

How to Develop a Plan to Mitigate the Risk of Fraud

PRESENTED BY:

Mark Brousseau

September 30, 2021

Today's Speakers



Mark Brousseau
President
Brousseau & Associates

Over the past 26 years, Mark Brousseau has established himself as a thought leader on accounts payable, accounts receivable, payments and document automation. A popular speaker at industry conferences and on webinars and podcasts, Brousseau advises prominent end-users and solutions and services providers on how to use automation to improve document- and payments-driven business processes. Brousseau has chaired numerous educational conferences and has served on several industry committees and boards. He resides in Center City Philadelphia with his wife and three sons.



Renee Blanchard
Product Marketing
Corcentric

Renee has worked in software product development in the payments industry for over 15 years. She has experience in operations, product development and management, and business and technology solutions. Renee works with development teams to deliver customer-specific solutions. She resides in Omaha, Nebraska and has one daughter.

Agenda

- ① ABOUT CORCENTRIC

- ② THE RISING RISK OF FRAUD

- ③ SUPPLIER VALIDATION

- ④ CLOSING THOUGHTS

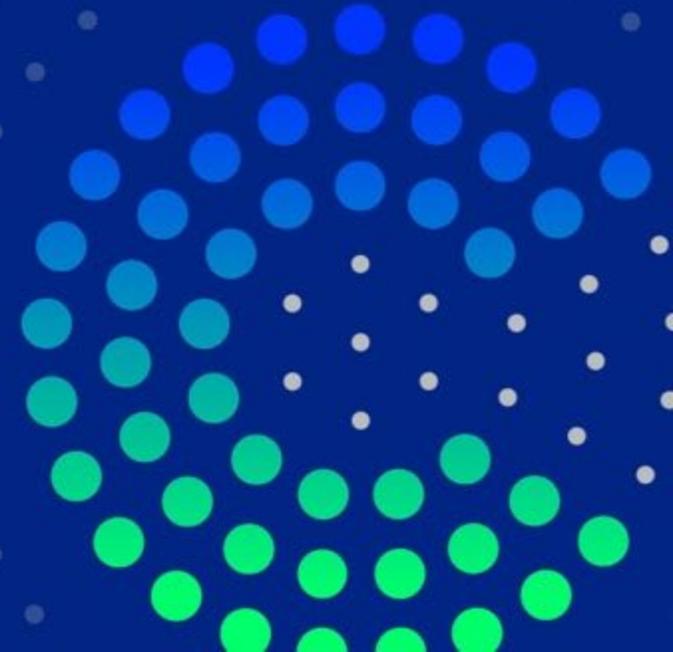
- ⑤ Q+A




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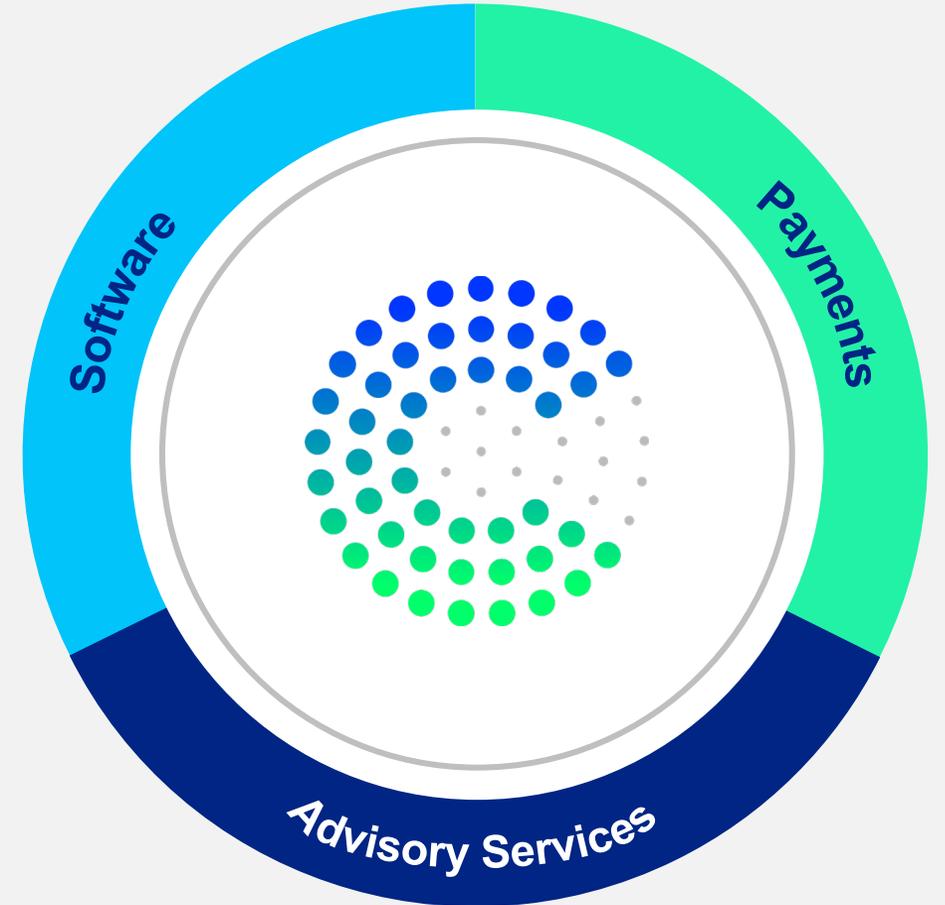
Corcentric is a global provider of market-leading Source-to-Pay, Order-to-Cash and Fleet Solutions.

From the mid-market to Fortune 1,000 businesses, Corcentric delivers consulting, technology and financial services focused on **reducing cost to improve working capital.**

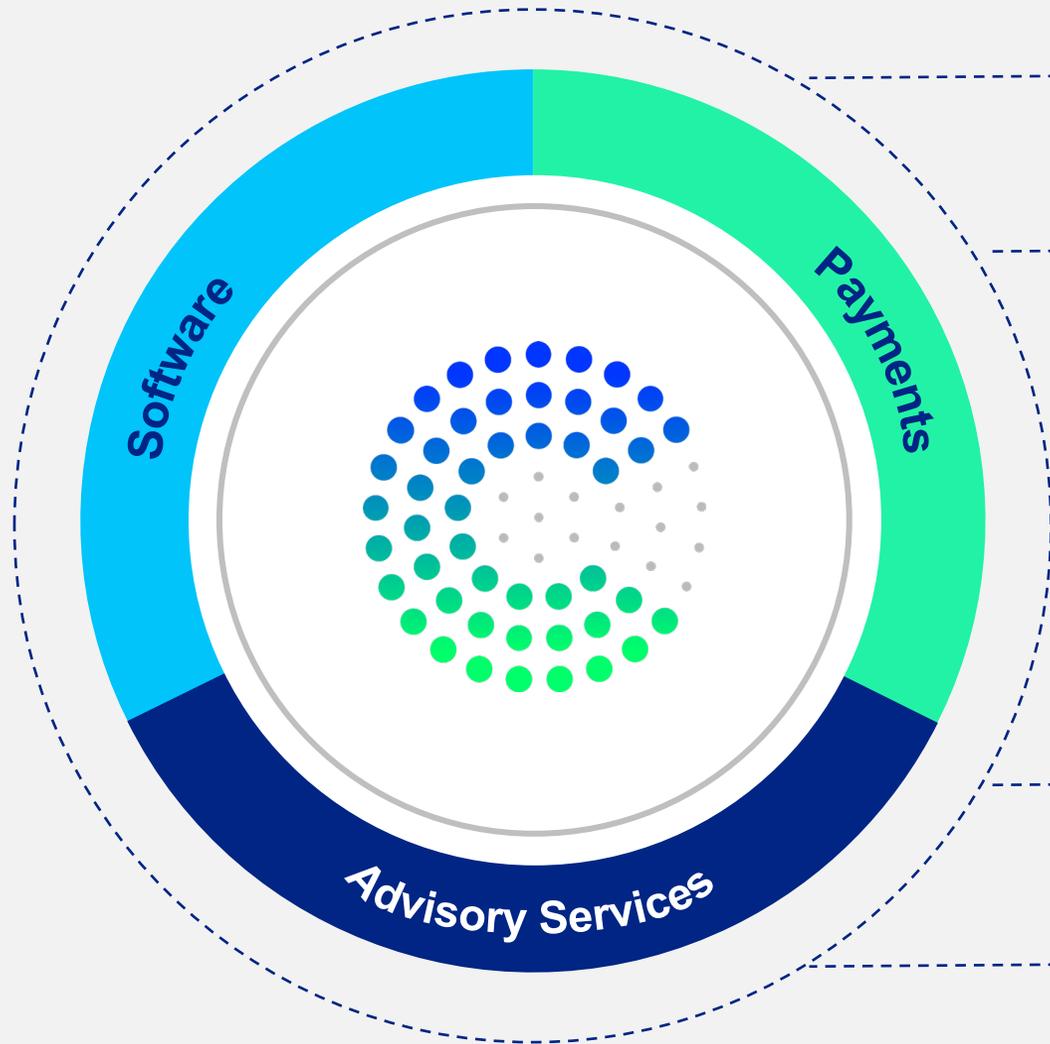


About Corcentric

Corcentric delivers software, advisory services, and payments that deliver transformative results for procurement and finance.



The Corcentric Difference



Payments is a core competency and core to our value proposition

A B2B company that enables business outcomes for buyers and suppliers

Services focused on areas overlooked by others like program tracking and supplier enablement

Delivery of e-payment modalities for every supplier based on digital maturity

Usage of proven technology that improve payment execution and adoption

Focus on preventing payment fraud through our proprietary services validating payment identity

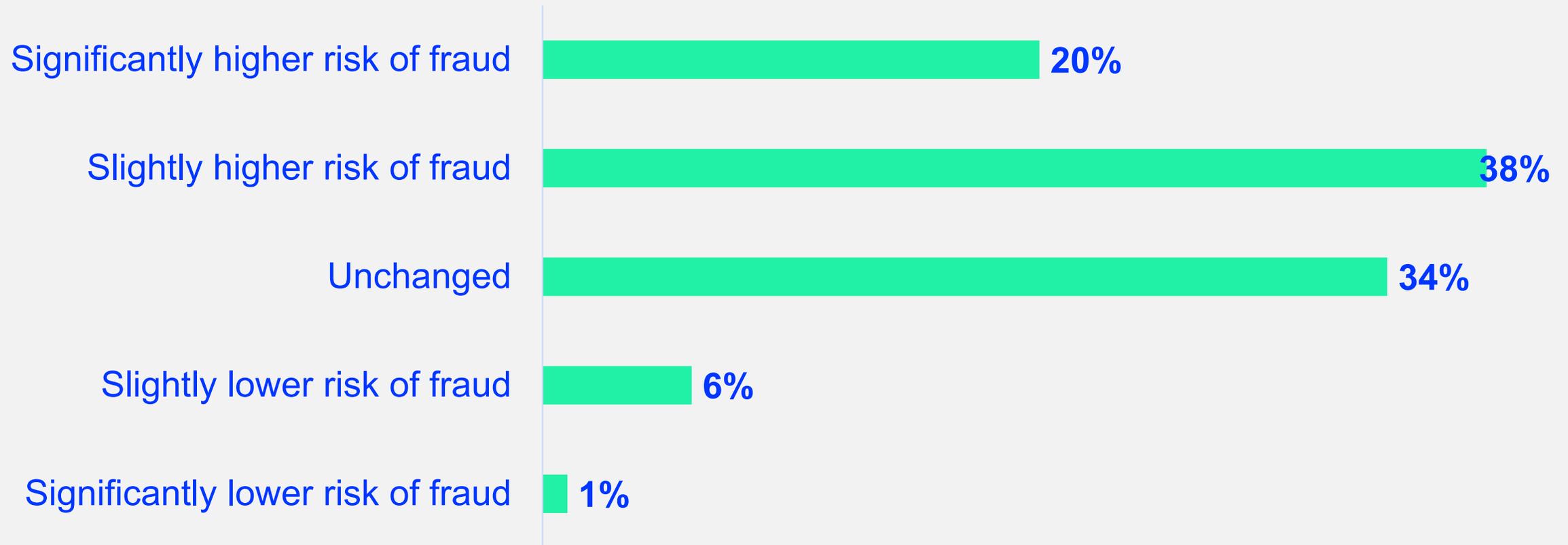
The Rising Risk of Fraud

How to Develop a Plan to Mitigate the Risk of Fraud



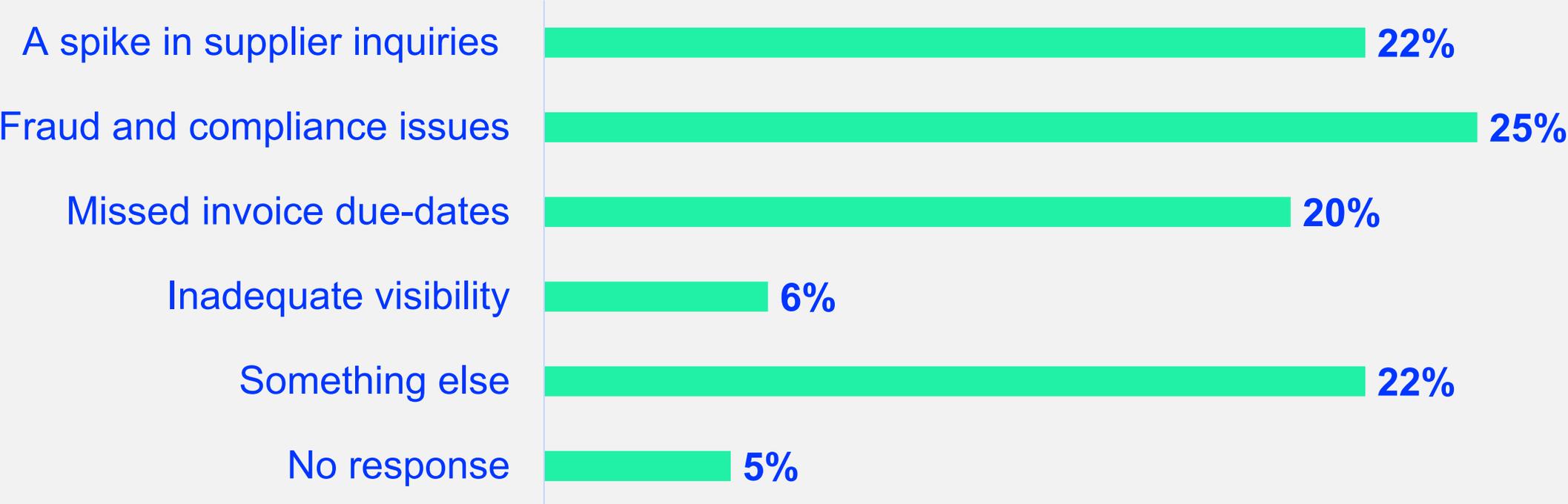
AP Leaders are Concerned About Fraud

How has your risk of fraud changed since the start of the pandemic?



Fraud Tops All Other AP Concerns

What is the biggest AP challenge that you currently face as a result of COVID-19?



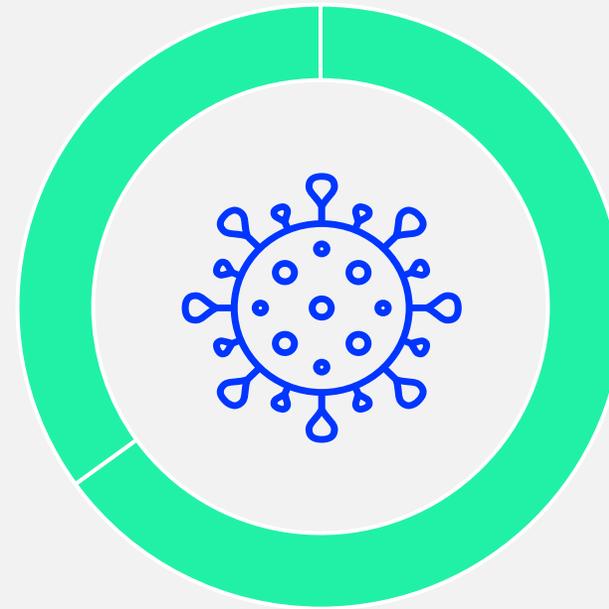
SOURCE: IOFM Online Survey, March 2021

The Risk of Payment Fraud is High

74% of organizations were targets of fraud attacks in 2020



65% of organizations believe the pandemic contributed to their increase in fraud



Types of Payment Fraud

Business E-mail Compromise

- Scammers either gain access to your vendor's e-mail, send "spoof" e-mails, or create web domains mimicking a business
- AP staff receives an e-mail instructing them to make a last-minute bank change before a payment is sent

Account Takeover

- Scammer obtains a credentials to log into a company's AP system, bank accounts, vendor management system and e-mail
- Scanner initiates and approves bogus payments, misdirects payments, or steals vendor banking details or other data

Imposter Vendors

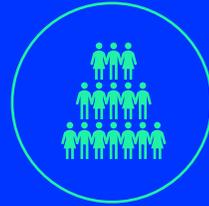
- Scammer impersonate vendors in the process of being onboarded to intercept the initial payment
- Scammers use phone numbers, e-mails, and names that are similar to a vendor's real information in order to impersonate them

Total Cost of Fraud



Fraud Losses

- Funds stolen from accounts
- Stolen goods and services
- Chargeback costs



Tools and Headcount

- Costs of detecting and mitigating fraud
- Internal systems and vendor tools
- Human resources



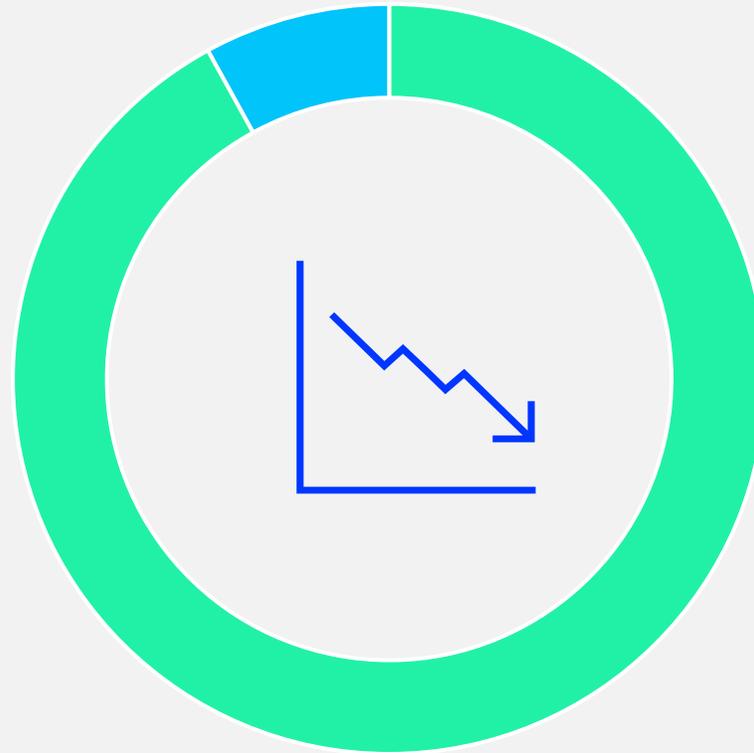
Partner Impact

- Vendors who do business elsewhere
- Suppliers impacted by strict controls
- False positives

$$\text{TCOF} = \text{Fraud Losses} + \text{Tools \& Headcount} + \text{Partner Impact}$$

The High Cost of Payment Fraud

% of organizations where payment fraud costs at least half a percent of total revenue

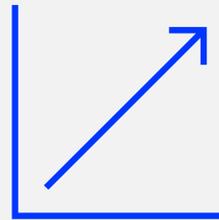


Business Email Compromise (BEC) is on the Rise

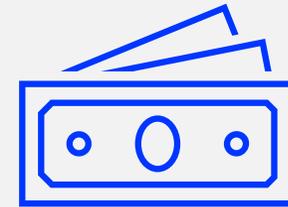
Shifting from paper payments is introducing new risks.



63% of organizations say
BEC is the primary source
of fraud attacks at their
organization.



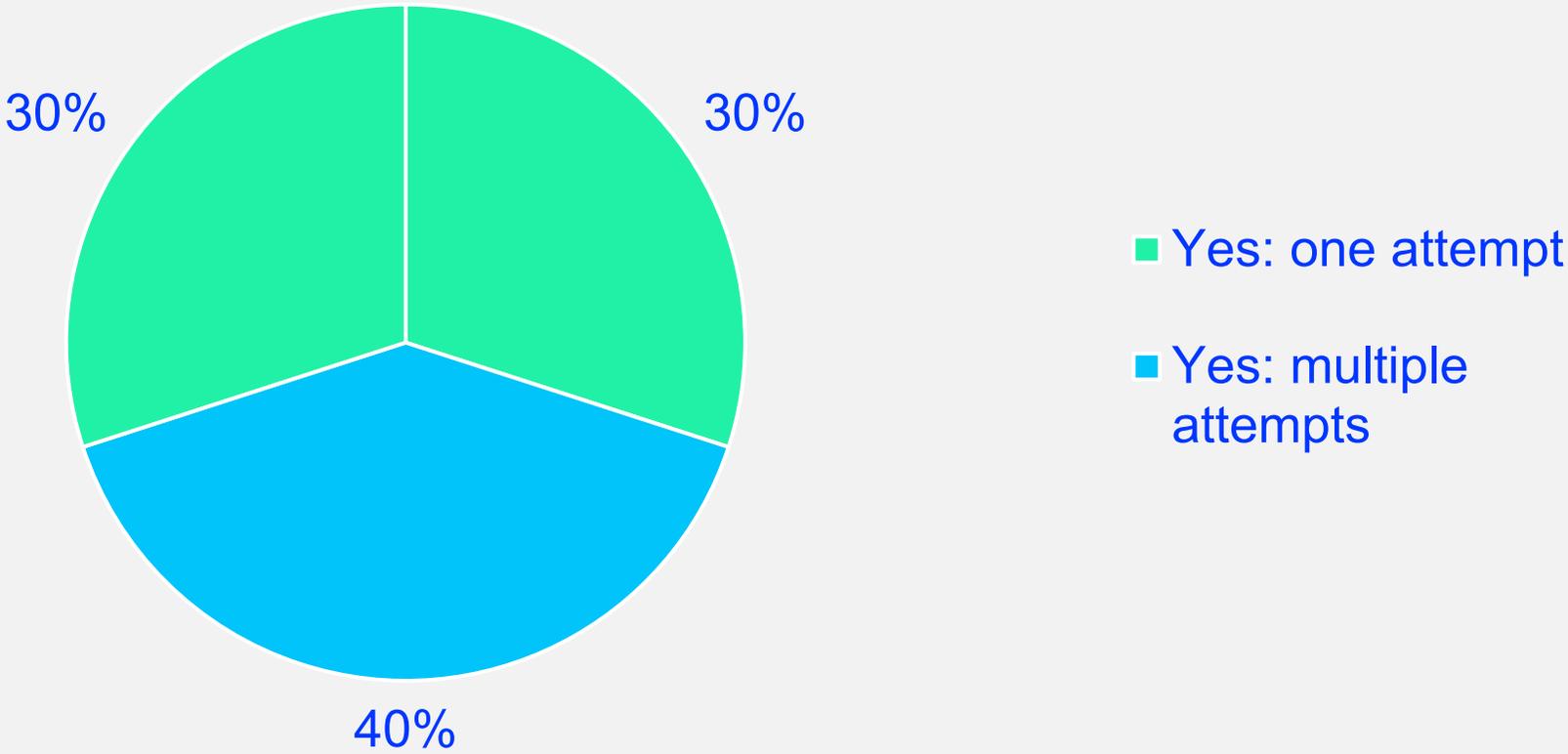
76% of organizations
experienced BEC fraud in
2020.



34% of organizations
reported a financial loss as
a result of email scams in
2020.

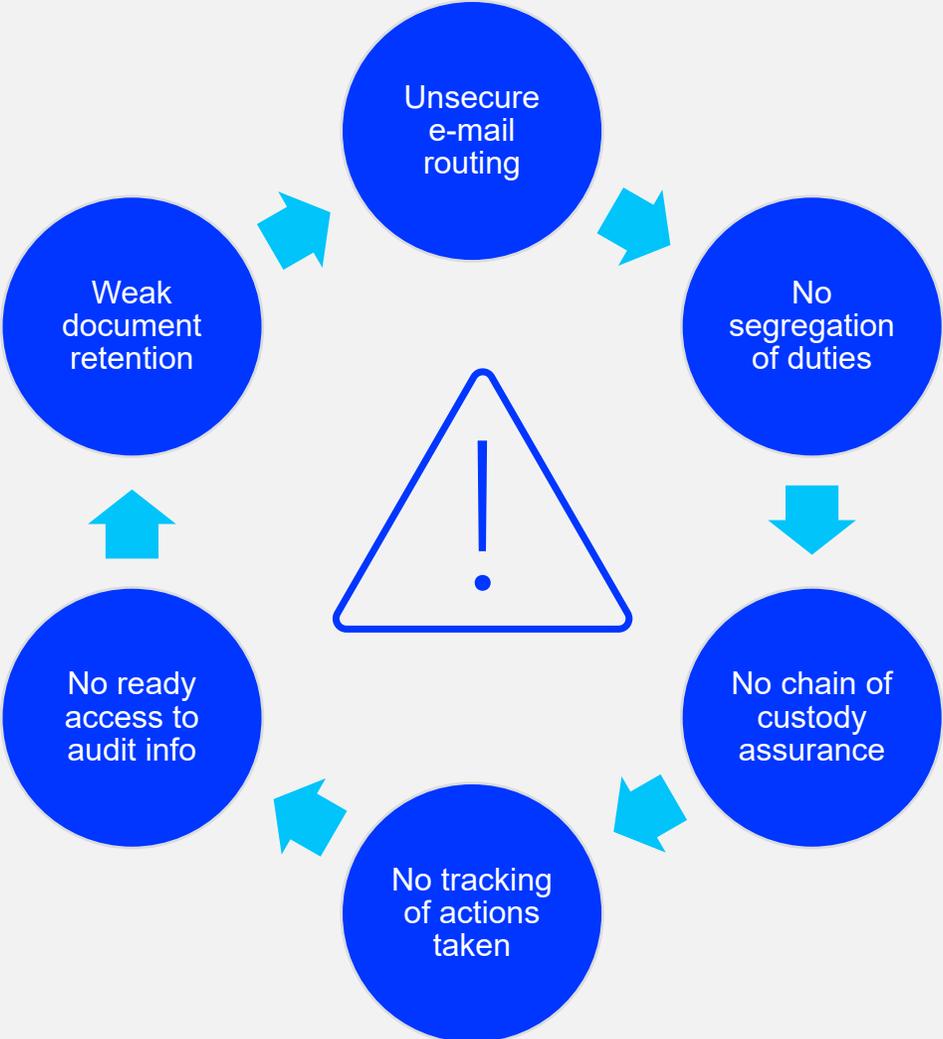
Multiple Fraud Attempts are Common

Has your business experienced attempted payments fraud in the past year?



SOURCE: IOFM Online Survey, September 2020

Remote Working Has Increased Risk

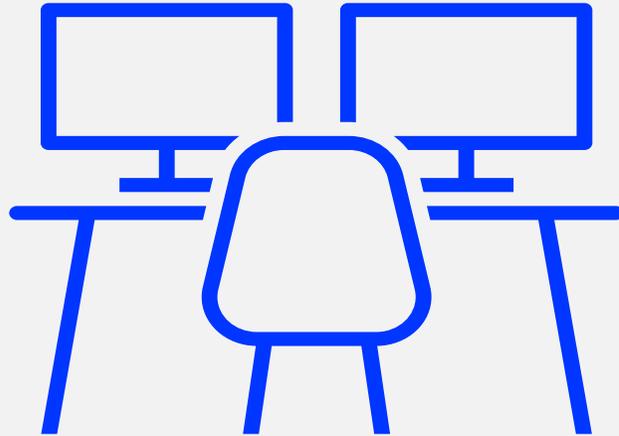


How Businesses are Mitigating Fraud

1. Standardizing processes across payment modalities.

2. Developing controls for remote working.

3. Reconciling payments daily.



60% of organizations use positive pay to protect against check fraud.

85% of organizations combat ACH fraud by reconciling accounts daily.

Fraud Mitigation as a ‘Way of Life’

COMMIT	Staff due diligence and training.
VERIFY	“Trust but verify” approach.
STAY VIGILANT	Collaboration with suppliers to mitigate potential risks.
CONTINUE TRAINING	Ongoing educational opportunities.
CONTROL	Consistent, enforceable validation procedures.
AUTOMATE	End-to-end validation.

Align Key Stakeholders



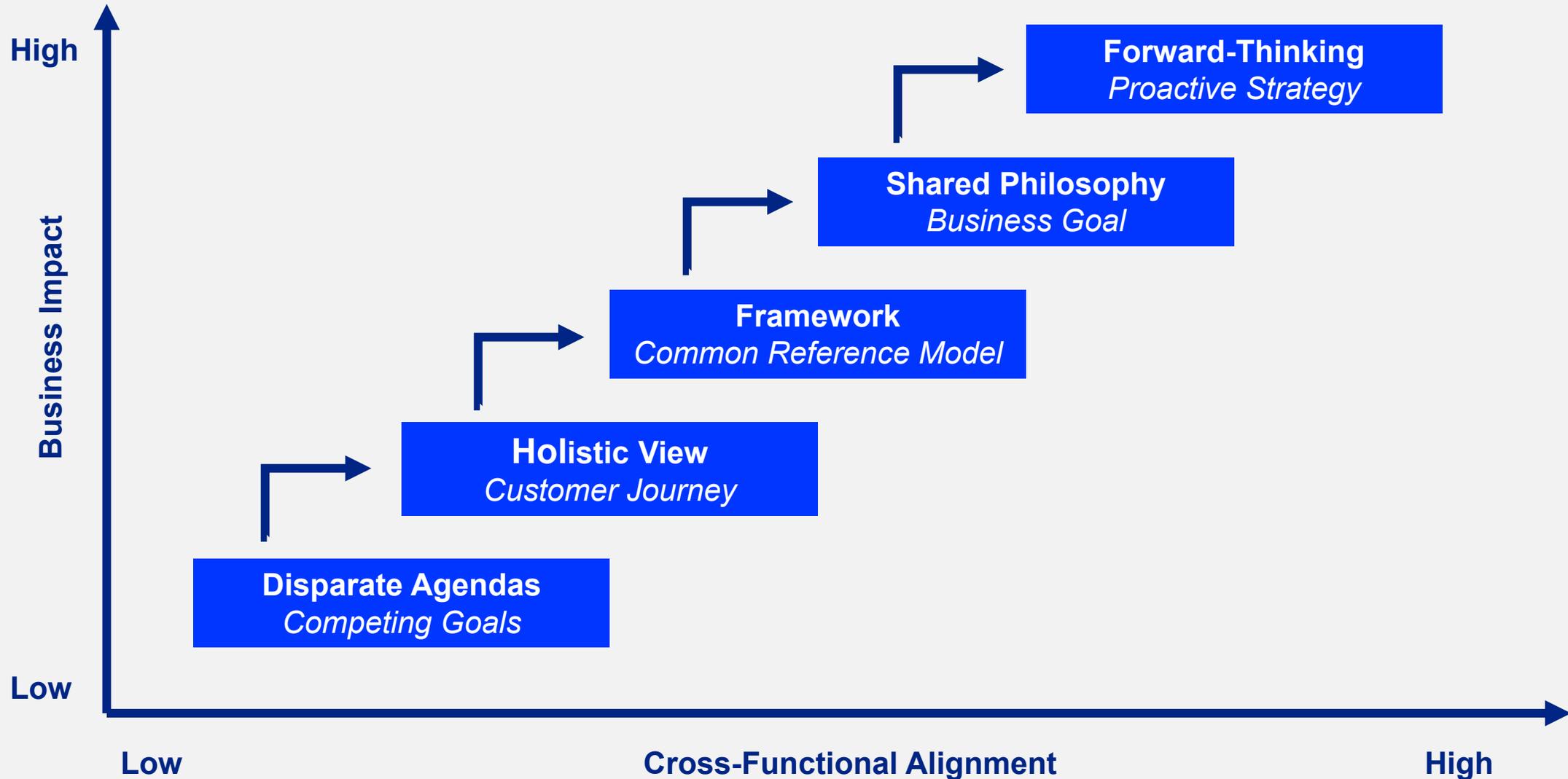
AP and procurement are best equipped to serve as fraud leaders.

“Many fraud strategies remain parochial, and do not incorporate the myriad requirements of different teams or broader organizational goals.”

- Gartner



Towards Cross-Functional Alignment



Developing a Plan that's Built to Last



Supplier Validation

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Keys to Supplier Validation

Relationship Between
Buyer and Supplier

Company Information
Against Federal Lists

Payment Instructions

Continuous Validation Throughout the Process

Closing Thoughts

How to Develop a Plan to Mitigate the Risk of Fraud



Best Practices for Mitigating Fraud

1 Never share the name of a system administrator with a supplier.

2 Implement validation procedures for suppliers who call or e-mail.

3 Always confirm business relationships.

4 Validate every request to update contact information or banking details.



Q+A

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Thank You

