Striking the Balance Between Fraud Prevention and Profitability

May 2026

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PROFIT RESOURCES
INCORPORATED

FNBB
First National Bankers Bank

What We Do

Strengthen Profitability

PRI strengthens financial institutions by improving profitability through revenue growth and cost control, with a focus on streamlining processes and effective use of technology.

The PRI Way

PRI's objective is to help banks better serve their customers and their employees, while increasing shareholder value.

Beyond Strategic Guidance

We deliver specific recommendations, provide hands-on assistance, and partner with our clients to achieve their goals.

BR0

Why It Matters

Top Community Bank Priorities

- Growing Deposits
- Increasing Operational Efficiency
- Growing Loans

Community Bank Leading Concerns

- Deposit Attrition/Displacement
- Talent Acquisition/Retention
- Fraud Losses

Source: Jack Henry 2026 Strategy Benchmark

Slide 3

BR0 Footnote - Jack Henry 2026 Strategy Benchmark
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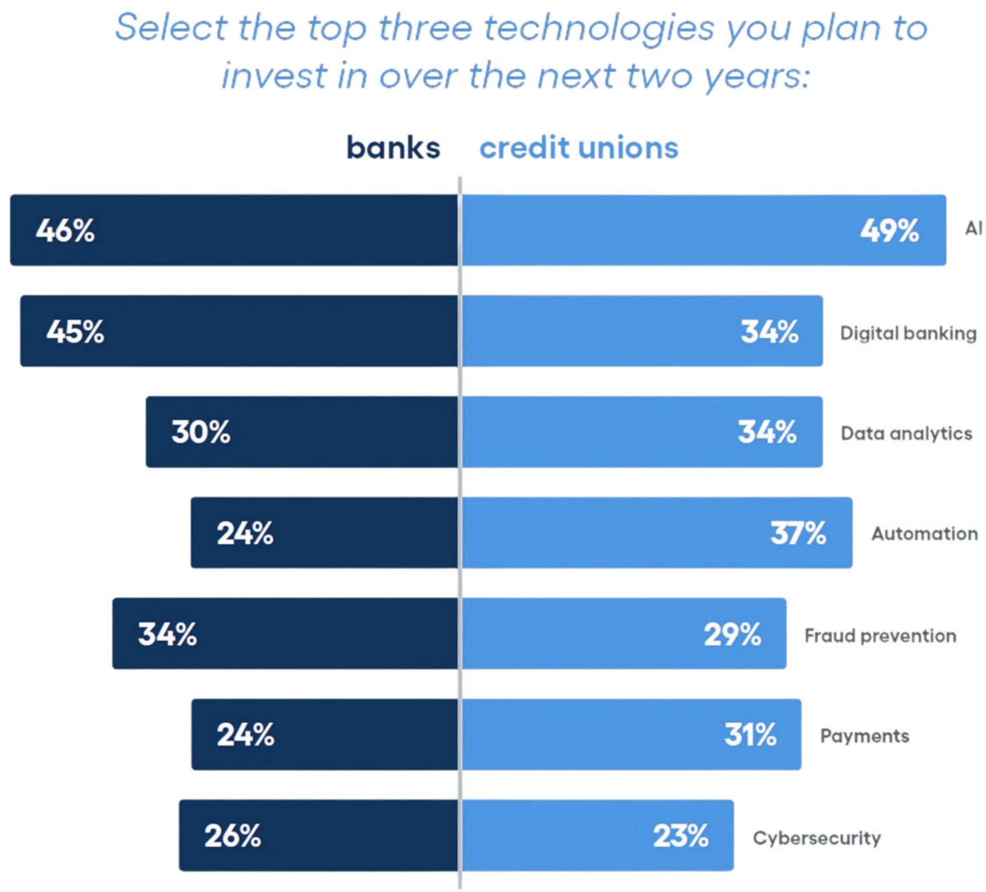
Technology Investment Priorities



Source: Jack Henry 2026 Strategy Benchmark

Risks & Strategic Challenges

92%
Cybersecurity

79%
Fraud

60%
Credit

42%
Strategic

42%
Interest rate risk

33%
Operational

31%
Compliance

30%
Liquidity

28%
Regulatory

8%
Consumer

5%
Reputational

3%
Environmental/climate risk

<1%
Legal

Source: Bank Director 2026 Risk Survey

Cybersecurity & Fraud

99%
Check fraud

84%
Financial exploitation of elderly or vulnerable customers

73%
Digital payments fraud

68%
ACH/wire fraud

59%
Identity theft

39%
Account takeover fraud

20%
Fraud involving artificial intelligence or deepfake media

16%
Synthetic identity fraud

15%
Loan fraud

Source: Bank Director 2026 Risk Survey

Profitability Implications

- **Key Drivers**
  - Interest Income
  - Fee-based Services
  - Customer Growth & Retention
  - Non-interest Expense
  - Calculated Risks
- **Risks from Lack of Controls**
  - Financial Loss
  - Reputational
- **Risks from "Over" Controls**
  - Customer Experience
  - Inefficiencies

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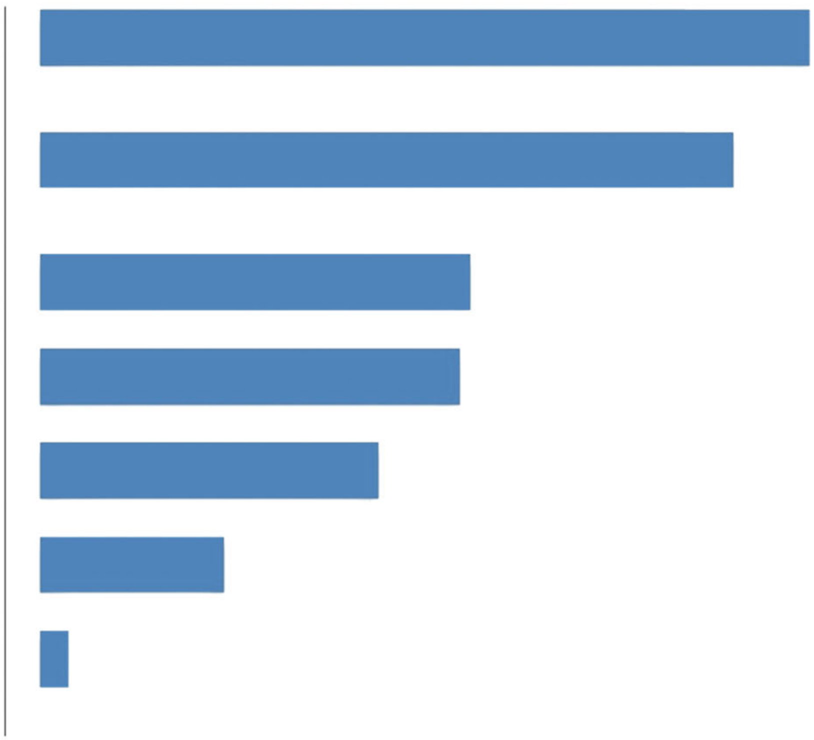
How Banks Have Addressed Fraud

93%	Improved training for bank staff, including education about the latest scams/threats
84%	Regular communication to customers about relevant scams/threats
52%	Improved internal controls
51%	Improved board education
41%	Specific staff education on AI fraud and deepfake media
22%	Specific customer education on AI fraud and deepfake media
3%	Other

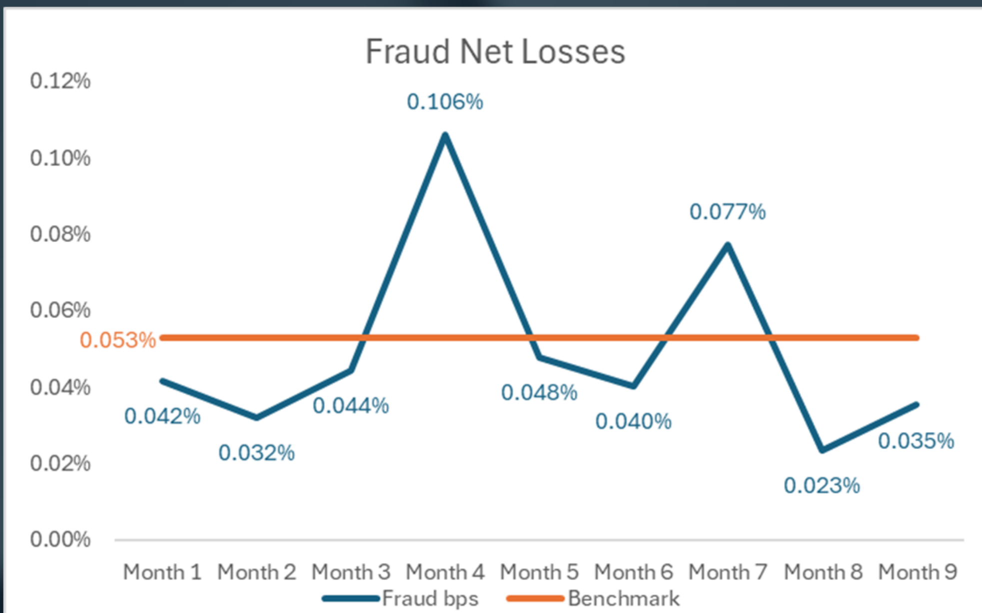


Source: Bank Director 2026 Risk Survey

Best Practices - Universal

- Culture & Infrastructure
- Customer & Employee Education
- Peer Network & Resources
- Embrace Fraud's Revolving Lifecycle

Fraud Is A Necessary Tradeoff



Source: PRI client data

- Fraud is a bi-product of a successful debit card program
- If your card program is growing, so is your fraud
- Declines = Friction = Attrition

Debit & Credit Card Fraud Best Practices

- Real-time fraud monitoring and analytics
- Risk-based authentication and MFA controls
- EMV, tokenization, and PCI safeguards
- Real-time alerts and card controls
- Formal fraud governance and escalation
- Ongoing fraud rule optimization
- Strong third-party risk oversight
- Fraud KPI and loss reporting
- Regulatory and network rule alignment

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Managing Risk in Payments

Check – ACH Origination – Wires – P2P – External Transfers

GU1

- **BIG SURPRISE!** There is no "silver bullet" solution
- The best strategy focuses on building a **blend**
    - Technology, process and people work in unison
- Managing fraud is a joint effort between **customers and bank staff**
- Fraud losses in the name of **"Good Customer Service."**

Slide 12

GU0

- 3rd bullet notes:
*Build relationships to foster timely communication and known
behaviors
*Ensure customers have: the right services, access for internal staff
needed, trained appropriately, and an understanding of their responsibilities in the process

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GU1

- 4th Bullet notes:
*The true challenge in combating fraud is managing the balance between providing exemplary customer experience within a secure financial ecosystem to enable customers to manage their daily banking needs independently
*Our main goal is to protect our customers deposits they trust with our institution.

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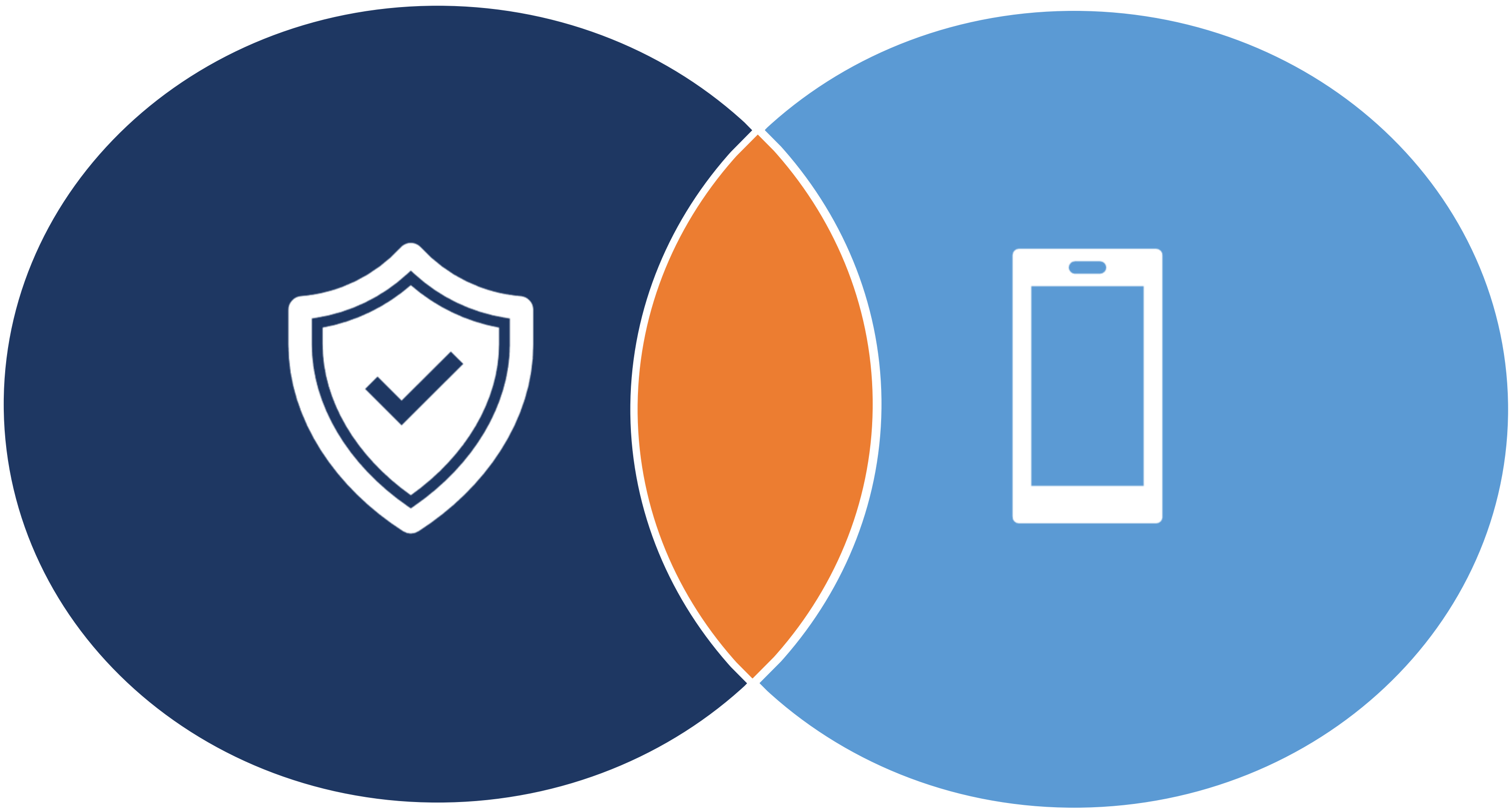
GU1

Managing Risk in Payments

Check – ACH Origination – Wires – P2P – External Transfers



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GU1 Remove all words
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Managing Risk in Payments

Check – ACH Origination – Wires – P2P – External Transfers

Processes:

Comprehensive → Repeatable → Scalable

Managing Risk in Payments

Check – ACH Origination – Wires – P2P – External Transfers

"***Always be Adding Value***"

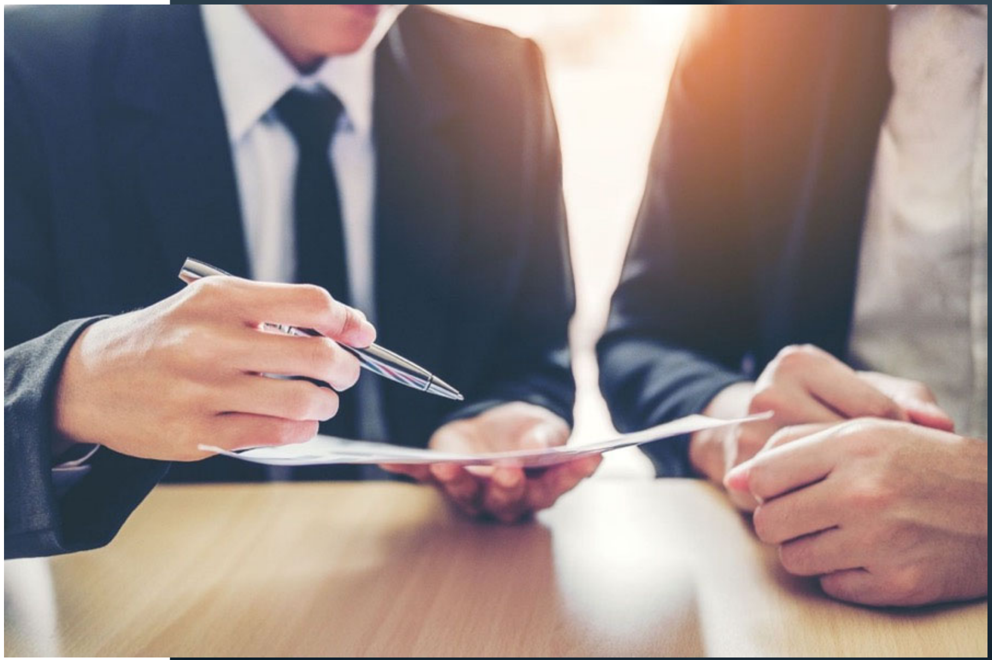
- Current trends have raised awareness for needed fraud solutions
- Customers expect their Bank to be at the forefront
  - This comes at an expense
- Fraud Prevention is a value exchange
- How are you different from competitors?
- Track the expense!

Best Practice – Tools/Solutions

- Core and Third-Party Vendors
- 'Proof of Concept'
- Consortiums, Data Sharing and Cross-Industry Collaboration
- Avoid duplicative platform capabilities

Helpful Benchmarks

- Fraud Loss Rate
- Transaction Approval Rate
- Customer Complaints
- Transaction Counts Per Active



Questions & Discussion

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CHECK OUT SOME ADDITIONAL RESOURCES

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