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## Wire Fraud – When the Buck Really Does Stop

*By Cindy Hagan, compliance administrator, Vizo Financial*



Have you ever bought a house? Have you ever spent time on a dating site? Do you have elderly relatives? If so, wire fraud might be closer to home than you think.

That's a message credit unions need to convey to their members in a powerful way, because wire fraud is becoming a big, BIG problem. In the real estate market alone, wire fraud scams in 2018 increased by 14 times over 2017, according to this article from CNBC.

Not only does that spell trouble for your members, but for your credit union as well. Wire fraud is a direct hit to your members' accounts and the finances that reside within your institution. What's worse is that money transferred via wire can rarely be recovered. And who's to say that the fraudsters who led the scam don't have access now to accounts that aren't theirs?

It's a scary thought, isn't it? If you want to protect your members and their money, here are three things your credit union can do to stop the buck before it's wired away.

1. **Ask questions.** Preventative measures must start at the source – the member. If your member is requesting a wire, don't be afraid to talk to that person and ask questions. Do they really know the person they are wiring money to, or is it just a casual acquaintance? Have they received updated wiring instructions? If there is an urgency to process the wire, ask why. It's not just a game of 20 questions. By talking to members and explaining the finality of wire transfers, your credit union can save them from the potential financial losses and the cleanup that follows.
  2. **Be your member's advocate.** Members count on your credit union to keep their money secure. In the case of wire fraud, this means being their lookout for red flags. If something doesn't seem right about the transaction – it's out of character for the member, the transfer is going to a suspicious account or location, they are pushing to get the wire pushed through quickly – don't dismiss it. Make sure your staff are hyper-aware of scams and trained to spot trouble on behalf of the member. They could be the only thing standing between your member and an irreversible financial disaster.
  3. **Educate your members.** It's common sense that your credit union's staff should be up-to-date on wire fraud, but making your members aware lets them be proactive too. In addition to notifying them of potential scams, give them information about how wire fraud works and what steps to take to protect themselves.
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Wire fraud doesn't discriminate against any group of people. Without the proper knowledge, your members could be vulnerable...which means your credit union could be too. Be the guiding force they need to fight those who seek to ruin them.

So next time a member is going through the escrow process, meets a love interest online or helps manage finances for an elderly loved one, they'll know better than to pass the buck and stop wire fraud in its tracks.

For questions on wire fraud, please contact our risk management team at [riskmanagement@vfccu.org](mailto:riskmanagement@vfccu.org).

***About Cindy Hagan***

Cindy Hagan works as the compliance administrator for Vizo Financial Corporate Credit Union. In this role, she administers and coordinates the Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) program within the organization to ensure compliance with federal regulations, the NCUA and the industry standards of the FFIEC's BSA/AML examination manual. She also provides compliance consulting and training services to credit unions.

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