How to Stop Payments Fraud with Financial Controls

Payments fraud is rampant. As accounts payable complexities rise, financial professionals are required to manage diverse payment methods, increased cross-border transactions, and dynamic tax compliance and financial reporting. In this environment, manual processes are creating dangerous gaps in maintaining and strengthening robust AP financial controls.

Why Your Organization is at Risk for Payments Fraud

Despite advances in technology, companies of all sizes, in all industries, continue to experience payments fraud at an alarming rate across a multitude of payment types.

The top four perpetrators of payments fraud are:

- Manual Processes
- Increases in Cross-Border Transactions
- Understaffed AP Departments
- Additional Payment Method Expectations

Accounts payable teams are short-staffed and overworked at companies of every size. Fraudsters know this and do not discriminate when targeting unsuspecting companies. They realize that to combat payments fraud effectively, businesses need to invest in educating employees or in robust technology that can stop them. Luckily for fraudsters, most companies will only act once it's too late.

Managing Payment Risk Exposures

To identify specific payments exposures, companies need to leverage people, processes, and technology to help mitigate the risk.

These are the common root causes of ineffective management:

- Manual intervention in payments workflow
- Lack of visibility & inadequate Separation of Duties
- Lack of detailed participant activity audits for each disbursement
- Lack of transparency and centralized view of bank account activities

To reduce payments risk, focus on these critical foundations:

- Educate each employee involved in processing payments relative to how they, directly and indirectly, impact risk exposures
- Leverage technology, such as supplier portals, to minimize manual data entry and manual intervention in payments related workflows
- Leverage technology that optimizes end-to-end payments processing visibility
- Leverage technology that automates the invoice-to-payment workflow
- Leverage technology that automates internal and external controls and policy compliance
- Minimize the number of people involved in payments processing consistent with the right Separation of Duties
- Minimize the number of systems involved in payments processing

Best Practices for Optimum Financial Control

When building an effective risk management strategy, follow these four key steps:

- *Recognize Risk Existence,* with multiple teams and systems involved in the processing of any type of payment, there is increased room for error
- *Map out the Entire Payments Process,* in terms of all people, processes, and technology involved at each step of the AP process
- *Characterize Risk Exposures,* in terms of people, process, technology, and interdependencies
- *Devise Strategies,* evaluate current and emerging payments risk exposures

Accounts payable automation not only provides workload benefits, like lowering invoice and processing costs, but it positively impacts productivity across the financial organization. Plus, technology can act as a hub for enforcing strong financial controls. Automation enables processes that identify and mitigate payments risk exposures by properly aligning funds, people, and operations.

Are you ready to stop payments fraud in its tracks?

Instituting strong accounts payable financial controls is now a core competency for CFOs and controllers. To proactively reduce fraud and compliance risk, financial leaders must put the right systems and processes in place to future-proof their organization for success.

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