



Guarding Against Deception: A Guide for Credit Managers

Strategies and Best Practices

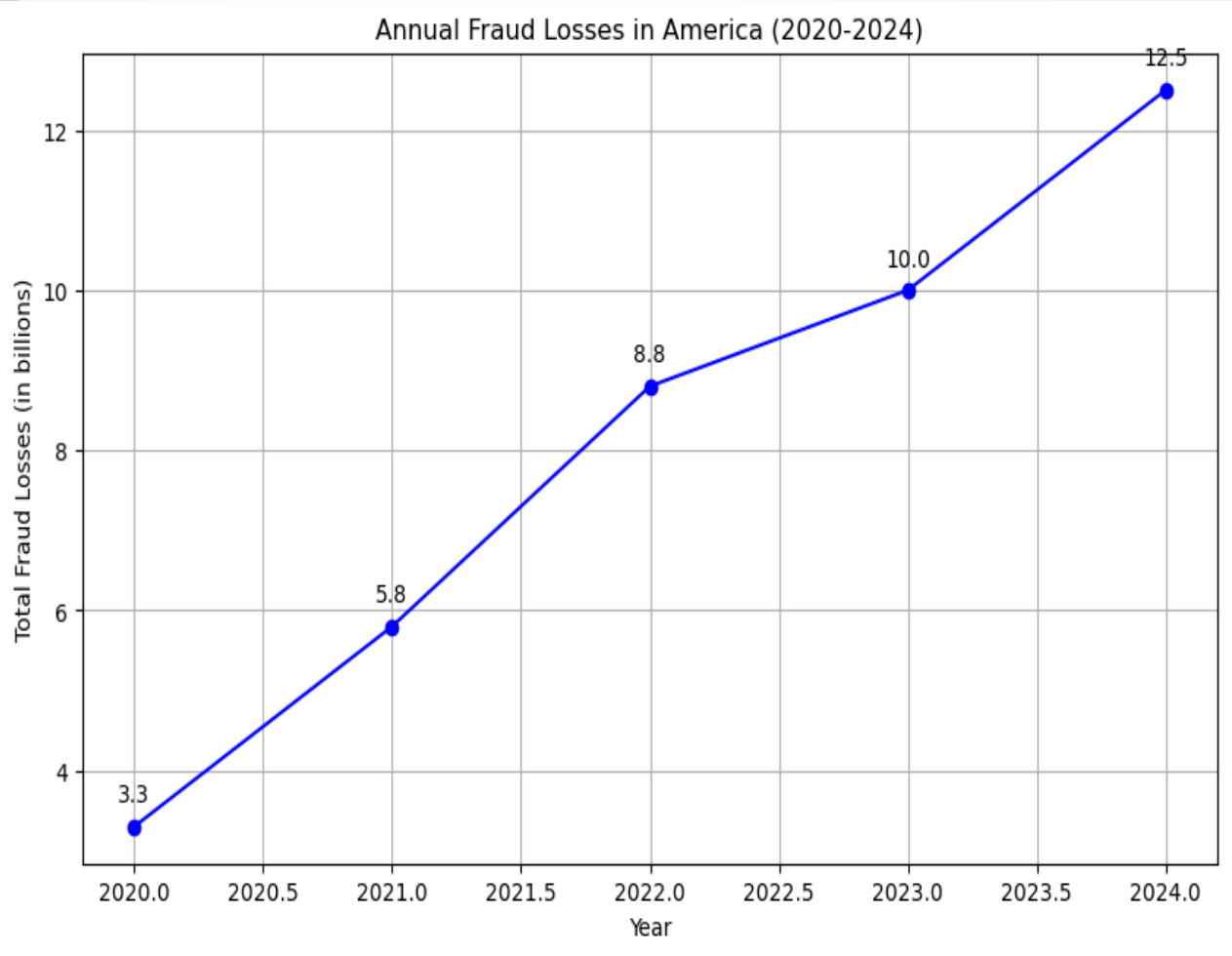
Fraud – Some Stats

- 71% of respondents expect financial crime risks to increase in 2025—yet only 23% believe their organization’s compliance program is “very effective”.

- 44% of credit professionals have seen an increase in fraud attempts from new customers filling out credit applications

Source: Kroll 2024 Fraud & Financial Crime Report

Source: <https://www.linkedin.com/pulse/rising-fraud-risks-b2b-trade-nacm-national-igbdc>



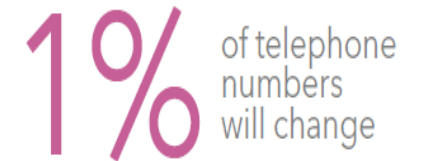
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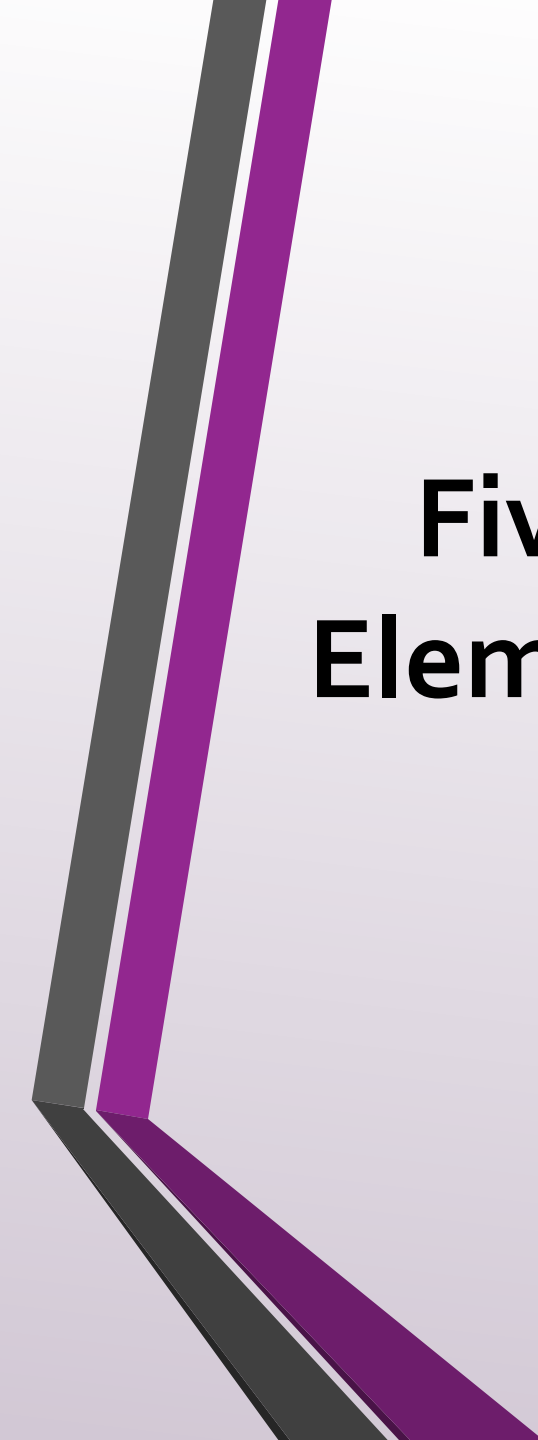
How do we keep up?

IN THE NEXT BUSINESS HOUR...



IN THE NEXT YEAR...





Five Basic Elements of Fraud

False Representation: This means making a false statement or omitting a material fact that should have been disclosed.

Knowledge of Falsity: The person making the false representation must know or believe that the statement is false or misleading.

Intent to Deceive: The person must intend for the other party to rely on the false representation.

Justifiable Reliance: The victim must have relied on the false representation, and that reliance must have been reasonable.

Damages: The victim must have suffered actual damages as a result of their reliance on the false representation.



Common Types of Fraud

- Fraudulent Credit Application
- Purchase Order Fraud
- Overordering and reselling
- Identity theft or misrepresentation
- Payment Method Fraud
- Dispute Fraud

Red Flags and Warning Signs

- **Discrepancies in Customer Information**

- Multiple accounts with slight variations in the same name or other information (e.g., William Smith, Will Ian Smith).
- Different customers/orders using the same contact information.
- Accounts with unvalidated or inconsistent information

- **Transactions Inconsistent with Customer Profiles**

- Transactions/orders that don't match the customer's typical habits, change in behavior
- Payments or received funds that don't align with the customers habits or known abilities

Preventative Measures

1. Strong Internal Controls

- Segregation of Duties
- Access Controls

2. Employee Training and Awareness

- Regular Training
- Fraud Awareness Programs

3. Robust Verification Processes

- Customer Verification
- Transaction Monitoring

Preventative Measures

4. Use of Technology

- Artificial Intelligence and Machine Learning
- Encryption and Access Controls

5. Regular Audits and Reviews

- Internal Audits
- External Audits

6. Fraud Detection Tools

- Transaction Monitoring Systems
- Geolocation and IP Tracking

