

RESEARCH REPORT

Criminals Are Reinventing Check Fraud. Are Financial Institutions Prepared?



VISA

Check fraud is **surging.**

According to recent research conducted by independent research agency Opinium and commissioned by Featurespace, A Visa Solution,¹ **54% of consumers in the U.S. say they've seen an increase in check fraud attempts over the past 12 months.** This rises to 72% among people who've been victims of check fraud in the past, reflecting the fact that criminals often focus on known victims. What's more, **68% of U.S. consumers believe more check fraud is attempted around holiday periods,** when personal checks are used for gifting.

As criminals leverage AI to exploit vulnerabilities in checks—a payment method trusted for generations—consumers, banks and financial institutions face unprecedented risks. Losses are mounting, but innovative solutions are emerging to restore confidence and protect every transaction. This report reveals why check fraud is on the rise, what it could mean for your business and customers, and how innovative technology from Featurespace, a Visa Solution, is empowering financial institutions to fight back – protecting trust, reducing losses, and restoring confidence in transactions.



Why Consumers Are Losing Sleep Over Check Fraud

Despite the rapid modernization of payment systems, checks remain a widely used payment type across North America. In the U.S. for example, individuals use an average of 30 checks annually; while in France, an average of 16 checks are cashed per person per year.² Overall, checks account for trillions of transactions globally.

Despite continuing to write checks, however, consumers are worried about check fraud. According to the research results,³ 54% of consumers in the U.S. say they've seen an increase in check fraud attempts over the past 12 months. This rises to 72% among people who've been victims of check fraud in the past, reflecting the fact that criminals often focus on known victims. What's more, 68% of U.S.

consumers believe more check fraud is attempted around holiday periods, when personal checks are used for gifting.

Alongside this continued usage, consumer awareness around check fraud is growing, bringing with it a strong desire for action. Over three quarters of those surveyed believe financial institutions should continue strengthening protections against check fraud and just as many say they'd like more proactive guidance from their financial provider on how to avoid it. While banks have invested heavily in fraud detection and prevention technologies, these findings highlight the importance of ongoing collaboration and education to stay ahead of evolving threats.



This rises to **72%**

among people who've been victims of check fraud in the past, reflecting the fact that criminals often focus on known victims

From Challenge to Opportunity. Financial Institutions are Reinventing Fraud Prevention

While nearly a third of consumers feel financial institutions don't take check fraud seriously enough, the institutions themselves tell a different story. The research findings⁴ show that **73% of U.S. financial institutions identify check fraud as one of their biggest fraud challenges and for many it's becoming a growing concern⁵**. In the past year, more than three-quarters say it's become a higher priority, driven by rising losses.



of U.S. financial institutions identify check fraud as one of their biggest fraud challenges

Consumer behavior adds another layer of complexity. **70% of financial institutions report more customers reaching out after falling victim to check fraud⁶**. Yet many incidents may go unreported with **27% of consumers saying they wouldn't admit to being defrauded**, the reasons being varied and including 45% citing stigma and 33% feeling embarrassed.

These figures are even more stark amongst those who have fallen victim to check fraud – of these people, seven in ten (71%) say they felt embarrassed and 72% worried about stigma of being defrauded, which suggests the true scale of check fraud could be even greater than current figures indicate.



Featurespace Check Fraud solution

Spot when your customers act out of character...



The International Ripple Effect of a Single Fraudulent Check

While it may be tempting to regard check fraud as a local form of financial crime, it can, in fact, affect individuals, businesses and financial institutions all over the world. And when check fraud is involved in the illicit movement of funds across multiple geographies, it becomes part of the wider global financial crime landscape.

It often starts small – a forged check deposited into a legitimate account. Within hours, the funds are withdrawn in cash, shifted

into another account, and layered through multiple transactions. From there, the money moves offshore, disappearing into a maze of international transfers.

Each step is calculated to obscure the trail. What begins as a single fraudulent check in the U.S. or Canada can ultimately fuel global crimes such as human trafficking, terrorism, or the drugs trade. For criminals, checks are just another gateway to move illicit funds across borders and out of sight.

Banks and financial institutions everywhere should therefore give check fraud the same close attention as they do other types of payment fraud. Tackling the issue effectively requires a multi-industry approach, as exemplified by groups like The Knoble, an alliance of financial service professionals, law enforcement, regulators, and NGOs dedicated to fighting Human Crime. Collaborations like these are key to cracking down on global crimes by targeting their financial root cause and funding.



An Old Payment Method, A New Era of Risk

While acknowledging the seriousness of the issue, **two-thirds of banks and financial institutions say that check fraud is one of the hardest types of fraud to identify and prevent⁷.**

Despite being an older payment method, checks remain widely used because of their familiarity, convenience, and ease of use. However, check fraud is becoming

a bigger concern than ever. Financial institutions and their customers now face growing risks from both traditional schemes, such as targeted mail theft, and emerging threats powered by new technologies. Artificial intelligence (AI), for example, enables highly sophisticated check forgery and alteration, making the problem even more challenging.

Harnessing Technology to Outsmart Fraudsters

The research results found that 84% of financial institutions believe AI and emerging technologies are essential to tackling the rise in check fraud.⁸ Banks are increasingly investing in technologies to stay ahead, with many viewing AI as a critical part of their strategy.

A recent study by Opinium and Featurespace, a Visa solution, found that **84% of financial institutions believe AI and emerging technologies are essential to tackling the rise in check fraud.** In fact, most have already integrated AI into their security systems and those yet to do so risk losing a competitive edge by not adequately protecting customers.

This urgency is reflected in broader industry trends. In 2022 alone, check fraud losses surged

Featurespace Check Fraud solution

Track unusual shifts in your customers' footprints

by 84%, prompting a shift toward more sophisticated defenses⁹. Among these, AI-driven imaging tools are already helping banks detect altered or counterfeit checks more effectively.

But using this type of tool alone or looking at check fraud in isolation from other payment channels can risk leading to a low catch rate or too many false positives. Either outcome, combined with slow,

legacy processes that rely on too much manual intervention, can result in financial losses, customer frustration and reputational damage for financial institutions.

More effective and integrated approaches to combating check fraud are becoming increasingly key to shoring up defenses, reducing operational friction, and improving the customer experience.

How Financial Institutions Can Stay Ahead with Intelligent Solutions

A solution like Check Fraud from Featurespace, a Visa solution, can help financial institutions improve their ability to detect check fraud. This industry-proven AI-powered platform successfully helped a major U.S. credit union cut its fraud losses by 84% over two years, capturing 90% of check fraud at a 5:1 false positive ratio based on transaction data alone.¹⁰

Featurespace Check Fraud solution is effective because it combines advanced transaction monitoring with intelligent forensic check imaging (that compares new checks with known good checks) to provide a more complete defense strategy for deposit, on-us, and in-clearing checks.

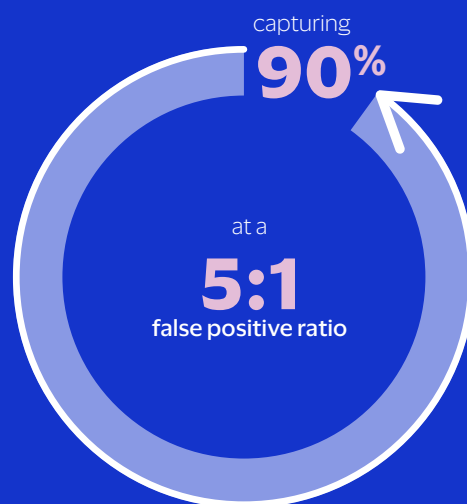
At the core of the platform is Featurespace's proprietary Adaptive Behavioral Analytics

(ABA), a self-learning AI that takes a 360-degree view of every customer interaction across payment types to help build behavioral profiles and detect anomalies faster. This allows the platform to know what normal behavior looks like and quickly detect the slightest shifts that can signal potential fraud. So, fraud operations teams can catch threats more swiftly and accurately before they escalate.

With the Featurespace Check Fraud solution, financial institutions can improve check fraud detection and value detection rates while reducing false positives. In parallel, they can optimize fraud operations by lessening the strain on their fraud teams and enhance the customer experience with less friction and faster access to legitimate funds.

Featurespace Check Fraud solution successfully helped a major U.S. credit union

84%





As fraudsters evolve their tactics, the financial industry's response must be equally dynamic

By embracing advanced analytics and fostering collaboration across the industry, we can build a more resilient financial system—one that protects both institutions and consumers and supports ongoing innovation.

Check fraud is evolving, but so are the solutions. AI-powered platforms like Featurespace's Check Fraud solution enables financial institutions to stay ahead of emerging threats by reducing losses, enhancing customer experience, and reinforcing trust in every transaction.

Rather than allowing fraudsters to shape the future of payments, the industry must take a proactive stance. By working together and leveraging cutting-edge technology, financial institutions can ensure a secure, trusted environment for all.

Find out more about the Featurespace Check Fraud solution at www.featurespace.com/check-fraud

References

- 1 Opinium Research, 2025. Opinium, research of 2000 U.S. adults (weighted to be nationally representative) and 500 Senior decision makers in banks and financial institutions in the U.S. between 22nd August – 5th September.
- 2 [Federal Reserve Bank of Atlanta, August 2023](#)
- 3, 4, 5, 6, 7, 8 Opinium Research, 2025. Opinium, research of 2000 U.S. adults (weighted to be nationally representative) and 500 Senior decision makers in banks and financial institutions in the U.S. between 22nd August – 5th September.
- 9 Financial Crimes Enforcement Network (FinCEN)
- 10 Represents ARIC for Payments check deposit transaction volume marked as fraudulent across June 2023 to August of 2024 for the credit union. Results based on internal data; individual results may vary

