FRAUD PREVENTION

Business Checklist

Safeguard your money, your credit and your good name.
Mitigating risk is a daily reality for business owners, but you don’t have to act alone. First Federal Bank offers a variety of solutions for controlling risk.

**Security for Your Business**

Build barriers to protect against fraud

As many businesses become more reliant upon modern technology, they become more vulnerable to cybercrimes. The best way to protect your company is to educate yourself and your employees.

This checklist is intended to assist our customers in safeguarding their financial data and processes. Use this list in conjunction with the tools to prevent and monitor fraud.

We advise you to consult with your accountant, your computer hardware and software vendors and other resources to assist you in developing and implementing a comprehensive fraud prevention program that is appropriate for the nature and size of your business.

Our Fraud Prevention Checklist is not all inclusive and does not guarantee protection against fraud. If you suspect fraud, please contact your local branch or call our Care Center at 877-367-8178.

**reduce risk**

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Procedures to Prevent Fraud

procedures

Start with the basics.

Employees can be your business’ first line of defense and your greatest risk. Establishing policies and procedures are an important first step in combating both internal and external fraud.

Implement separation of duties for employees:
- Limit access and resources for each job role.
- Provide cross-training and job rotation to reduce risk of collusion.
- Implement dual control procedures for the following transactions:
  - Web and Mainframe ACH
  - Tax Payments
  - Remote Deposit Capture
  - Check Automation
  - Wires

Establish procedures to review transactions before they leave the company.
- Ensure proper authorization of transactions.
- Verify any changes in payment instructions.

Conduct control testing and audits
- Audits should be scheduled and done at random.
- Review financial information.
- Evaluate computer network and firewall protection.
- Ensure “clean desk” policy (all sensitive internal and customer information filed away).

Review insurance coverage
- Contact your insurance agent to better understand your options.
- Ask about specific coverage for data breaches, system failures and intellectual property rights.

Educate employees
- Establish a training program that builds employee awareness of social engineering, phishing, acceptable use, identity theft and fraud education.
- Make information about fraud safety easily accessible.

Our partners at First Insurance Group* understand the importance of protecting your business and can provide flexible, cost-effective options to make a quick recovery.

controls

Keep your standards high.

With the proper controls in place, you gain greater peace of mind knowing you are mitigating risk of fraudulent attacks. Once you have established the controls listed below, it is important to ensure they are enforced.

- **Review access privileges.** Give financial access only to employees who need it and review access privileges regularly, particularly when employees change roles.

- **Limit authorization.** Implement dual control procedures for accounts receivable and accounts payable responsibilities.

- **Preauthorize high value checks.** Approve high dollar amounts before the checks are written.

- **Safely store sensitive material.** Canceled checks, accounts receivable and payable records, payroll information and materials with bank account information should be stored securely with limited employee access.

- **Have a Plan B.** Establish and regularly test a response plan for disaster recovery, business continuation and incident response that includes notification procedures and defined responsibilities.

Creating and testing plans to handle potential data breaches and fraud adds resilience and ensures continuity to your business.
Safeguard your workspace.

Modern technology has allowed businesses of all sizes to conduct business faster and more efficiently. It has presented a greater opportunity for cybercrime. Being vigilant is vital to ensure that fraud is kept to a minimum.

- **Keep systems up-to-date and use a firewall.** Attackers often look for faulty, outdated systems. Run vulnerability scans and monitor intrusion-detection and intrusion-prevention systems.

- **Monitor accounts daily.** Implement dual procedures for creating and approving online payments and report suspicious activity to your bank.

- **Limit administrator password use.** Do not use the administrator password to initiate or approve transactions. Administrator passwords should only be used to manage user access.

- **Think before you click.** Be cautious in clicking links and downloading attachments from unknown senders that may contain malware.

- **Require unique usernames and strong passwords.** Use unique ID’s for each employee accompanied with complex passwords made up of letters, numbers, and special characters. Remind employees to log-off when leaving their work area.

- **Control access.** Limit each employee’s access to only applications needed to perform his or her duties. In addition, use a dedicated computer with limited internet use for online banking to reduce risk of viruses and malware.

With First Federal Bank’s Business Internet Banking, you can establish multiple users with multi-level security and individual user rights to quickly access account information without leaving your business exposed.
Prevent Check Fraud

checks

>Become a less attractive target.<br>Anyone with a computer and printer can attempt to create fraudulent checks. By putting a few procedures in place, you can better protect your business from costly and time-consuming check fraud.

- **Be choosy.** Only use an established, respected provider. If check orders are not received within 10 days, notify the supplier.

- **Looks matter.** Select one style of checks for each account to allow for easy recognition. Look for check designs with security features such as watermarks, chemical resistance or micro-printing.

- **Store securely.** Keep blank checks and check printing equipment in a secure area with controlled access. Conduct periodic inventory procedures, including accounting for the sequence of unused checks.

- **Improve check identification.** Use a unique check style for each account type.

- **Keep in-touch with your bank.** Review and update authorized signature cards annually or when staff changes occur.

With Positive Pay Plus, First Federal Bank can provide daily protection against losses due to fraudulent check payments, unauthorized check cashing and ACH payments.
How First Federal Bank Helps with Fraud Prevention

Our enhanced secured services give you peace of mind in knowing your assets are protected. Meet with your local treasury management specialist to learn more.

Tools

Let us do the double checking for you.

When working with First Federal Bank, you not only get an experienced business specialist to help guide your business but access to the latest digital banking solutions to keep your account and transactions protected. After all, that’s what makes us better together.

Business Internet Banking: Stay connected with Business Internet Banking. Manage accounts, control cash flow and make payments in a secure, easy-to-use format.

Check Positive Pay*: Streamline your account reconciliation process using Business Internet Banking. Simply submit a list of checks that you plan to issue. When the checks are presented for payment, you are alerted of any discrepancies. Then approve, void, return or process stop payments* the same day or return suspect checks the next day.

ACH Positive Pay*: Conveniently monitor authorized ACH debit transactions based on originator information or transaction amount ranges through Business Internet Banking. Using ACH filters, you can block all ACH debit activity or only allow specific types of transactions to post.

Positive Pay Plus*: Combines the functionality of Check Positive Pay & ACH Positive Pay.

checXchange™: First Federal Bank has partnered with checXchange to offer a check recovery service that automatically collects your returned checks at no cost to you, reducing your staff time and expense on collection.

*Additional fees may apply.
For additional resources on fraud prevention, visit First-Fed.com