

4 strategies

to protect your business from
fraudulent activities.



As digital transformation accelerates, businesses have renewed their focus on security, stability and fraud mitigation. That's with good cause: The rapid movement of large amounts of money in today's digital era provides ample opportunity for fraudsters to exploit any loophole they can find. This is further compounded by the continuous technological changes within corporations, which inadvertently open more avenues for these criminals.

"If you think about the speed at which money can move today, the desire for fraudsters or bad actors to get in and access it is ever increasing," said Chris

Wiedenmann, senior vice president and manager of commercial payments products with Commerce Bank. "Additionally, there's a lot of technology change occurring. Corporations are upgrading or implementing new platforms within their own companies, and with change comes an opportunity for bad actors to take advantage."

Commerce Bank encourages businesses to proactively pay attention to security-related matters, and has outlined several strategies to help protect businesses from falling victim to fraudulent activities.



Educate employees on how to prevent fraud in the workplace.

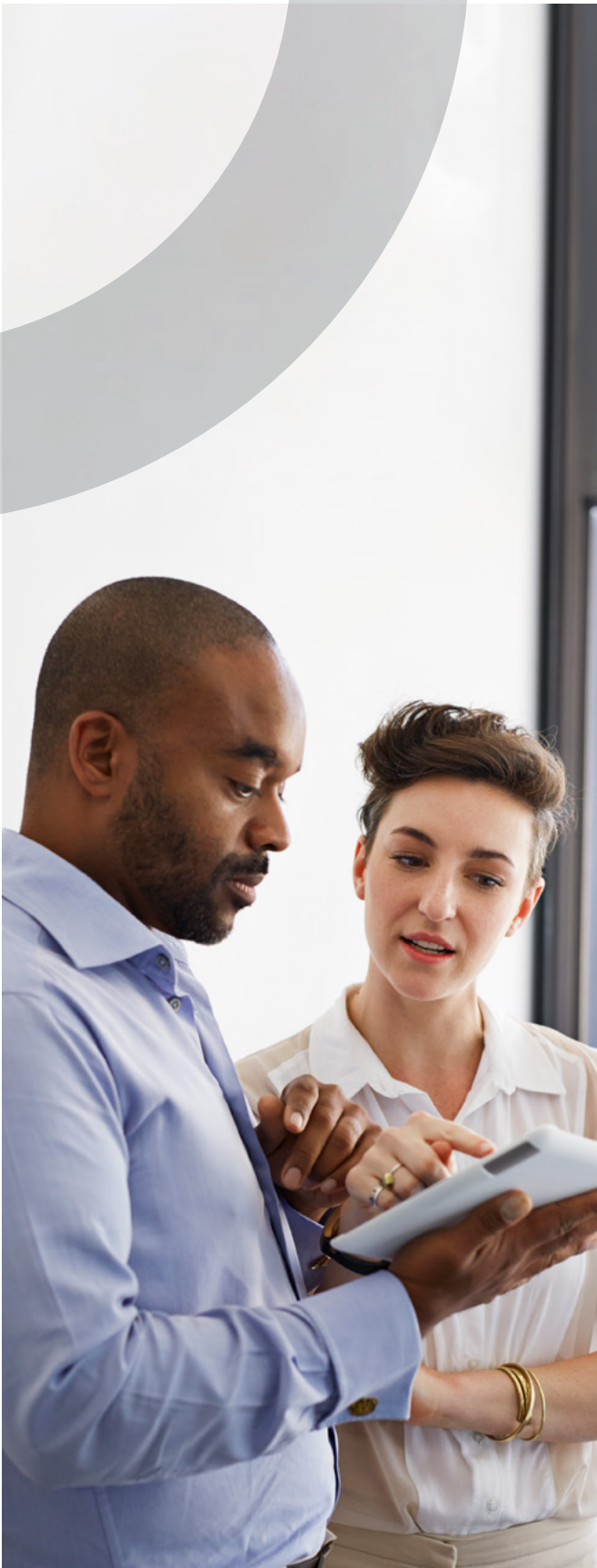
It is crucial to educate all employees, particularly those with access to the company's payment systems, about how to avoid fraud traps. As fraud becomes increasingly sophisticated, businesses should elevate their vigilance levels and train employees to be cautious of potential scams.

Business email compromise continues to be a significant source of fraud, with phishing emails growing more difficult to detect. For example, such emails may appear to be genuine messages from an established vendor seeking to update their contact information. A seemingly harmless phone number change can be the first domino to fall in a chain that leads to a legitimate payment being routed to a scammer.

Regular training and communication should include a wide range of topics:

- Best practices for internet and mobile device security
- How to spot potential phishing emails
- Policies and procedures for issuing and receiving payments

"Education doesn't have to cost anything," said Angie Pavlich, a vice president and senior manager for Commerce Bank's electronic payments and risk products division. "That's something that any business, large or small, can employ."





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Monitor for fraudulent payments.

Mail theft, check washing and business identity theft are on the rise. The Financial Crimes Enforcement Network has made note that despite a decline in the use of checks overall, mail theft for the purpose of check fraud has continued to spike since the pandemic.

"With mail theft, business identity theft is increasing as well," said Chris Garcia, Commerce Bank manager of corporate investigations. "So, if a bad actor steals a check that is payable to ABC Co., they might open an account in the name of ABC Corp. and try to cash

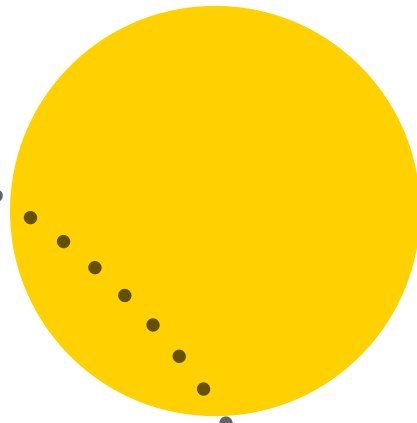
or deposit a check. Mail theft is really a bad thing right now for individuals and businesses using checks."

Businesses should work with their bank to add extra layers of monitoring. Commerce Bank, for example, offers services that allow businesses to provide details about the checks they cut so the bank can cross-verify payments to ensure funds go to the intended recipient. The bank offers similar services related to ACH payments.

Update internal systems to mitigate the risk of fraud.

Moving from manual systems to digital accounts payable and receivable functions is another way businesses can mitigate their risk of fraud. These systems make it possible to track transactions in real time and provide a clear audit trail, so it's easier to spot any irregularities or suspicious activities promptly. They also allow businesses to implement more robust user permissions, such as two-factor authentications and PIN codes, which help ensure only authorized employees can access banking and other payment information.

Requiring dual approval on transactions is another effective internal control to implement. Doing so not only prevents a lone bad actor within a company from committing fraud, it also provides an additional layer of protection from scams that attempt to trick an employee into issuing an improper payment. Commerce Bank recommends businesses separate the tasks of originating transactions and verifying or reconciling payments. Its systems also require one person to authorize the creation of an electronic payment and a second person to authorize the release of the payment.



Respond to fraud quickly.

If a business falls victim to fraud, there's no reason for employees or leaders to feel embarrassed. Remember: Fraud is common and sophisticated.

"Fraud is prevalent everywhere," Pavlich said.

"Unfortunately, some customers don't think it's going to happen to them until it does."

"When fraud occurs, businesses should reach out to their bank immediately for help addressing the issue," she said. "The bank can help protect accounts from further fraudulent activity, assist you in correcting any improper payments and provide support in contacting appropriate authorities. The bank also can provide additional support in mitigating further fraud risk."

"Fraud mitigation is a moving target, making it critical for businesses to stay connected to their bank and other business partners to stay current," Garcia said.

Staying ahead of fraudulent actors is critical as they can often be as structured and coordinated as a large company would be. It's not the cliché of somebody sitting in their basement. Fraud today is much more advanced.

Accounts payable and receivable departments are one of the most vulnerable areas of fraud for any business. At Commerce Bank, we offer several fraud mitigation solutions so you can choose the one that's right for you. Reduce human errors or interventions, detect suspicious activity, shield your business from cybercrime and identify reconciliation discrepancies.

[Learn more.](#)



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