Compliance Corner
Anomaly Detection: check the box or fraud tool?

How are you using anomaly detection in PATH? Are you checking the box by entering your initials? Are you keying in "approved by so-and-so"? Or are you using it as a fraud tool?

Type in "fraud statistics" in any search engine and the results are staggering. In previous compliance corners I have highlighted disaster related scams, timeshare fraud, and deep fakes. We have all seen our customers fall for romance scams, check fraud, work from home opportunities, and many more.

Fraud alerts are important because you are protecting your customers' financial assets. Technically, anomaly detection is a real time fraud alert! The parameters were set up by your institution to say this transaction isn't typical or normal. This is to give you pause to ensure that your customer is not being taken advantage of by a fraudster. These alerts could also be part of your BSA/AML/CFT monitoring.

The key to any clear reason is to be specific. If that transaction does turn out to be fraud, you may not remember why you cleared that transaction. Specific does not mean write a novel, cliff notes are okay in this situation. Here are some quick ideas that are brief yet specific:

Wires:
1. To title company: customer purchasing property
2. To investment company: customer investing
3. To a family member: family support
4. To a construction company: building property or invoice
5. To a company: invoice payment or furniture purchase or landscaping or sprinkler system purchase
6. To another financial institution: loan payment, loan payoff, transfer to new acct, purchase CD

ACH:
1. Batch total: new business, new merchant
2. Transaction count/amount: new payroll company, new merchant company

Remember, you don't have to write a novel, but every little piece helps to protect your institution and your customers!