

## Keeping Your Money Safe: Skimming

*Businesses and individuals lose billions of dollars every year due to fraud. While PlainsCapital Bank has a seasoned fraud prevention team in place to protect our customers, we understand that the best protection is education. To that end, our Fraud Prevention Series, "Keeping Your Money Safe," highlights the latest fraud scams with helpful tips on how you can avoid them.*

*Denise Owens, CFE,  
SVP, Fraud  
Department Manager*

### *Credit Card Skimming*

#### **How Does the Scam Work?**

If you've ever wondered why you've had fraudulent activity on an account, but you haven't lost your debit or credit card, skimming may be the answer. Individuals can fall victim to ATM, debit card or credit card skimming without even knowing their information has been stolen, leaving the victim blindsided by the theft.

In this form of theft, a fraudster uses a "skimmer" or small device that alters a card reader or payment terminal to steal credit card information. The skimmers are often placed over readers at ATMs and gas stations and resemble legitimate card readers with no obvious indication it has been tampered with. Once you swipe your card, the skimmer collects all the information a fraudster needs to either withdraw cash from your checking account, create fake cards to make purchases or sell the information on the internet. The victim will usually remain unaware until the card is declined or they receive overdraft notifications.

#### **How to Prevent Credit Card Skimming?**

If you're not specifically looking for a skimmer, odds are the device will blend into the reader and go unnoticed. Become familiar with how credit card readers look and feel so you can better detect when something seems off. Some warning signs of tampering include the reader extending out further than normal, a thicker-than-normal keypad or jiggling and loose parts. If you're at a gas station, you can compare your credit card reader to nearby pumps to check if anything seems off. If you feel unsure about whether your pump may have a skimmer, be sure to avoid paying at the pump and either pay inside or at another gas station/pump.

Check your account activity often to ensure all the transactions are your own. Report any suspicions or fraudulent activity as soon as you encounter it. Log as much information about the incident as you can, such as the location of the ATM or gas station you visited, how the device looked, etc.

### *Business Skimming*

## How Does the Scam Work?

In addition to individuals, businesses can also experience a form of skimming. If your business accepts payment in the form of cash, you could be at risk for the scam. Skimming is responsible for 11.9 percent of fraud cases involving small businesses, and results in an average of \$53,000 in losses per case, according to [GrowthForce.com](https://www.growthforce.com).

Skimming is a type of white-collar crime that involves taking cash from a business before it's entered into an accounting system. This is an off-book fraud because theft occurs before the money can be entered in a bookkeeping system, which in turn, never gets reported on the company's records. A dishonest employee may simply pocket the cash they receive from a customer, withholding it from the accounting system, or conceal the theft by deleting paid invoices or falsifying an entry so that the account doesn't get flagged.

Because the theft is off-book and isn't captured through an accounting system, it's often hard to catch. While it is frequently detected only by accident, sometimes businesses can become skeptical if revenue is lower than expected.

## How to Prevent Skimming at Your Business?

Because the skimming fraud is so difficult to detect for businesses, the only sure-fire way to prevent the scam is to eliminate accepting cash payments in your office. Ideally, your business can outsource its accounts receivables and have payments sent directly to the outsourced firm. If completely eliminating cash isn't an option yet, prioritize inventory inspections, separation of duties, heightened supervision, and the rotation of roles and responsibilities. In addition to tightening your processes, consider revenue management services like a lockbox or bringing on a financial advisor for treasury management support.

## Keeping Your Money Safe

As fraud continues to evolve with the digital age, we must go the extra step to keep our money safe. The best way to keep up with skimming and other scams is to stay vigilant and educate yourself on fraud tactics and prevention methods.

PlainsCapital Bank's Fraud Department provides educational resources for businesses and customers to help detect and prevent fraud on their accounts. For more information about our fraud prevention efforts, visit our [fraud resources page](#).