

The Real Cost of Check Fraud And How You Can Avoid It

It's a fact of life in today's high-tech society: The very technology that makes our lives simpler also puts us at risk for unauthorized access, duplication, hacking and fraud. And if you are a business owner, it's becoming increasingly clear that you're even more at risk than the average individual. Because small businesses have more wealth, on average, than most consumers, they are a ripe target for fraudsters looking for the highest possible payoff for their efforts.

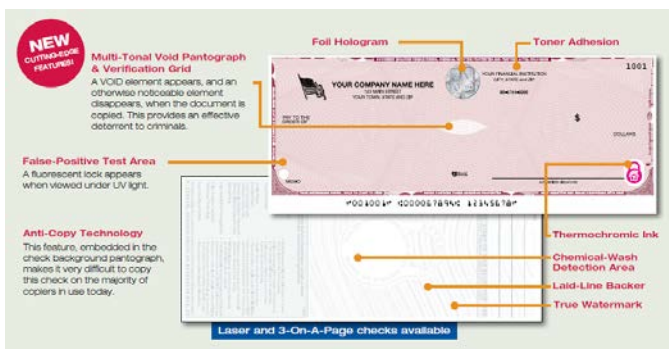
A recent report from respected analysis firm Javelin Strategy & Research shows that the average cost of fraud to small businesses is more than double the amount of that suffered by individual consumers. In fact, U.S. businesses lost a staggering *\$1.56 billion more* to fraud than consumers did in 2011.

Backing up these statistics is the 2013 AFP (Association for Finance Professionals) Payments Fraud and Control Survey, which revealed these startling statistics:

- 61 percent of businesses completing the survey experienced attempted or actual payments fraud in 2012.
- For those who did suffer this type of financial loss, the average loss was \$20,300!
- Checks were, by far, the primary form of payment targeted by criminals. According to the survey, 87 percent of affected organizations reported their checks had been targeted.

J.J. Sorrenti, president of Dallas-based Safeguard Business Systems, Inc., believes that as long as the economy remains unstable, check fraud will continue to be a major concern, particularly in the business-to-business marketplace.

"Crime, in general, tends to run counter to the economy, so a weak economy contributes to an increase in theft — and checks are a common target," said Sorrenti. "Safeguard is seeing more customer interest in protection and prevention, and has taken steps over the years to incorporate added layers of security in our paper, inks, packaging, ordering and shipping processes. We strive to be a leader and will continue to update and evolve our check offering with the most up-to-date features available."



In fact, in the first quarter of 2014, we incorporated four additional, cutting-edge security features into our Premium Secure checks, including the latest anti-copy technology. These features, in combination with thermochromic ink and a security foil hologram, provide the highest level of defense. We're so confident that these exclusive, state-of-the-art security features will help protect customers from fraud, that we also provide EZShield® fraud recovery services with every high-security check."

Safeguard's included EZShield Premium Check Fraud Protection® extends protection beyond the check to provide services in the event of check fraud. It provides advancement of funds for a qualified check fraud event and gives access to a dedicated resolution specialist, saving you time and money. You can focus on your business while we provide peace-of-mind that you're protected if fraud should occur.



In addition to state-of-the-art features and check fraud protection services, Safeguard's security measures also protect the order and delivery process. For example, the company utilizes

proprietary order-screening software that looks for known fraud indicators such as names, addresses, phone numbers (caller ID) and account numbers.

Adds Sorrenti, "Safeguard also offers order confirmation and shipping notification via e-mail to ensure customers are aware of check orders placed on their account. We can even accommodate the requirement of a password so only authorized persons can place a check order."

The Cost of Preventing Fraud

So, we've covered what check fraud costs businesses in the United States each year. We've also discussed what's being done to prevent it. Now the question is, "Are high-security checks really worth the investment?"

Here's something to consider: Each time a business cuts a check, the cost of the actual check itself is only a tiny portion of the overall costs of the check disbursement process. This overall process includes labor costs to create the check, print it, and reconcile the bank account, the cost of the envelope and postage, the amount the bank charges to pay the check from the account, etc.

In all, this total process can cost the business anywhere from \$1.20 to \$1.80 per check. So, the difference in price between a plain check and a high-security check is, quite literally, pennies. In other words, you might spend \$1.50 to use a run-of-the-mill check, or perhaps \$1.54 to use a much more secure check. What's more, those few additional pennies might help you protect a check worth hundreds of dollars or protect your business from being disrupted by a fraud event. To many business owners, the additional protection is well worth it for the peace of mind alone.

In the end, the decision is yours. Armed with the knowledge of today's fraud risks and the tools at your disposal for overcoming that risk, only you can decide what is best for your business. But remember, the criminal is considering what moves will pay off best for his business as well. Don't give him the opportunity to profit from your hard work.

Fight Fraud and Reduce Risk with Safeguard Secure® Products and Services.

Contact your local Safeguard Consultant for a complimentary check-fraud risk analysis.

To locate a consultant in your area, call **800-616-9492**.

