

WHY ACCOUNT TAKEOVER FRAUD IS SO DAMAGING

Account takeover fraud is about more than just stolen funds. What makes account takeover fraud so damaging? Let's take a look...



ACCOUNT TAKEOVER FRAUD CAUSES DIRECT FINANCIAL LOSSES

- Unauthorized payments
- Exploitation of account overdraft or credit lines
- Fraudulent purchases using linked debit or credit cards



REMIEDIATION EFFORTS CAN BE COMPLEX AND COSTLY

- Time and resources to investigate source of unauthorized access
- Increased customer support needed to potentially restore access, close / open accounts, implement additional verification controls
- Lag in detection can make recovery of stolen funds challenging



CUSTOMERS ARE HARMED

- Missed payments due to delayed access to funds
- Revictimization / downstream fraud impact
- Operational disruptions to business customers (e.g., inability to pay employees, vendors)



TRUST IS UNDERMINED

- Diminished confidence in institution's ability to safeguard accounts and funds
- Customer attrition
- Brand damage

Bottom Line: Financial institutions should consider proactively managing the threat of account takeover fraud to minimize losses and costly remediation efforts, protect their customers and reduce the risk of additional harm.

The account takeover fraud mitigation toolkit was developed by the Federal Reserve to help educate the industry about scams and outline potential ways to help detect and mitigate this fraud type. Insights for this toolkit were provided through interviews with industry experts, publicly available research, and team member expertise. This toolkit is not intended to result in any regulatory or reporting requirements, imply any liabilities for fraud loss, or confer any legal status, legal definitions, or legal rights or responsibilities. While use of this toolkit throughout the industry is encouraged, utilization of the toolkit is voluntary at the discretion of each individual entity. Absent written consent, this toolkit may not be used in a manner that suggests the Federal Reserve endorses a third-party product or service.