news-events/news/2017/09/13/icba-bancard-to-offer-card-not-present-authentication-solution-through-cardinalcommerce). Take that next step to make sure you stay one step ahead of fraudsters.

All this goes to say, it doesn’t take an enormous investment to strengthen fraud protections. It just takes a shift in mindset—with the goal to play to win.