



Types of Financial Frauds

Ponzi-schemes

Investment schemes that promise to pay relatively high rates of returns for fixed term investments.

Fraudulent investment plans - money is not invested at all.

Instead, every new investment is used to pay off earlier investors.





Types of Financial Frauds



Pyramid Schemes - A single promoter (or small group of promoters) collects money.

Most people end up at the bottom of the pyramid and inevitably lose their initial investment.



Enjoyed by the top few.
(Promoters)



Types of Financial Frauds



Identity fraud



Fraudsters on-line

Types of Financial Frauds



Identity fraud – Someone impersonates you, uses your personal information to steal money.

Identity fraud is common on Internet

Fraudsters give instructions to banks for fraudulent money transfer.



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Phishing

Internet Banking Clients receive e-mails which are tricky – asking them to give account login, password & personal details to website which look like their legitimate Bank.



These details are then exploited to steal money from your account.

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Card Fraud

- Starts with the theft of your bank card.
- Stolen /loss cards remain usable
- Thief make unauthorized purchases with the card until you notify your bank





Types of Financial Frauds

Skimming – This involves stealing information off a credit card during a legitimate transaction.

Fraudsters swipe the card through an electronic device known as a ‘wedge’ or **skimming device** which records all information contained on the magnetic strip.



Fraudsters use the stolen information for purchase online or reproduce the card.



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Counterfeit cards – The fraudsters steal cards information to make fake cards or sell the card information.

The victim rarely knows – he still has the real card in his possession.





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Advance fee scams – These scams are usually perpetrated through **a letter, email or phone call** offering you a large sum of money if you can help someone transfer millions of rupees or other currency out of his country.



To initiate the transaction, you are asked to send **details of your bank account and an administration fee.**





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Fund Transfer scams – In a fund transfer scam, you are asked through an advert or email to receive a payment into your bank account, and to send it abroad in return for receiving a commission.



In so doing, you may become a party to an offence.

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Fake prizes – A perpetrator claims that you have won a nonexistent prize.



He either asks you to send a cheque to pay the taxes or asks you details about your credit card, or your account number to pay for shipping and handling charges to send you the non-existent prize.





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Inheritance scams – You receive a mail from an ‘*estate locator*’ or ‘*research specialist*’ purporting an unclaimed inheritance or refund. You are lured into sending a fee to receive information about how to obtain the purported asset.

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International lottery fraud

To show good faith, the perpetrator may send you a cheque which you are instructed to deposit in your account and send the money back to the lottery committee.



The perpetrator will create a “sense of urgency,” compelling you to send the money before the cheque, which is counterfeit, is returned.





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Wills and Legacies - A letter or email is sent to you claiming that someone has died and had mentioned your name in his will.



Usually the scammer will claim to be the deceased's legal advisor and may claim an advance fee.

Protect yourself against Financial Crime



- **Keep** all personal information, identity cards and bank cards safe at all times.
- **Keep** your PIN numbers secret.
- **Do not** write your PIN numbers down or store them with bank cards.

Protect yourself against Financial Crime



Never give bank account details or other security information to any person or website unless their identity and authenticity can be verified.

Protect yourself against Financial Crime



Place your money only at authorized financial institutions.

Never give your money to people who offer to place it with a bank on your behalf for a rate of return higher than the prevailing rate.

Watch out also for newer form of Ponzi

Protect yourself against Financial Crime



- **Do not allow yourself to be distracted** when using your bank card. If you notice something wrong or suspicious with an ATM, please report it.
- **Do not** let anyone else use your card.
- **Check** monthly credit cards statements and other bank statements carefully for suspicious transactions.

Protect yourself against Financial Crime



Report promptly the theft or loss of your card on the 24-hour telephone numbers that most issuers make available for free.

Protect yourself against Financial Crime



Exercise care when using your card to make payments on the internet. Make sure that you disclose your Card Verification Value only in **secure payment websites.**



Protect yourself against Financial Crime



Be careful when signing any financial contract. Read the small print carefully, and ask for clarifications and advice from independent sources if needed.

Beware of calls, letters, e-mails or faxes asking for your help to place huge sums of money in an overseas bank.

Protecting yourself against Financial Crime



Be suspicious of any job advertised by spam or unsolicited e-mails. Legitimate companies do not send spam. If the 'job' offered involves handling money - receiving or transferring funds or payments, it could be 'fake check' scam.

Do not reply to spam or unsolicited e-mails that promises you some benefit.