



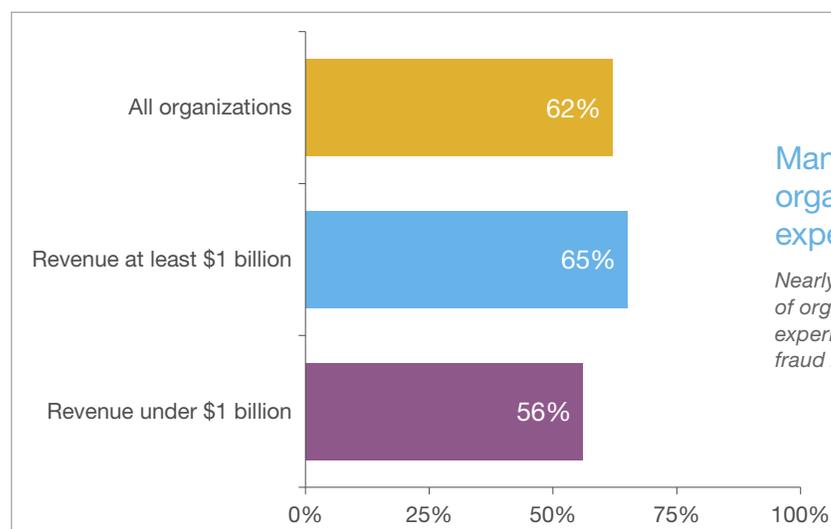
Payment fraud continues to impact most organizations

Fraud overview

Since 2005, the Association for Financial Professionals (AFP) has conducted a survey on payment fraud to understand fraud trends and identify actions that could prevent fraud.

The 2015 survey offers insight into action organizations can take to deter fraud and prevent financial loss. The results continue to make a strong case for integrating internal best practices with bank solutions to provide the most comprehensive fraud protection.

Organizations subject to attempted or actual fraud¹

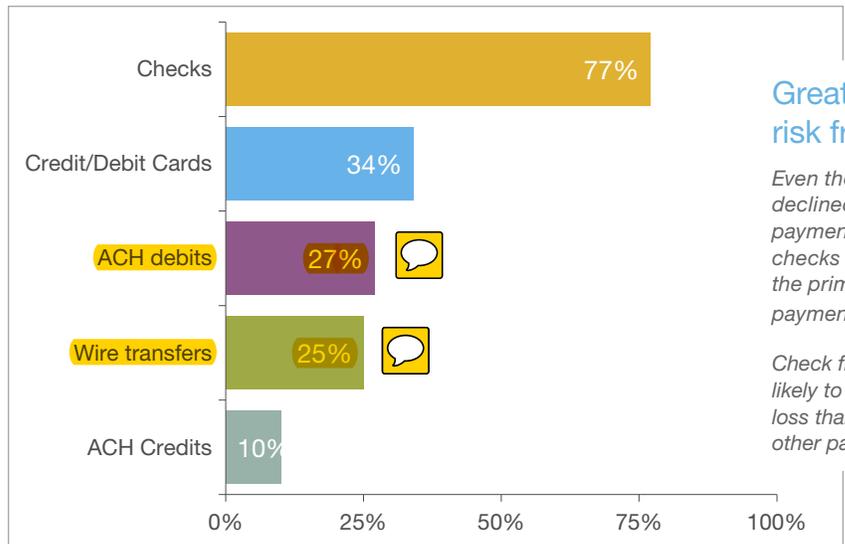


Many organizations experience fraud

Nearly two-thirds of organizations experienced payment fraud in 2014.

¹ 2015 AFP Payments Fraud and Control Survey, data collected 2014

Prevalance of fraud by payment method¹

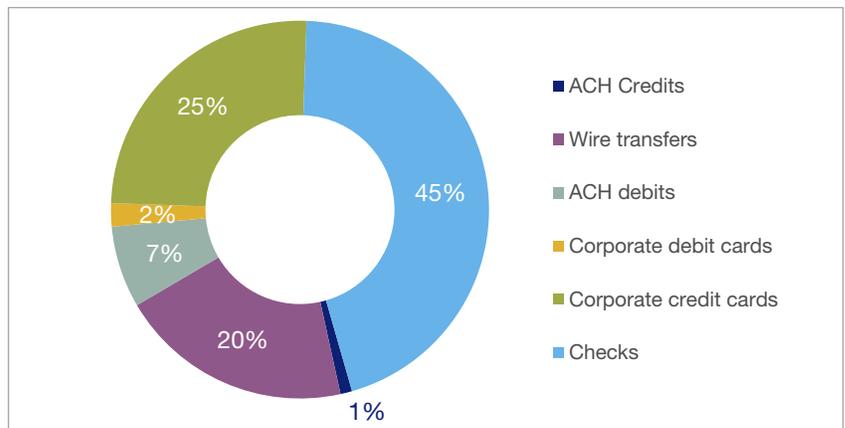


Greatest fraud risk from checks

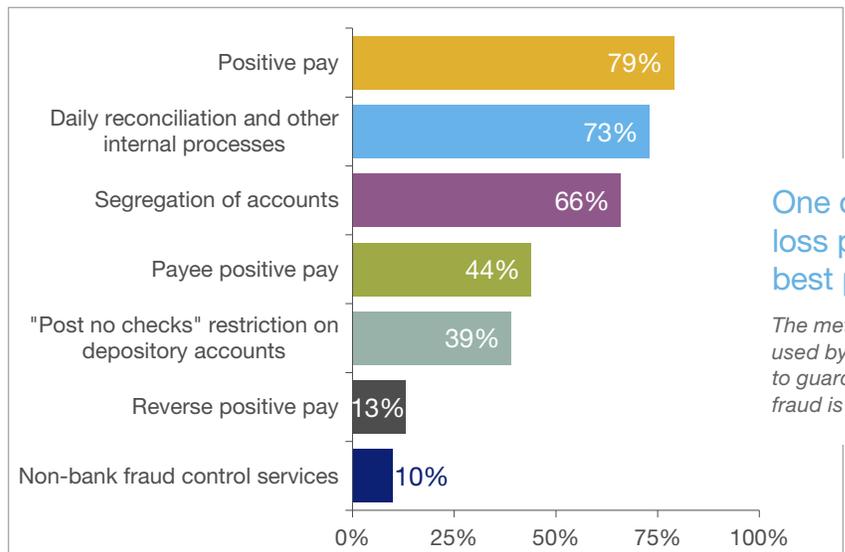
Even though checks declined and electronic payments increased, checks continue to be the primary source of payment fraud.

Check fraud is more likely to result in financial loss than fraud from other payment types.

Greatest financial loss by payment type¹



Fraud control procedures used to guard against check fraud¹



One of many loss prevention best practices

The method most often used by organizations to guard against check fraud is positive pay.

¹ 2015 AFP Payments Fraud and Control Survey, data collected 2014

Case file:

After experiencing check fraud, an organization adopted Positive Pay. After a time with no losses, the organization discontinued Positive Pay due to the belief that internal controls were sufficient to detect fraud. Soon, check fraud attempts were detected by bank tellers. Before Positive Pay was fully reinstated, check losses of \$100,000 were experienced.

Solution: Consistently maintain Positive Pay on accounts issuing checks.

What is Positive Pay?

Positive Pay is a cash-management service employed to deter check fraud. Banks use positive pay to match the checks a company issues with those it presents for payment. Any check considered to be potentially fraudulent is sent back to the issuer for examination.

Don't wait until you become a victim of fraud to discover gaps in your fraud prevention program.

The Uniform Commercial Code (UCC) requires businesses to observe "reasonable commercial standards" to prevent fraud. Payment issuers may be precluded from receiving restitution from the paying bank if their own fraud prevention failures contribute to a forged or altered payment.

*Source: U.S. Bancorp profile, period ending June 30, 2015.