

FRAUD PREVENTION FRIDAY



Independent Banks of South Carolina

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How Education and Technology Drive Down Fraud Risks

Source: ICBA Independent Banker

Community banks are battling increasingly sophisticated forms of fraud. Artificial intelligence (AI) impersonation has grown more prevalent, and we must be much more vigilant, increasing our reviews of transactions that on the surface appear normal. That added scrutiny requires a two-fold approach in the form of ongoing education and technological support.

With such complex scams and fraud scenarios in play, community banks must prioritize staff training. If someone's trying to impersonate a customer using AI or victimizing them via a scam, our teams need to be able to identify red flags and unusual behavior. To protect both our banks and our customers, we need to go that extra mile to verify every transaction is legitimate.

Fortunately, this type of scrutiny speaks to an existing community bank strength—knowing our customers—but it's also about ensuring we are up to speed on the latest scams.

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ICBA Meets With Treasury Officials on Addressing Check Fraud

Source: ICBA News Watch

ICBA recently met with Treasury officials as the department works to transition from paper checks to electronic payments for all federal disbursements and receipts.

The Trump administration on March 25 released an executive order directing Treasury to transition from paper checks to electronic payments, noting the use of checks imposes unnecessary costs and raises the risks of fraud. ICBA on March 26 issued a statement applauding the administration for working to combat the threat of check fraud.

At the recent Modern Payments Roundtable, ICBA Senior Executive Vice President and Chief of Government Relations and Public Policy Anne Balcer met with Deputy Treasury Secretary Michael Faulkender and other policymakers to discuss the problem of check fraud and partnership opportunities.

During the meeting, Balcer noted:

- ICBA and its Check Fraud Task Force are partnering with the U.S. Postal Inspection Service to raise consumer awareness of the issue and are available to work with Treasury as it transitions away from paper checks to ensure more secure payments.
- Regulatory and law enforcement agencies across the federal government should work together to create a cohesive, consistent federal approach to check fraud.

(Click the heading link to read more.)



Stop Check Fraud Before It Starts: Use the Treasury Check Verification System

Source: U.S. Department of the Treasury

Check fraud continues to be a pressing concern for financial institutions across the country. One increasingly common scheme involves counterfeit or altered U.S. Treasury checks. As front-line defenders of the financial system, bankers play a critical role in detecting and preventing fraud. A powerful, often underutilized tool in this effort is the Treasury Check Verification System (TCVS) provided by the U.S. Department of the Treasury.

The Treasury Check Verification System is an online platform that allows banks and financial institutions to verify the validity of U.S. Treasury checks in real time. This includes checks issued by the Internal Revenue Service (IRS), Social Security Administration (SSA), and other federal agencies.

By entering the check number, check amount, and date, institutions can confirm whether a check is authentic before processing or cashing it. This simple step can make the difference between a legitimate transaction and a costly fraud.

With counterfeit Treasury checks on the rise, especially during periods of high disbursement (such as tax season or during federal emergency relief programs), real-time verification is essential. Fraudsters are becoming increasingly sophisticated, often replicating the look and feel of genuine checks with alarming accuracy. TCVS provides a way to catch fakes before they result in losses.

There is no cost to use the service, and it requires only minimal information to complete a verification. Treasury recommends all financial institutions incorporate TCVS into their routine check processing procedures.

(Click the heading link to read more.)



2025 Fraud Insights U.S. Retail Payments Edition

Source: NICE Actimize

The fraud landscape is constantly changing, with the pace of this change accelerating in recent years. New fraud typologies have emerged, and fraudsters have increasingly leveraged AI within their operations, which are significantly expanding in scale. This has captured the attention of the media and regulators, leading to increased scrutiny on financial institutions (FIs) to address.

In this edition of the NICE Actimize Fraud Insights Report, we explore US payments to provide deeper insights into market-specific fraud trends. We also identify emerging threats and highlight areas for improvement in response to evolving fraud tactics.

Industry collaboration has never been more crucial. By sharing our knowledge, expertise and data, we can establish the right controls to effectively safeguard our customers. The fraud management community has a strong history of innovation, a value that we at NICE Actimize have embedded at the very core of our organization. For the past 20 years, we've partnered with some of the world's largest FIs to combat fraud. We've channeled decades of experience and expertise into delivering solutions that extend far beyond payments, covering the entire customer lifecycle from application and onboarding to investigation. By leveraging cutting-edge AI, we've enhanced both model building and operational efficiency for robust protection at every stage.

We hope that you'll leverage our insights and collective intelligence to protect your organization and customers in 2025. Together, we can rise to meet these challenges and tackle these threats head-on.

(Click the heading link to read more.)