

Fraud Risk Bulletin

Exclusive, As-It-Happens Risk Updates and Insights

SUMMARY

We are currently seeing an uptick in bad actors utilizing credit unions' audio response banking systems 1) to steal funds from members' accounts and 2) as a tool to check balances on accounts prior to washing checks.

HOW THE ATTACKS ARE PLOTTED

Of all the methods by which members can check balances and conduct transactions, audio response typically offers the weakest security features. Currently, there are two primary ways in which the bad actors are utilizing the system.

1. Using the audio response system to transfer funds from another member's account into an account controlled by the bad actor, or using a mule account. Once funds are transferred into the bad actor's accounts, they are utilizing ATMs and shared branching to deplete the funds.
2. Checking the balance on accounts, then using the balance information to wash stolen checks. By checking the balance in the account, the bad actors are ensuring that the check will not be returned as non-sufficient funds (NSF). It also allows more time before the impacted member realizes that their account has had checks stolen. Note: If you'd like to watch this process, there are videos posted online of bad actors executing this method.

RISK MITIGATION STEPS

- Review audio response usage to determine if it is still a viable solution for member service. If it is not, consider discontinuing the service.
- Restrict the ability to transfer funds between accounts.
Allow members to use audio response only using secure phone numbers.
- Review audio response PIN reset reports to detect possible account takeover attempts.
- Require members to call in to request access to audio response banking.
Do not share on your website what the default PIN for self-enrollment is.

RISK MITIGATION RESOURCES

- Educate your staff and members on the different types of fraud and scams. Allied Solutions has produced a 90-second Accountholder

- Fraud Education video for Fidelity Bond policyholders. The video is available at no cost, or for a fee it can be customized specifically for your credit union. [Reach out to the Risk Management team](#) for more information.
- Tap into knowledge from our experts by [visiting our risk alerts library](#).
- [Register for upcoming Let's Talk Fraud educational webinars](#) where Allied experts provide tools, tips and fraud prevention strategies to help safeguard your organization.



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