

IMPACT 2023

CORNERSTONE ANNUAL MEETING & COUNCIL FORUM

Fraud trends and how to fight them

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CO OP SolutionsSM

Three on-fire fraud trends burning credit unions

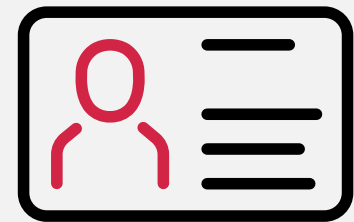
E-COMMERCE FRAUD



PHISHING, VISHING & SMISHING SCAMS



ACCOUNT TAKEOVER FRAUD



All digital, all the time

Card not present (CNP) and digital wallet fraud

\$5.7B

Last year, CNP fraud accounted for \$5.7 billion in fraud losses

70%

Approximately 70% of all fraud investigated by Co-op is CNP fraud

\$165B

CNP losses in the US alone will top \$165 Billion by 2032*

*Source: Nielsen

WHY?



Profound shift in consumer purchasing habits since COVID



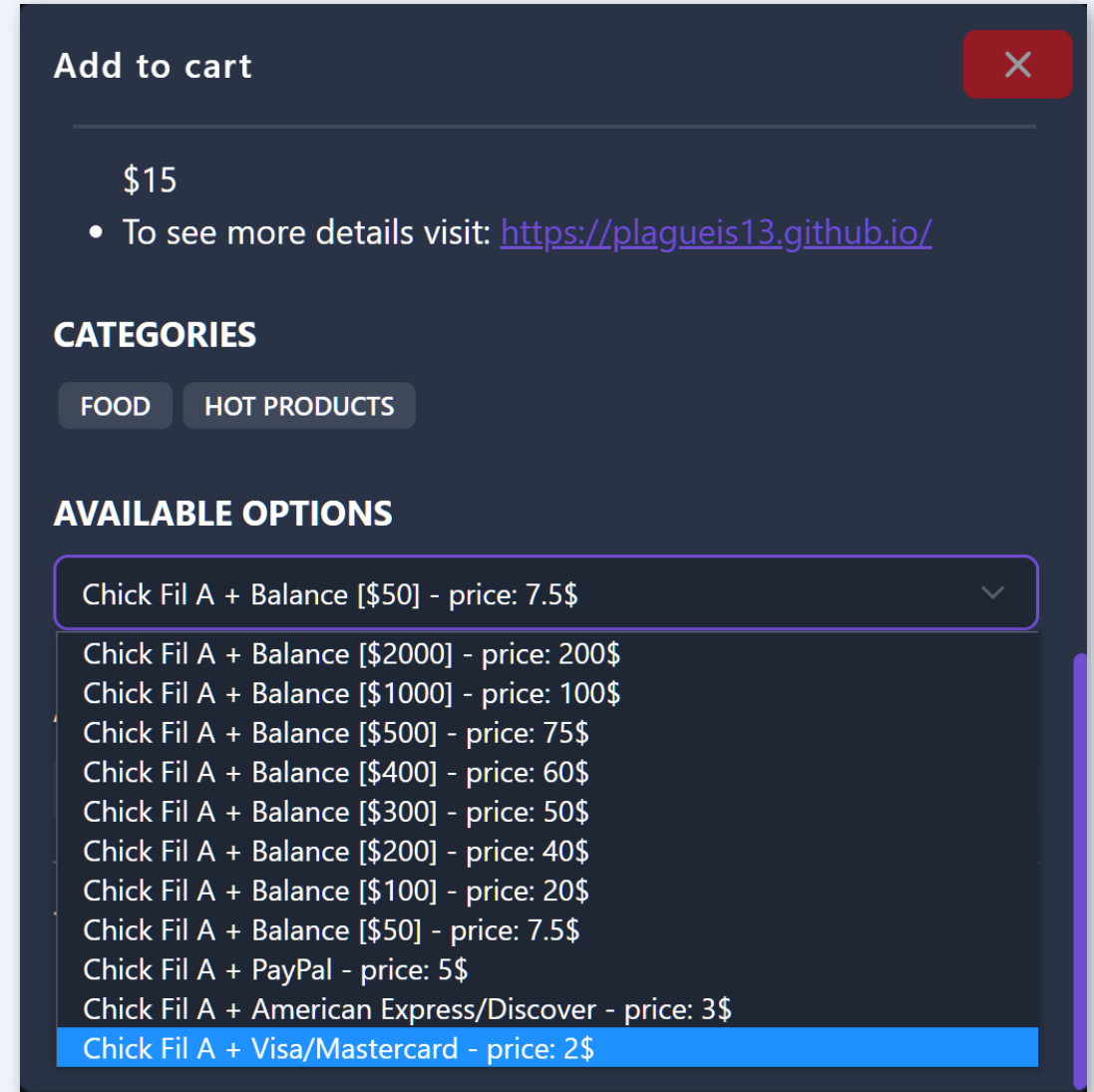
Missed steps in security due to rapid rollout of new payment systems

Source: Insider Intelligence

Fraudsters turn up noses at payments systems

Phishing, vishing and smishing scams

- Significant shift in the way attackers get to consumers' bank accounts
 - They are looking for data that can trick people in to handing over their account details
- Consumers expect their FIs to have their backs when they are stolen from
- P2P liability shift coming later this year with several consequences



The screenshot shows a dark-themed 'Add to cart' modal. At the top right is a red close button with a white 'X'. Below the title, the price '\$15' is displayed. A bullet point links to 'https://plagueis13.github.io/'. Under the 'CATEGORIES' section, there are two buttons: 'FOOD' and 'HOT PRODUCTS'. The 'AVAILABLE OPTIONS' section features a scrollable list of payment methods, each with a price. The last option, 'Chick Fil A + Visa/Mastercard - price: 2\$', is highlighted in blue.

Add to cart ✕

\$15

- To see more details visit: <https://plagueis13.github.io/>

CATEGORIES

FOOD HOT PRODUCTS

AVAILABLE OPTIONS

- Chick Fil A + Balance [\$50] - price: 7.5\$
- Chick Fil A + Balance [\$2000] - price: 200\$
- Chick Fil A + Balance [\$1000] - price: 100\$
- Chick Fil A + Balance [\$500] - price: 75\$
- Chick Fil A + Balance [\$400] - price: 60\$
- Chick Fil A + Balance [\$300] - price: 50\$
- Chick Fil A + Balance [\$200] - price: 40\$
- Chick Fil A + Balance [\$100] - price: 20\$
- Chick Fil A + Balance [\$50] - price: 7.5\$
- Chick Fil A + PayPal - price: 5\$
- Chick Fil A + American Express/Discover - price: 3\$
- Chick Fil A + Visa/Mastercard - price: 2\$

Impersonation is getting easier

Account takeover fraud



Analysts expect ATO fraud to increase for four reasons:

1. Digital adoption continues to increase for consumers and retailers
2. Vulnerable passwords continue to be the go-to authenticator
3. Fraudsters are patient
4. Impersonation of legitimate account holders is getting even easier with the democratization of deep fake technology

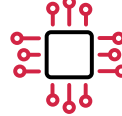
How to battle back

Layers enable agility





HUMANS ARE GOOD AT...



MACHINES ARE GOOD AT...

The smell test



Scale



Great member experience

Finding the red needles



Efficiency



Fewer financial losses

Feeding the models



Cost reduction

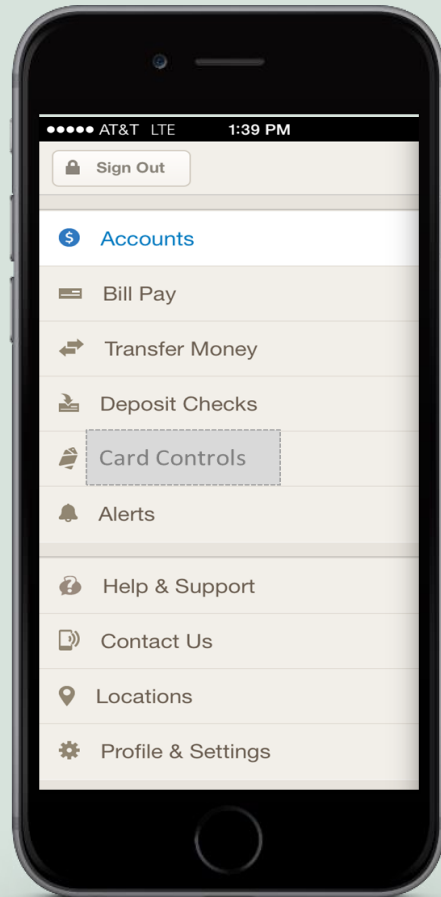
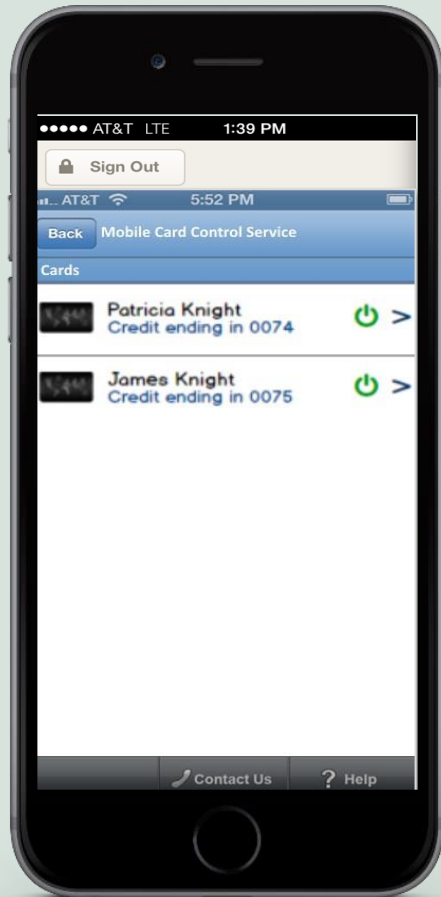


Happier fraud fighters

Cardholder education



FRAUD BUZZ



Self-service fraud fighting tools

Layered rules

EMV 3DS OTP





Layers of the future

Tech to keep an eye on

Questions?





Make every experience matterSM

Thank you!

Nicole Reyes



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