Beyond surveillance: The value of fraud detection technology in cash management activities

Video surveillance is an ever-present fraud prevention technology in all of today's casinos. However, going beyond what can be picked up by a camera is critical when it comes to preventing fraud in cash management activities. Whether it's deterring players on the gaming floor or employees throughout the property, casinos need to be cautious of this activity at all levels.

Incorporating counterfeit note detection into all currency processing systems is a technology need – not a want. The better the counterfeit detection, the better the fraud control. The sooner a counterfeit note is detected, the better the chances of finding the source and preventing future fraudulent activities from occurring.

Today's advanced counterfeit detection solutions are sophisticated, comprehensive and simple to use; making it easier than ever to address the pain points often associated with fraud detection.

Why counterfeit detection matters

In the Association of Certified Fraud Examiners' *2012 Report to the Nations*, participants estimated that the typical organization loses 5% of its revenues to fraud each year; with the median loss totaling $140,000 and more than one-fifth of fraud cases resulting in losses of at least $1 million. Gaming properties that fail to address the potential for fraudulent activity can clearly suffer significant financial losses.

Proactive detection is crucial. If counterfeit detection devices are not used at a note's source of entry and these notes are identified later during the deposit preparation process or at the bank, it's generally too late to trace them back to the source of origin. Some properties are also subject to charge-backs from their bank if counterfeit notes are included in their deposit, which can lead to reduced revenues for the property. Even worse, these suspect notes may be recirculated within the casino, which can deteriorate the trust of patrons and the property's reputation.

Selecting the right counterfeit detection technology

Choosing the right counterfeit detection solution doesn't have to be a daunting task. When evaluating options, gaming properties should keep the following in mind:

- **Level of loss:** Casino operators should be aware of how much loss their property has due to counterfeit notes; this will enable them to appropriately assess their scale of fraudulent activity. The return on investment of any technology implemented will be measured based on this level of loss.

- **Where technology will be implemented:** Casino operators must identify the locations within their property where the technology will be most beneficial. In general, the most effective location is the point where cash is accepted (e.g. cage, slot machines, automated kiosks that accept bills) and in the main bank where cash receipts and shipments are verified. Properties might also consider deploying fraud detection in the soft count room. Although it is more difficult to identify the source by the time a counterfeit bill has made it to this location, it may be useful to pin point where on the floor the casino has become vulnerable to these losses. It's also important to consider how much space is available for this type of technology, keeping in mind that vendors who provide compact, sophisticated equipment may provide the most flexibility.

Serial number capture benefits both casino operators and employees

- **Advanced counterfeit detection capabilities:** With the advent of newer security features, currency processing systems have become much more sophisticated. Today's advanced systems offer traditional currency processing capabilities, plus additional scanning technologies to discern design discrepancies that clearly indicate a bill is counterfeit. Casino operators should look for systems that incorporate detection technologies such as optical ultraviolet (UV), infrared (IR) and fluorescence sensors and magnetic sensors which are capable of examining the full width of the note.

- **Ability to archive and retrieve information:** The most advanced currency processing systems are equipped with capabilities that enable a property to archive cash deposits, checks and tickets. This information can later be retrieved to identify perpetrators of fraudulent activity or locations within the casino that are particularly susceptible to fraud. This information can be particularly invaluable when addressing Title 31 regulations and reporting requirements. In addition, this information can be used as a training opportunity with employees; helping them better identify counterfeit bills as part of a transaction.

Serial number capture is catching on

Serial number capture is a relatively new technology that is gaining momentum due to its many uses and its non-invasive nature; which is why some of today's advanced currency processing solutions include this capability. For example, if a casino is concerned about hindering the player experience with counterfeit detection devices, this technology can be used to capture the serial number of every note accepted at the cashier window, retail outlet or table game. These serial numbers are stored in a database for future reference and tracking.

Forward-thinking gaming properties are exploring other uses and benefits of serial number capture, such as:

- Tracking notes throughout the casino to better understand the flow of currency from one source to the next;
- Providing better accountability for Title 31 reporting;
- Identifying high-risk areas throughout the property, such as the high limit gaming areas;
- Linking transactions to originating parties to help mitigate risk; and
- Spotting trends of possible fraudulent activity in a proactive manner.

Serial number capture can also be beneficial when applied to employee possession of currency. This includes reducing finger pointing and discrepancies by tracking notes between departments or from employees turning in their banks.

The time is now for fraud detection technology

As federal regulations regarding the reporting of fraudulent activities become more stringent and without a decline in the number of perpetrators, it has never been more critical for gaming properties to embrace fraud detection technology as part of their cash management operations. However, it's important to remember that counterfeit detection does not have to be a disruption to operations or impedance to the player experience. With a careful assessment of their needs and the technology solutions that are available, casino operators can swiftly and easily implement a fraud detection strategy that is uniquely tailored to their property.

Why choose Cummins Allison?

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