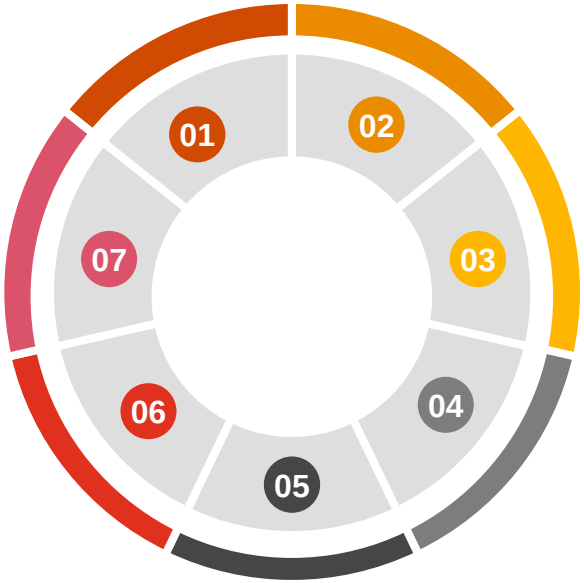
Fraud Taxonomy

01 Actor – WHO?
An entity or individual who is responsible for an intentional act that impacts organization

02 Motive – WHY?
The need for an actor to commit the intentional act that impacts the organization

03 Vector – HOW?
The enabling mechanism, path or tool that an actor utilizes to commit the intentional act that impacts the organization

04 Scheme – USING?
The specific act of fraud itself that impacts the organization



05 Channel – WHERE?
Describes the setting in which the intentional act took place

06 Method – VIA?
The precise mechanism by which the assets moved from the possession of the victim to the possession of the fraudster

07 Victim – WHOM??
Describes the main entity against whom/which the fraud is directed

What

A Fraud Taxonomy is used to categorize fraud activity into a systematic, meaningful and consistent framework so that the organization can determine the current prevalence of fraud and how fraud changes over time. The taxonomy will be consistent even as new customer engagement channels, services, and payment instruments are introduced. Using a taxonomy, the organization will have means to understand fraud event across the dimensions shown above

Why

Everything starts with identifying and classifying the risk. The right taxonomy organizes fraud types meaningfully and systematically into a framework that can be translated into an digestible format. Without a taxonomy hidden' fraud goals go unidentified.

How

Delivers a fraud typing structure that is founded in industry standards, leverages observed best practices, and prepares for the future. Keeps fraud types, transaction instruments, and channels separate. This helps improve the ability to understand and respond to threats. Customizes the taxonomy based on FIs products, risks and appetite.

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