



Case Study: Beware of More than Card Fraud: Greenville Federal Credit Union and PSCU Partner to Thwart Nearly \$300,000 in Bogus Bill Pay Transactions

Widely publicized data breaches at major retailers have opened everyone's eyes to the threat of fraud on their credit and debit card accounts. Many consumers can relate personal experiences as the unfortunate victims of fraudsters who stole their payment card data for illegal use in unauthorized transactions. At best, the impact to the cardholder is inconvenience; at worst, the effect of fraud can be devastating and long lasting, especially if identity theft is involved.

Fraudsters follow the money. And consumers may not realize that the bounty for today's payments pirates extends beyond credit, debit and prepaid cards. Thieves in the digital age target the treasures in any payment account, and it is up to the vigilance and technology of the consumer's financial institution to protect their members' accounts – all their accounts – from unauthorized access and misuse. Fraud never sleeps, and that means a financial institution's risk management measures must never rest. Members

expect and deserve maximum protection from harm. It is an implied promise of the service experience.

Here is a story that will alarm you on one level and positively reassure and make you quite comfortable on another.

Greenville Federal Credit Union

(Greenville, S.C.; assets \$200 million) is a long-time PSCU Member-Owner (since 1998) that offers credit card and bill pay processing services to its members through PSCU. In late 2015, someone unlawfully attempted to process fraudulent online bill payments using a member's checking deposit account. The fraudster scheduled nearly two dozen payments totaling close to \$300,000 to be paid to a variety of bogus "payees," or accomplices. With the fraud scheme underway, the member was completely unaware of the attack on his bill pay account.

Fraud is stealthy and silent that way. But thankfully in this case, so is fraud prevention.

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PSCU's bill pay fraud detection platform looks at every scheduled bill payment from every bill pay subscriber and evaluates the transaction for its fraud potential. In this case, the fraud detection system immediately determined the member's scheduled payments were at odds with the member's previous bill payment history in terms of the amounts and the payees involved. The fraud detection software automatically cancelled the scheduled payments, and the credit union was able to notify the member of the brazen takeover attempt on his account. The proactive response of the system and risk analytics averted nearly \$300,000 in fraudulent payments.

"We were alerted of the bill pay fraud attempt by PSCU's fraud prevention team," noted Tommy Lentz, Member Support Manager for Greenville FCU. "They advised us that one of our members had been targeted for bill pay fraud with 20 payments totaling \$298,000. The \$298,000 of fraud was going to unknown individuals located in different states. The payments were scheduled to be processed overnight. PSCU immediately and accurately identified the payments as fraudulent. PSCU canceled the payments on our member's behalf. We were then able to advise the member to change all passwords and close the account. Thanks to that vigilance, neither the member nor our credit union incurred any losses."

Greenville's members conduct about 13,000 online bill payments per month worth about \$3 million. "We regularly perform fraud monitoring on our own, but we also partner with PSCU's fraud management team to help closely monitor our members' activity for possible fraud. Their fraud prevention technology allows us to focus more of our energy on relationship building with our members. That's real value and a big reason we're Owners in the PSCU cooperative."

Lentz further remarked, "PSCU's fraud department is very responsive and makes the necessary adjustments to their fraud detection policies to stay ahead of the curve. PSCU's fraud detection and prevention is one of those specialty areas where additional technology and resources can really help credit unions reduce fraud losses and at the same time increase member satisfaction with our services."

PSCU provides 24/7 fraud protection for its bill pay subscribers free of charge to credit unions. "It is part of our commitment to ensuring the best possible service experience for members," said Mike Williams, SVP, Account Management for PSCU. "The last thing we want our Member-Owner credit unions and their members to worry about is the threat of fraud on their accounts. As our Owners' partner in risk management, we work hard to minimize their members' exposure to fraud."