COMMUNITY BANKER UNIVERSITY®
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Newsletter for Audit, Compliance, Security, IT, Credit Analyst, Lending, BSA and Risk Certification Holders
Fall 2019

CERTIFICATION NEWS

SECURITY

Battling Synthetic Identity Fraud

By Jeremy Dalpiaz

There's a pivotal scene in Ocean's 11 in which Matt Damon's character asks if the grand heist is a "smash-and-grab job." George Clooney's character replies that it's "slightly more complicated" and proceeds to reveal a multi-point scheme requiring hefty preparation to pull off.

Why in the world am I talking about a movie plot? Quite simply, it provides the perfect analogy for synthetic identity fraud. It is a major payout and avoids being flagged by 85 to 95 percent of traditional fraud models.

As the fastest-growing type of financial crime in the U.S., synthetic identity fraud has garnered increased attention and was the subject of a Federal Reserve comprehensive report earlier this month. Synthetic Identity Fraud in the U.S. Payment System defines this type of fraud as "a crime in which perpetrators combine fictitious and sometimes real information, such as social security numbers and names, to create new identities to defraud financial institutions, government agencies or individuals."

How it Works
This type of insidious crime plays out over time in four key steps:

1. **Establish an identity** by combining "real" information purchased on the dark web—such as the Social Security number of a child or one that hasn't been issued—with fictious identities created and substantiated via P.O. boxes or social media accounts.

2. These fraudsters then take their crafted identities to **apply for credit**. When denied, they create a file that helps legitimize the false identity and repeatedly apply—via multiple banks and payday lenders as necessary—until they ultimately obtain credit.

*See **Identity Fraud**, page 2*

PROFESSIONAL PROFILE

Get to Know Cynthia D. Burdick, an ICBA-Certified Banker in Pennsylvania

By Shirley Ringhand

Cynthia D. Burdick is vice president, BSA/AML officer and manager at The Dime Bank in Honesdale, Pa. Cynthia became a Certified BSA/AML Professional in May 2018

What makes a community bank different from the larger banks? Community banks offer competitive products and

*See **Profile**, page 3*

Fact Check

The Dime Bank

Headquarters: Honesdale, PA
Retail offices: 7 locations
Bank asset size: $701 Million
Number of bank employees: 150
Number of staff in auditing and BSA/AML: 2
Web site: www.thedimebank.com
Taglines/Motto: "Trusted, dependable banking" and "We always remember it's your dime."

2020 CERTIFICATION CALENDAR

Audit Institute℠
- Apr 26-May 1; Charlotte, NC
- Sept. 13-18; Minneapolis, MN

Annual Current Issues Certification Conference
- Sept. 21-24; Minneapolis, MN
- Oct. 19-22; San Antonio, TX

Bank Security Institute℠
- Sept. 27-30; Minneapolis, MN

BSA/AML Institute℠
- May 4-6; Minneapolis, MN
- Aug. 10-12; Denver, CO
- Nov. 4-6; Charlotte, NC

Compliance Institute℠
- June 14-19; Minneapolis, MN
- Oct. 4-9; Denver, CO

Commercial Lending Institute℠
- Aug. 23-28; Minneapolis, MN

Consumer Lending Institute℠
- Sept. 13-16; Minneapolis, MN

Credit Analyst Institute℠
- March 29-April 1; San Antonio, TX
- Oct. 4-7; Minneapolis, MN

IT Institute℠
- Aug. 3-7; Minneapolis, MN

Risk Management Institute℠
- Oct. 13-16; Minneapolis, MN

Did You Know?

Targeting? What's Wrong with That?

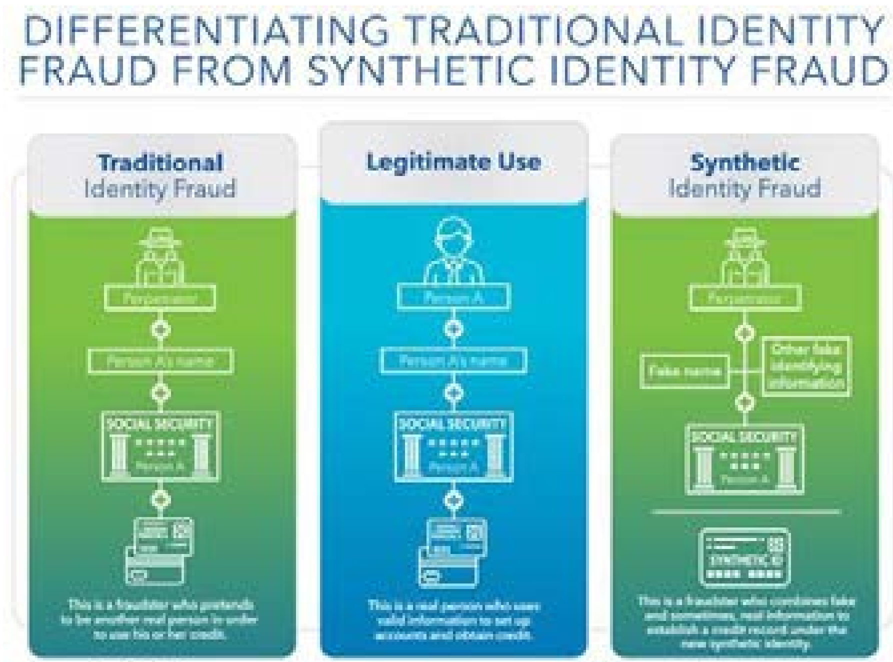
An emerging area of social media compliance risk is target marketing. In the past you sent post cards to the entire neighborhood. As a compliance officer, you only had to worry about the content contained on the post-card to ensure it met regulatory requirements. Now you are placing digital ads on social media and must choose the target for the ad. A target market is the specific group of people you want to reach with your marketing message. They are the people who are most likely to buy your products or service, and they are united by some common characteristics, like demographics and behaviors. Artificial Intelligence and algorithms allow filtering or your target market to be very narrow. If you're not careful about how you target for your specific advertisement on social media, you may have fair lending or CRA violations. Banks need to make sure digital marketing is covering all the bank's assessment area. Ask yourself, "Who are you excluding and why"?

ICBA is hosting a **Community Bank Marketing Seminar** on Nov. 13-14 in Dallas. Retail wars, digital transformation, and customer demand are dramatically changing the landscape of community banking. To succeed in the competitive marketplace, community bank marketers and retail teams must be savvy, forward-thinking, and implement game-changing strategies. In this newly-created ICBA Community Bank Marketing Seminar, attendees will participate in two engaging days packed with critical information to propel a bank to the next level.Register at https://www.icba.org/education.

***Identity Fraud*, continued from page 1**

3. **Grow their credit score and credit limits**. This false identity is further established through a "piggybacking" process in which perpetrators pay accountholders with good credit to add them as authorized users to their accounts. The goal is to increase their line of credit as high as possible.

4. **"Bust out" with the money**. Once their credit score rises high enough, they "bust out," leaving maxed-out cards or unpaid loans in their wake, leaving financial institutions to foot the bill. There's also the potential for unsuspecting consumers to have a ot of financial clean-up to do.



Source: The Federal Reserve

This type of fraud generally goes unreported because its victims are most often individuals who aren't checking their credit reports, including children, the elderly and the homeless. This means banks are left to pick up the tab for these unpaid charges, estimated at more than $15,000 per attack in 2016 and accounting for up to 20 percent of all credit losses, according to an Auriemma Group study.

Fighting Back

So, what can be done? Customer education, for starters. For example, we can let our customers with young children know that they can place a freeze on their children's accounts with credit bureaus and then lift them when they become old enough to need them. They also can consider "locks" for their own accounts, which are manually turned on and off with a mobile app. In addition, regular credit checks can help keep on top of any changes in ratings.

Having a staff that's up-to-speed on how this fraud occurs and what to look for in applications will also go a long way in helping to safeguard banks. The Federal Reserve's white paper is a great tool for opening the conversation; and I expect the Fed will continue its leadership on this subject, so look for more to come. ICBA also is available as a resource. So please feel free to reach out to us if you would like to share your thoughts with the Fed on this topic.

The complexity of synthetic identity fraud and the difficulty to detect it is why we must remain vigilant if we hope to stay a step ahead. I'm confident with our collective efforts, the synthetic identity fraud story will end differently than the Ocean's 11 heist. In our case, we'll be waiting to bust them as they try to "bust out."

Jeremy Dalpiaz (Jeremy.dalpias@icba.org) is vice president of cybersecurity policy at ICBA.

Did You Know?

Share Your Certification Success! New Program Enhancement!

Community Banker University is thrilled to share an exciting change to our ICBA Certification programs. We have partnered with a company called Acclaim to provide you with a digital version of your certification credentials!

The digital badge will contain metadata describing your qualifications and credentials, including how you earned them. You will have the ability to display the badge in your email signature, electronic copies of your resume, and on social media sites such as LinkedIn, Facebook, and Twitter. The digital credentials cannot be falsified and will protect the integrity of your accomplishment.

This is your opportunity to showcase your achievement inside and outside of your bank. Be on the lookout for future communications detailing when the digital badges will be available and everything you will need to know to share your certification success!

Profile, **continued from page 1**

services and are very involved with the communities they serve. They are committed to working with their customers and creating long term relationships. They not only provide financial services but also support the community in local fund-raising and educational events.

What makes you most proud of your bank? The Dime Bank opened its doors for business on Jan. 2, 1906 and has been servicing customers for more than 113 years. The bank's focus is the customer, shareholders, community and its employees.

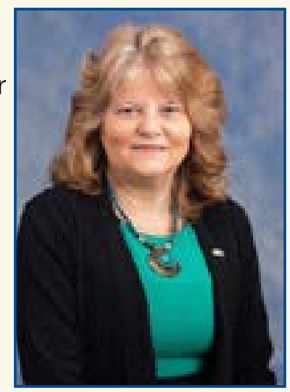
How did you find your way into banking? After graduating high school, I was working as a secretary at a local construction company. I knew that when winter arrived, I would be laid off, so I began applying at various community banks. I was hired by The Dime Bank two months later and have been here ever since.

Tell us your biggest and best accomplishment. Being a Dime Bank employee for more than 42 years, I have had the opportunity to work in various departments. I enjoy working with our customers and mentoring fellow co-workers. However, I would say the biggest and best accomplishment was being promoted to vice president in July 2019. I sincerely believe my dedication to banking and attaining my BSA/AML certification, assisted me in attaining this goal.

What do you like best about the work you do? I enjoy the challenge of investigating and solving cases. It is especially rewarding when you recognize and report an activity and it results in further investigation by the authorities.

What is your bank's customer service philosophy? At The Dime Bank, we are dedicated to delivering outstanding products and services to our communities, creating true relationships with our customers and enhancing our shareholders investment.

What's your best advice to a new bank employee? To take initiative and every opportunity to further educate yourself. Be a team player and assist others in growing their careers.



Why did you choose to become certified? I chose to become certified because I wanted to enhance my education and wanted to demonstrate my commitment to my job as BSA/AML Officer.

How has earning your certification designation helped your career as a banker? After attaining certification, I gained more respect and received recognition for my dedication. I feel the certification played a factor in my promotion to vice president.

Shirley Ringhand (*shirley.ringhand@icba.org*) is vice president, Certification, Seminars and Bank Director Program, Community Banker University at ICBA.

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CERTIFICATION NEWS

Is Your Certification Up to Date?

Community Banker University offers a wide range of live events, webinars and online training to assist you in fulfilling your continuing professional education (CPE) requirements.

Your certification maintenance cycle renews every two years on January 1 and you have until December 31 of the following year to attain your CPE. As a reminder, at least half of your required CPE must be earned through attendance at live, in-person seminars, conferences and events.

There is also an Annual Certification Fee of $100 per certification (up to $400) that covers the current certification year. The fee should be paid in your Online Certification Portfolio by December 31 of each year. Watch for an email with your click-to-pay link from Julie Woida in October.

Have You Used Your Discussion Forum?

Stay connected and start chatting with your peers today!

Each certification type has its own forum. To access your discussion forum, click on the red CLICK HERE button on the home page of your certification portfolio.

For questions contact Julie at 800-422-7285, extension 7334.

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