



## Banking fraud controls and response

During 2024 and Q1 2025, we assessed the extent to which supervised persons periodically assessed their adherence to applicable legislative and regulatory requirements and the effectiveness of corresponding controls regarding fraud.



### Good practice we observed

- ▶ A greater resolve to address potential weaknesses in fraud control frameworks by increasing investment in systems and staff training, and focusing on putting customers' interests first.
- ▶ Operational improvements include combining fraud investigation and related complaint handling into one team to increase the available resources and help ensure timely and fair treatment of customers.
- ▶ Improved engagement, cooperation and transparency with the JFSC, Government of Jersey, States of Jersey Police and other related island agencies in pursuit of lasting solutions to the rise in fraudulent activity.



### Areas of improvement we identified

- ▶ Inadequate or ineffective procedures relating to suspicious activity reporting, particularly in relation to fraudulent events and failing to submit suspicious activity reports, impeding the early detection and response to fraudulent events.
- ▶ Failures and weaknesses in systems and controls, together with procedures not being followed, leading to the potential facilitation of fraud on customer accounts.
- ▶ Inadequate actions taken to ensure instructions received were lawful, failure to react to customer alerts of potentially fraudulent activity, and failure to deal with case reviews and related customer complaints promptly.



### Key considerations

- ▶ In your business risk assessment, do you periodically review and document the effectiveness of the governance and oversight of your fraud risk control framework? This can ensure it remains fit for purpose and delivers consistently fair outcomes in the best interests of your customers.
- ▶ Have you benchmarked your anti-fraud approach against the standards adopted by your parent group and against the best practice promoted by your home regulator, such as the Financial Conduct Authority for UK banks? Establishing consistency could help to identify and mitigate the fraud risks which your bank and its customers are exposed to.
- ▶ Have you comprehensively documented your decision-making approach to reimbursement and compensation? This will help ensure consistent outcomes and fair treatment of customers who are victims of fraud.