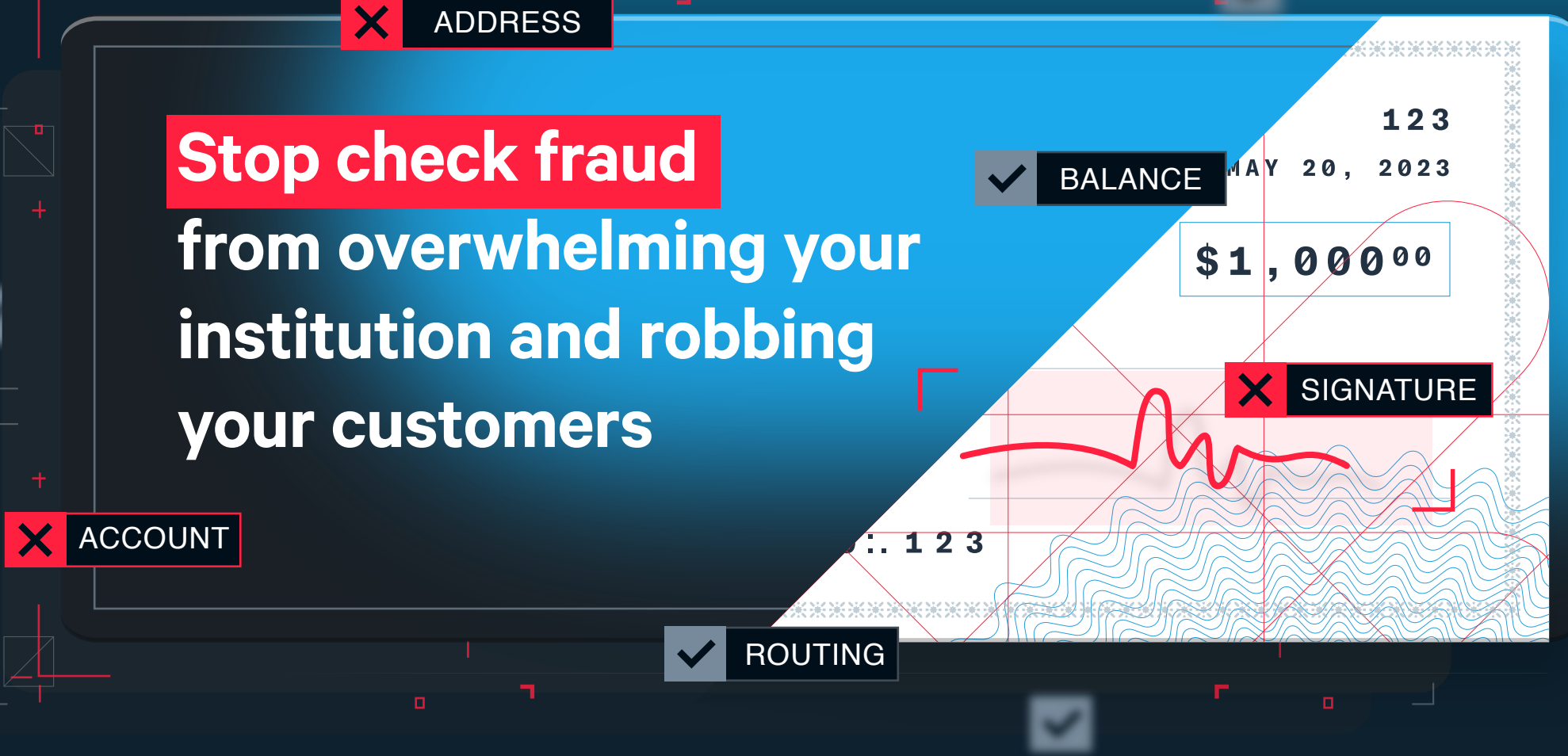


Stop check fraud
from overwhelming your
institution and robbing
your customers



During the first quarter of 2023 alone, the Federal Trade Commission recorded nearly

\$2 billion in losses

from more than 750,000 reports of fraud and identity theft.



ACCOUNT



Check fraud affects all financial institutions.

Even as the use of ACH, mobile, and card payments increase, paper checks continue to lead B2B transactions around the world. According to the Association for Financial Professionals (AFP), **checks still make up 42% of B2B transactions.**¹



Check fraud remains an extremely prevalent attack vector against financial institutions, making up **60% of fraud attempts against U.S. bank accounts.**² And, according to Aite Group, **59% of credit unions (CUs) still cite check fraud** as their primary fraud threat.

In fact, bank reports of check fraud cases for both business and personal accounts have more than **tripled in the past five years.**

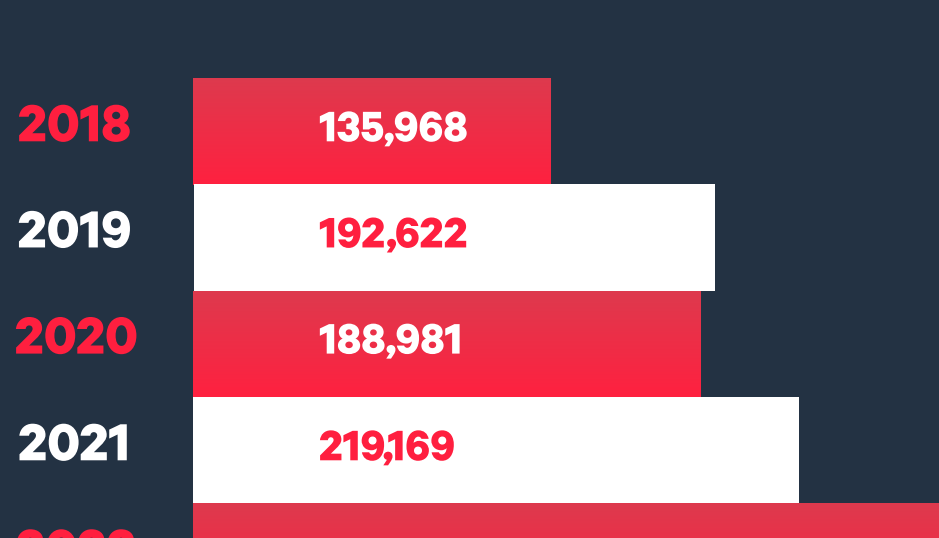


Chart: The Conversation, CC-BY-ND • Source: Financial Crimes Enforcement Network • Created with Datawrapper



While there were nearly 250,000 cases of check fraud in the U.S. in 2021. By 2022, that number had exploded, and **nearly 460,000 check fraud cases were reported – an increase of 84%!**³



The USPS reported a recent **surge in attacks on letter carriers and mail fraud**, stating that 305 mail carriers were robbed in the first half of fiscal-year 2023.

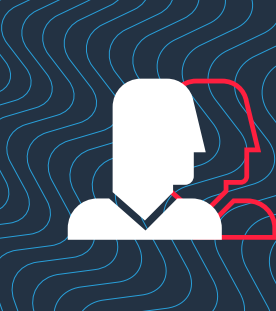
Why are letter carriers being targeted by criminals? They carry the arrow key.

Over the past several years, there has been a nationwide surge in mail-theft-related check fraud. **From March 2020 through Feb. 2021, the United States Postal Inspection Service received 299,020 mail theft complaints**, an increase of 161% compared with the same period a year earlier.⁴

The **arrow key can open as many as 600 locked mailboxes**, making it easier and quicker for criminals to go through mail to find checks.⁵

Criminals sell arrow keys from **\$1,000 to \$7,000 a key**, the cost of the key depending on the number of mailboxes in the ZIP code.⁶

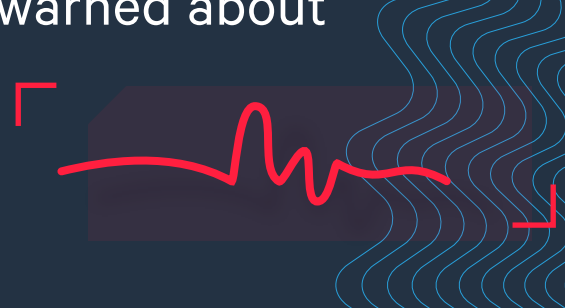
In **95% of letter carrier robbery cases, the criminals only wanted the arrow key**, according to Frank Alberg, president of the Postal Police Officers Association. "It's completely out of control," he said.⁵



Check fraud affects your customers.

Last year, check fraud cost individuals and businesses **almost \$4.8 billion, a jump of about 60%** from comparable fraud losses of **more than \$3 billion in 2020, the Federal Bureau of Investigation reported.**

70% of banking customers feel anxious, stressed, displeased, or frustrated when they are warned about potential fraud.⁷



Check fraud affects your reputation.

20% of banking customers will leave a financial institution if fraud has occurred on their account.⁷

37% of all customers affected by fraud will close their account or significantly decrease their use of it.⁷

One in four people said they would make a negative comment on Facebook, Instagram or X, formally known as Twitter, if the fraud incident wasn't handled well.⁷

21 percent would actively discourage their friends and families from using a bank if fraud occurred on their account.⁷



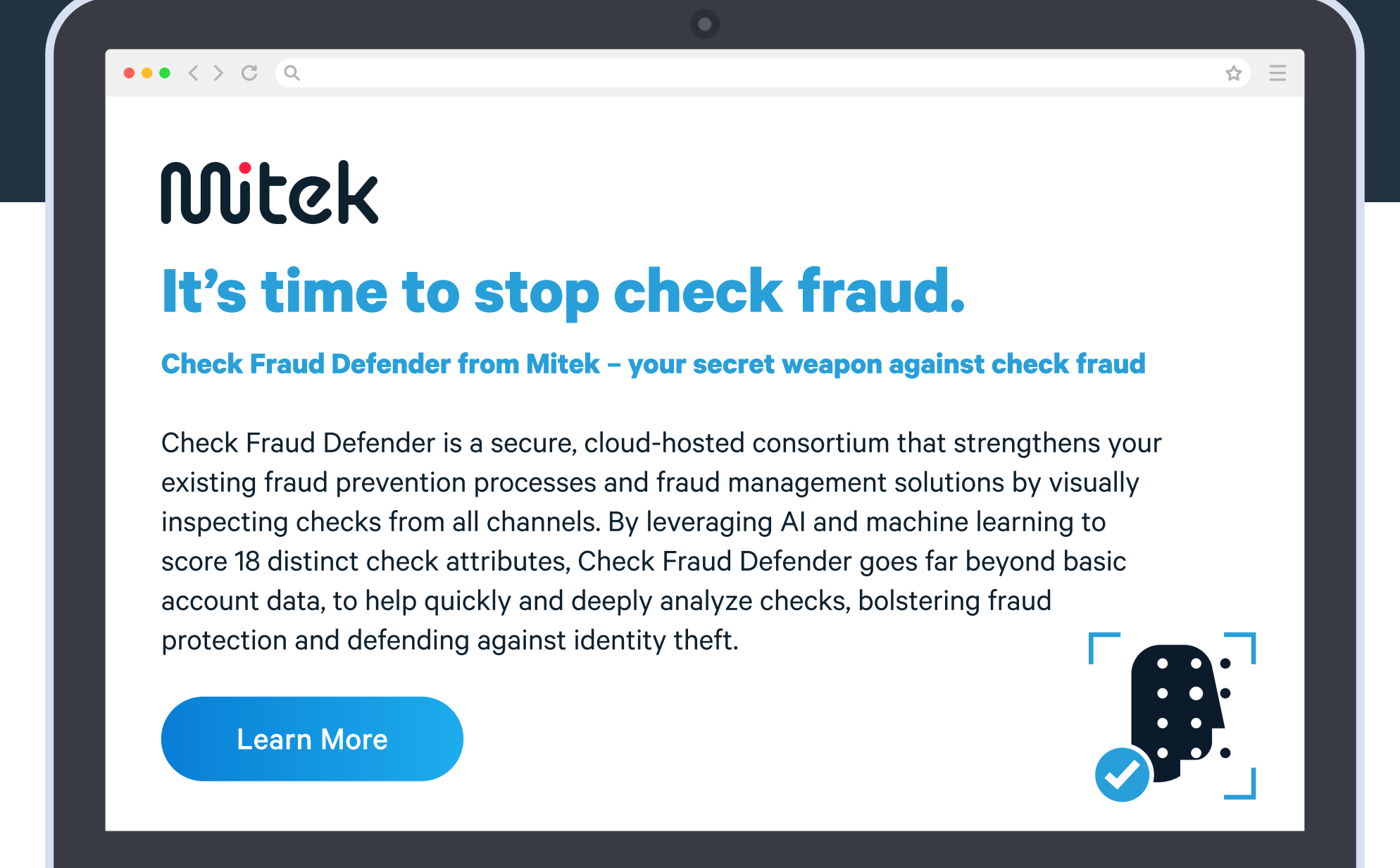
Fueled by the growth of online criminal channels.

The most **illicit check fraud activity takes place on Telegram**, though how-to videos on check-washing can also be found on YouTube.

While **California, New York, New Jersey and Florida are among the biggest hotbeds for check fraud**, it's spreading fast to other states.⁶

More than **2,500 stolen checks are sold online** for illicit use every week.⁸

The going rate for **a stolen check that is sold on an online criminal channel is about \$250 for personal checks** and as much as **\$650 for business checks.**⁶



Source:

1. PYMNTS.com, "B2B Payments: 40% Are Made With Paper Checks", March 15, 2022. <https://www.pymnts.com/news/b2b-payments/2022/b2b-payments-40-are-made-with-paper-checks/>
2. PYMNTS.com, "Check Fraud Accounts for 60% of Attempted Bank Account Theft", November 12, 2021
3. CNBC.com, "Criminals use Telegram to recruit 'walkers' as America's big banks see an 84% increase in check fraud", February 6, 2023.
4. FinCEN.gov, "FinCEN Alert on Nationwide Surge in Mail Theft-Related Check Fraud Schemes Targeting the U.S. Mail", February 27, 2023.
5. Yahoo.com, "Heists Worth Billions: sham bank accounts, secret online marketplaces and too little being done to stop it", June 20, 2023.
6. Axios.com, "Trending Crimes: Check washing" and "mailbox fishing", Nov. 16, 2022.
7. Mckinsey.com, "A new approach to fighting fraud while enhancing customer experience, Nov. 8, 2022.
8. Mitek.com, "Mitek and DarkTower partnership – a robust, proactive approach to account fraud and identity theft detection", May 15, 2023.

Mitek (NASDAQ: MITK) is a global leader in digital identity and digital fraud prevention, with technology to bridge the physical and digital worlds. Mitek's advanced identity verification technologies and global platform make deployment easier and more secure than ever, providing companies new levels of control, deployment ease and operation, while protecting the entire customer journey. More than 7,800 organizations use Mitek to enable trust and convenience for mobile check deposit, new account opening and more.

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