Fighting Fraud in the Age of AI Scams

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Presenters

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Agenda

- The State of Fraud
- Common Fraud Attacks
- How to Protect your County
  - Technology / Team / Training
- AI Scams
- How to protect your County from AI Scams

The State of Fraud

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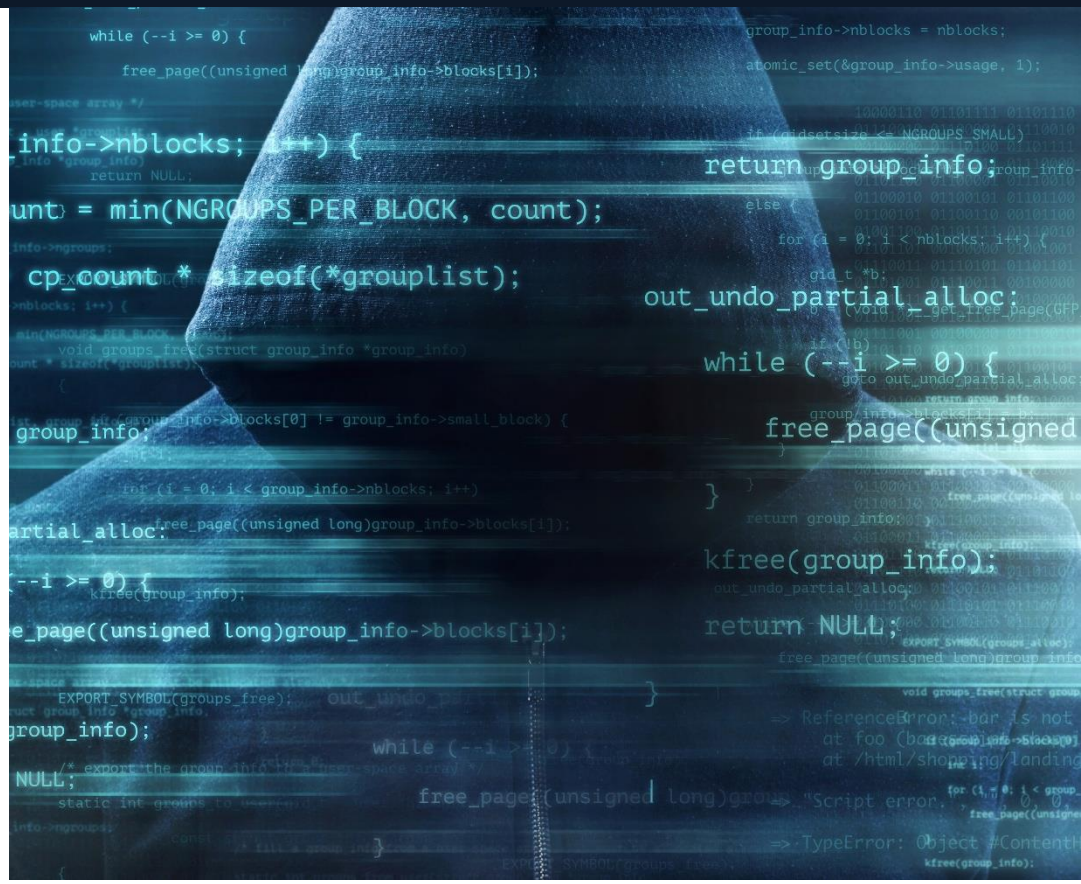
Fraud: It's not "if," it's "when"

An average of 80% of organizations are victims of payments fraud attacks every year.[1]

Fraud attacks and technology are always evolving. The 2024 Internet Crime Report[2] details losses exceeding $16 billion — **a 33% increase in losses from 2023.**

Do you know what you're up against?



Common Fraud Attacks:

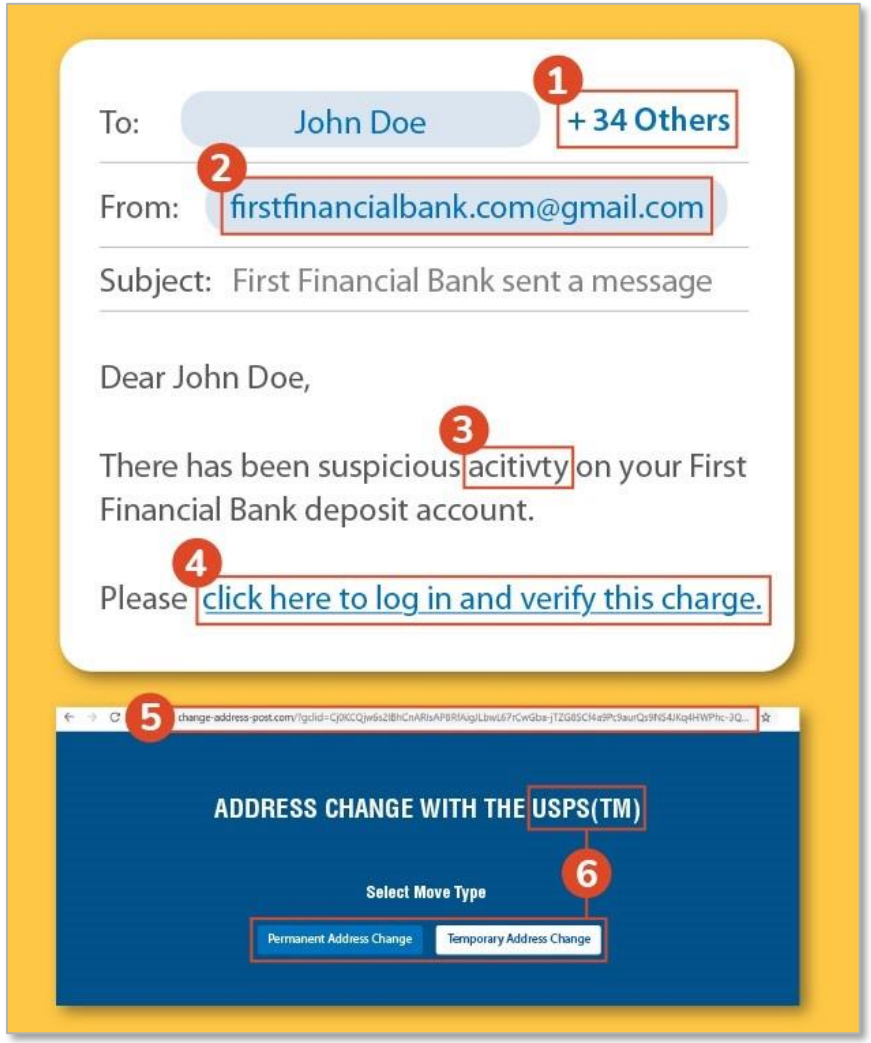
- Phishing
- Social engineering
- AI and deepfakes
- Payment fraud – Check & ACH

[1] "2025 AFP Payments Fraud and Control Survey Report;" Association for Financial Professionals. https://www.afponline.org/training-resources/resources/survey-research-economic-data/details/payments-fraud.

[2] "2024 Internet Crime Report," Federal Bureau of Investigation. https://www.fbi.gov/news/press-releases/fbi-releases-annual-internet-crime-report

Common Fraud Attacks

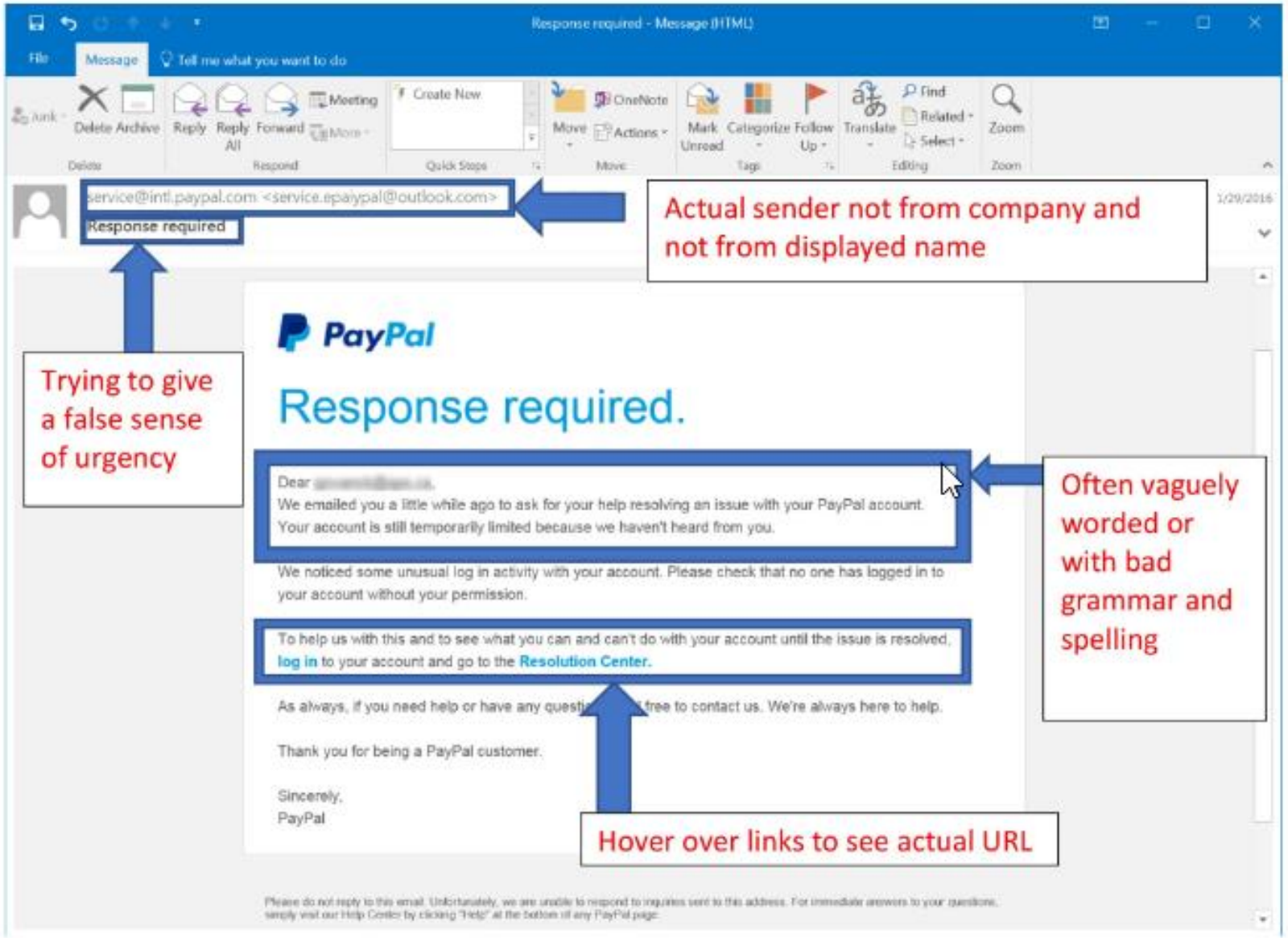
- **Phishing**
  - An email or text that looks like it is from someone you know, asking you to click a link
    - The link may request that you provide confidential information such as account numbers or passwords
    - The link may also install **malware** (malicious software) without your knowledge which can record your sensitive information, and infect entire systems and networks



1. Others included on an email (when it includes specific account information).
2. Emails from unofficial email addresses.
3. Typos and grammar mistakes.
4. Emails requiring unsolicited link clicks.
5. Websites with incorrect domain names.
6. Poor quality images or web design.

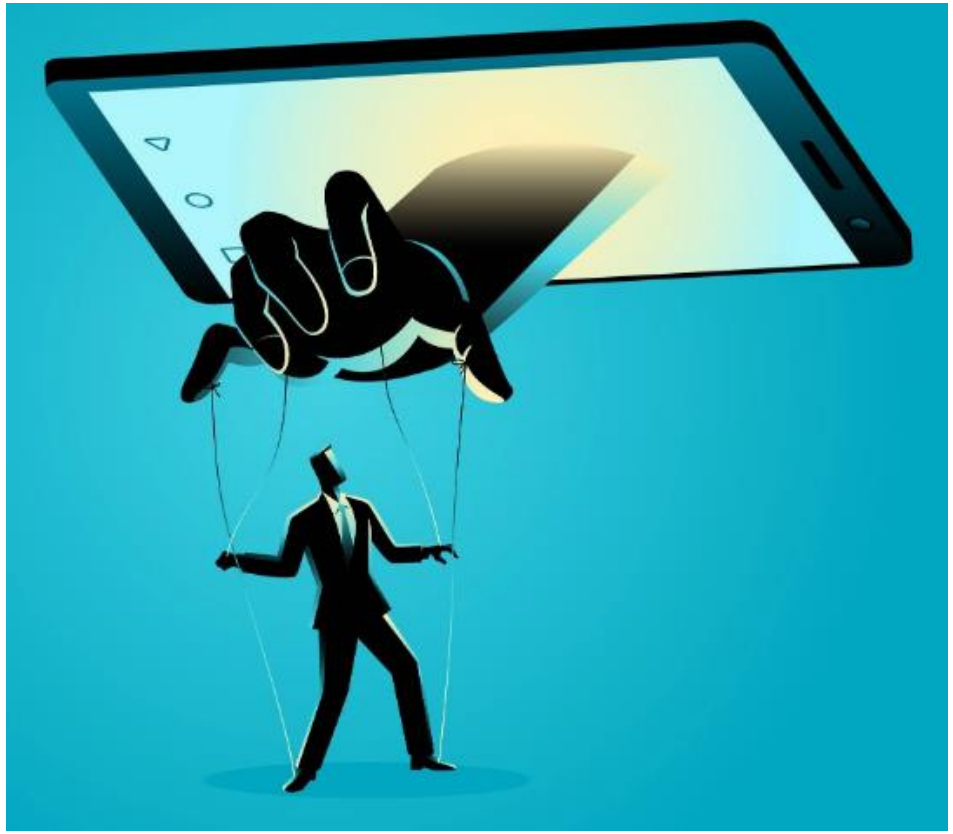
Beware of unsolicited communications that require clicking on unknown links, particularly those conveying urgency.

Anatomy of a Phishing Email



Common Fraud Attacks

- **Social engineering**
  - When scammers believably pose as someone you would trust to access personal information or account credentials
    - **Example:** Calling from a spoofed number that looks like your bank and pretending to be an associate, then asking for usernames, passwords, or verification codes.



First Financial Bank will **NEVER**, under any circumstances, ask clients to provide full credit card numbers, login credentials, or verification codes.

Social Engineering Example

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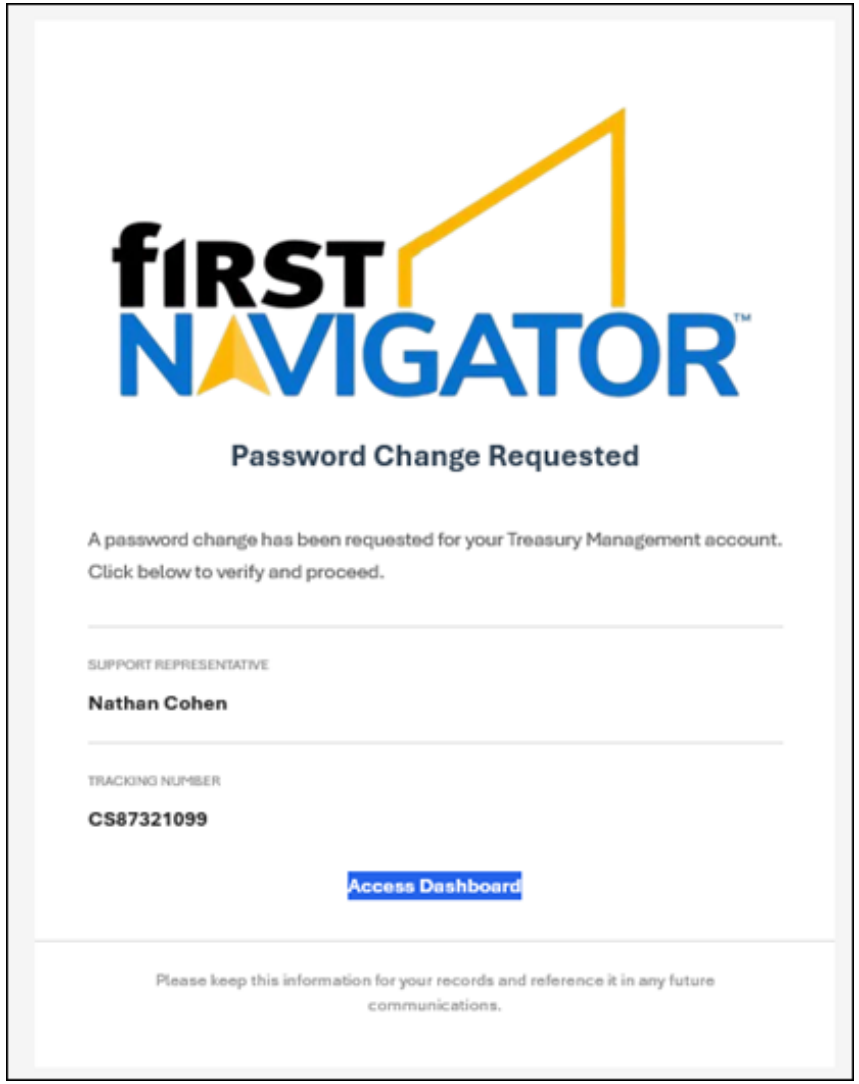
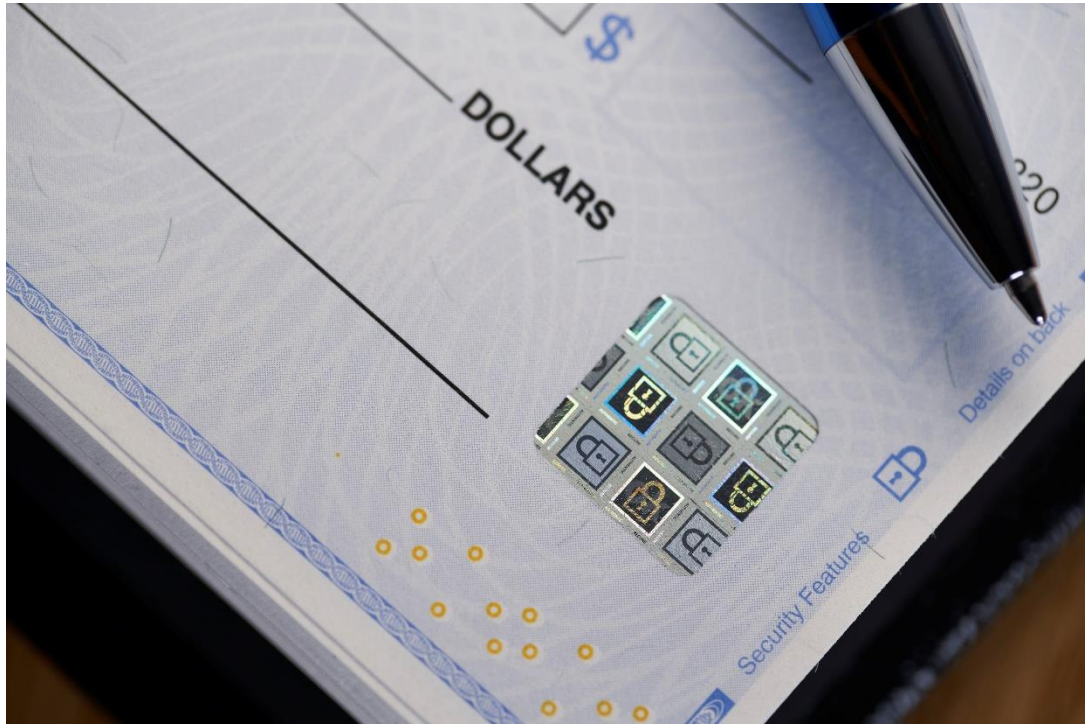


Common Fraud Attacks

- **AI & Deepfakes**
  - Artificial intelligence tools are more advanced, easier to find, and often free. They allow criminals to deceive targets better than ever before. Watch out for:
    - Images, videos, and voice calls impersonating executives, managers, or clients you are working with.
    - AI-generated invoices, contracts, or fraud alerts that aim to capture sensitive info
    - Fake websites posing as institutions you have relationships with

Common Fraud Attacks

- **Payment Fraud**
  - **Check washing -** stealing a check, erasing the ink, and either writing a higher value to a different recipient or duplicating and selling the blank checks.
  - **Counterfeit checks -** when someone gains access to your routing and account number and accesses your funds without your consent.
  - **Mail theft -** when criminals access account numbers or other personal information that can then grant them unauthorized access to accounts and funds.
  - **Deposit theft -** when criminals take a legitimate check and deposits it into a bogus business.



Common Fraud Attacks

- Payment Fraud
  - ACH Fraud – 24 hour rule!

Protect Yourself

- Protect your login credentials
- **DO NOT** comply with requests for sensitive information through unsolicited phone calls, emails, social media messages, or text messages
- Be suspicious of unsolicited and overly urgent requests
- Do not use email to send or receive payment instruction
- Establish secret phrases to confirm the identity of the person and the validity of their request
- Adopt dual controls so that no one individual can perform a request for scammers
- Validate all requests for payment or passwords with the person who made the request by contacting them directly using information you already have on file

Whenever in doubt, contact your trusted financial contact directly using a known or official phone number.

Protect Yourself

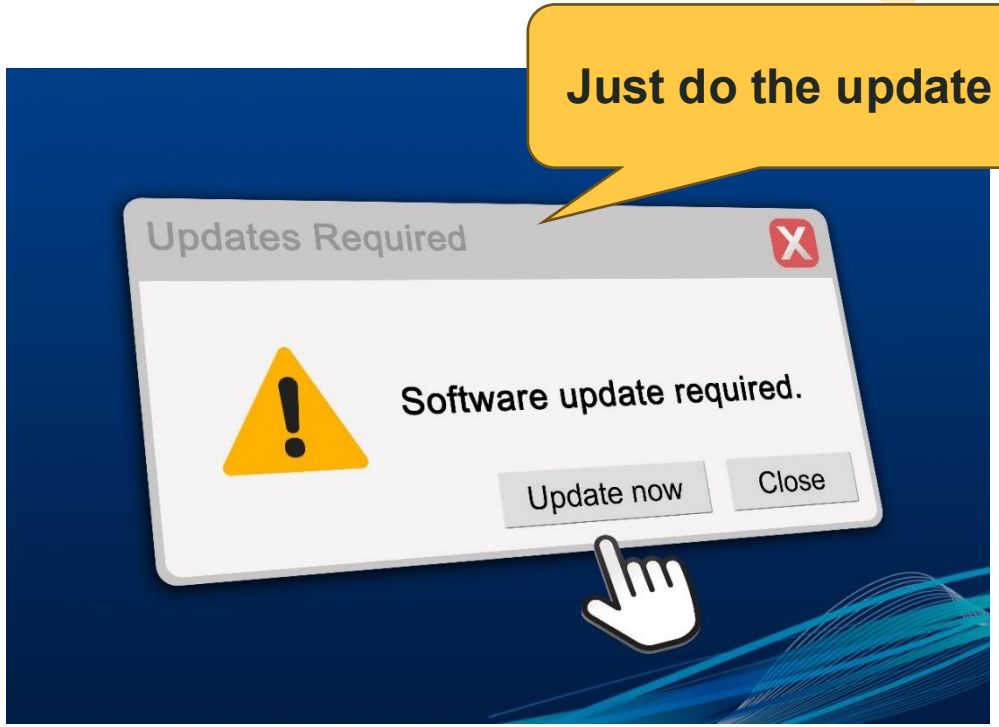
The best defense against fraud is preparedness. Are your current processes and procedures enough to protect your business?

Key Elements:

- Technology
- Teams
- Training

Technology

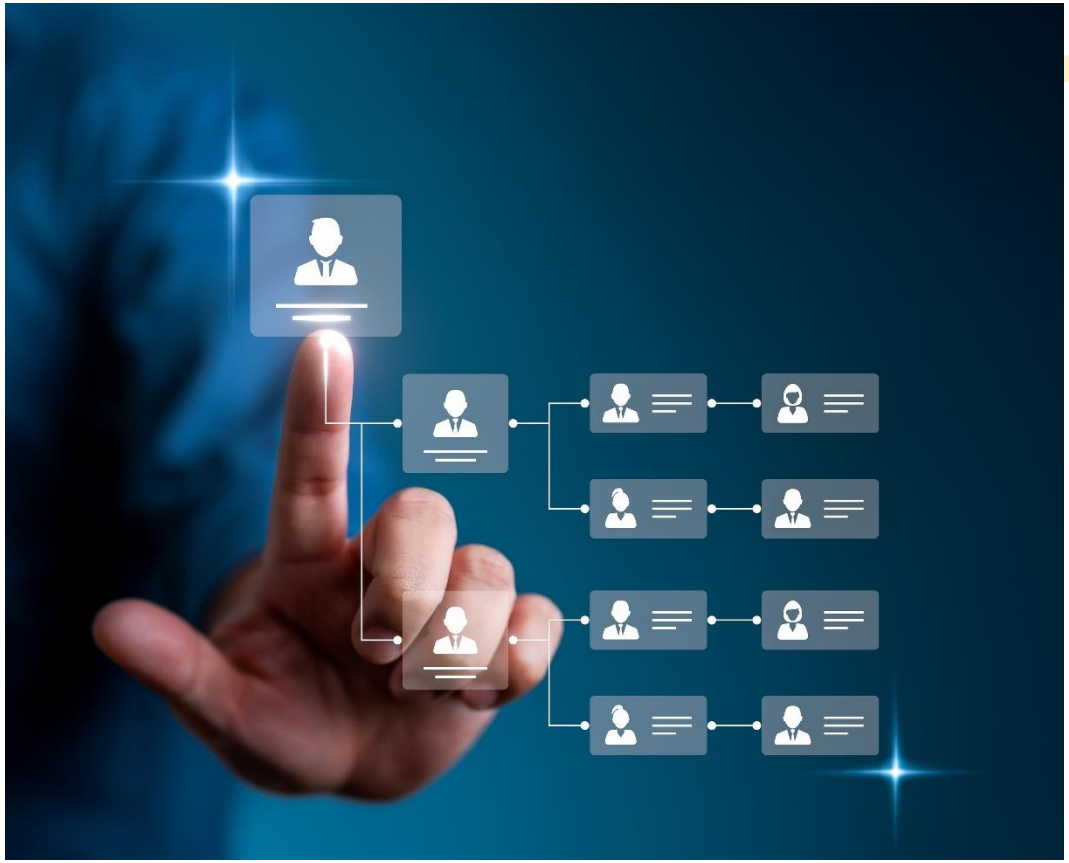
- **Update** antivirus software, firewalls, and browsers, and disable unnecessary plugins or cloud access.
- Implement **two-factor authentication** on any systems and programs possible.
- Implement or reinforce **dual control** on company payments.
- Move away from paper checks and use **electronic payments** and other fraud protection services
  - i.e. ACH positive pay AND Payee Check Positive Pay



Why does it matter? Common scams involve gaining access to an email account and sending fraudulent payment requests to trusted contacts, who don't realize that the sender's account has been compromised. Requiring two sets of credentials makes it much more difficult for fraud actors to take advantage of your payment process because more people will have to consider the likelihood that the fraudulent request is valid.

Team

- Conduct an **annual review** of accounts, access, and systems.
- Clearly **define roles** and responsibilities.
- Create or identify roles **dedicated to fraud prevention.**
- Consult with a **third-party risk management company** to identify potential vulnerabilities in your systems.



Training

Your employees are your greatest vulnerability, and your greatest tool. Training and education should be a regular part of your operations, and remember the 4 C's:

- **Consistent**
  - Annual trainings to keep information fresh and share new trends
- **Compulsory**
  - Mandatory and part of an employee's annual performance review
- **Customized**
  - Different jobs have different risks
- **Chronicled**
  - Documenting preventative efforts can help insurance claims


Learn more about how to fight fraud
at bankatfirst.com/fraud-awareness
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Sample AI Scams

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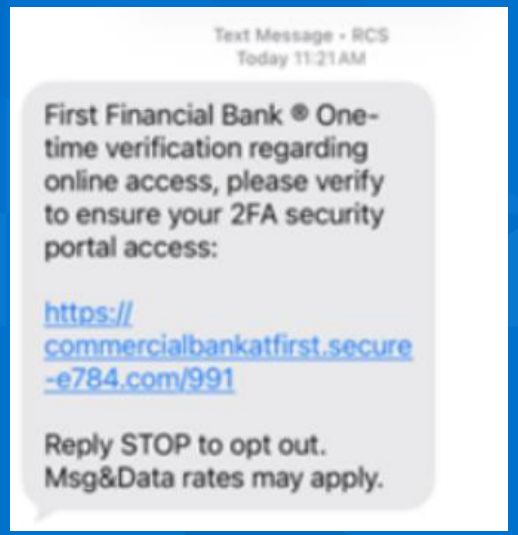
Sample AI Scams

- Texts from “your bank”



- Calls from “your bank”
  - Fraud department
  - ACH / Wire department

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Protect your County from AI Scams

- NEVER give out:
  - Your login information
  - Your security token code
- NEVER click on:
  - Links asking you to sign in to your online banking / change passwords

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Protect your County from AI Scams

- If suspicious, ALWAYS:
  - PAUSE!
  - Hang up
  - Contact your bank / bank rep / vendor at KNOWN number

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