

Fraud Prevention

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Issue Update

Criminals impersonate financial institutions every day through fake calls, texts, emails, and deceptive online content, costing Americans up to \$196 billion per year. When addressing fraud, banks often serve as the last line of defense to prevent or mitigate customer financial losses. In this role, they have made substantial investments in controls related to identity verification, authentication, transaction authorization, and digital risk indicators. Today, banks are at the forefront of managing a complex threat landscape—balancing controls designed for legacy fraud, such as check fraud, with emerging and increasingly sophisticated schemes, including those leveraging deepfake technology. With fraud losses rising sharply, banks cannot fight this threat alone. Policymakers are beginning to respond. In November 2025, the Justice Department launched an interagency Scam Center Strike Force, and in March 2026 lawmakers introduced the Safeguarding Consumers from Advertising Misconduct (SCAM) Act to target deceptive ads on social media platforms.

Why It Matters

Fraud is a growing national threat that harms consumers, erodes trust, and imposes significant costs across the economy. Although banks are often the most visible point of contact when a scam is uncovered, fraud usually begins upstream outside of their network—through telecommunications networks, social media platforms, technology services, and organized criminal operations. An effective response must extend beyond the banking sector. Congress, federal agencies, regulators, law enforcement, telecommunications providers, social media companies, and technology platforms all have a role to play in preventing scams and protecting consumers. Without a coordinated, whole-of-government and whole-of-industry strategy, Americans will remain vulnerable to this rapidly evolving threat.

Recommended Action Items

- Enact S.3774 and H.R.7548, the SCAM Act to require social media companies to verify advertisers, detect fraudulent ads, and remove deceptive content.
- Establish a national fraud prevention strategy, including a White House Office of Fraud and Scam Prevention and cross-agency working groups that bring together banks, regulators, law enforcement, and industry stakeholders.
- Advance clear, consistent fraud-related rules, including stronger requirements for telecommunications companies to prevent spoofed calls and fake bank texts and for social media platforms to prevent and remove impersonation accounts and scam ads.
- Strengthen law enforcement coordination by creating dedicated federal support for state and local financial crime efforts, including grants to establish Financial Crimes Intelligence Centers.