



## What's Driving the Latest Wave of Money Mules?

regulatory BSA-AML fraud protection AML

**Summary:** Money mule activity is on the rise and CFIs need to be aggressive in their efforts to thwart it, both through initiatives to educate consumers about the risks and internal efforts to identify and crack down on the practice. We discuss precautions to take to protect your customers and your institution from money mules.

Eeyore, Winnie-the-Pooh's gloomy sawdust-filled donkey sidekick, was first introduced to the world by English author A. A. Milne in his 1926 novel "Winnie-the-Pooh." He is the third most popular character from the series and is in constant need of help because he is always losing his tail. Despite Eeyore's perpetual unhappiness, pessimism, and negativity, he is extremely loyal to Pooh and the other creatures of the forest — all of whom are there for him and continuously try to cheer him up.

A. A. Milne was quite clear that Eeyore is a donkey and not a mule. In real life, however, their appearance is so similar that the main way most people can differentiate between the two is that the latter is taller. Unfortunately for community financial institutions (CFIs), identifying the difference between [money mules](#) and legitimate customers can be far more difficult. We wanted to make sure you know what to be on the lookout for in order to tell the difference.

### A Growing Problem

Money mules and crime have long been synonymous, and financial institutions have been working to thwart them for as long as anyone can remember. But with digital banking making it easier than ever for people to open bank accounts and transfer funds between accounts with just a few clicks, money mule activity has soared in recent years.

Bank accounts used by money mules represented [0.3% of all financial accounts in the US](#) in just the first half of 2022, with \$3B in financial transfers believed to be fraudulent, according to data from behavioral biometrics company BioCatch. The practice is equally problematic abroad. In Britain, roughly 468K of the country's 156MM consumer bank accounts are believed to be money mule accounts, translating to about \$702MM in fraudulent transfers. In 2021, Europol discovered that [90% of money mule accounts](#) are directly tied to cybercrime.

### Factors Driving the Trend

Hybrid bots automating a portion of the account opening process make it quicker for criminals to open multiple bank accounts by cutting and pasting data and only using a few keystrokes. Yet, they also make it more difficult for the activity to be detected by security programs, since there is still a manual aspect involved. This means that money mule activity is likely to continue rising. BioCatch estimates that, as of now, only 1% of money mule accounts are opened solely by bots.

Another factor fueling the increase in money mule activity is that inflation and the difficulty that many people are having to make ends meet has made many consumers more susceptible to moneymaking opportunities they might otherwise have questioned. People's increased reliance on online communications since the onset of the COVID-19 pandemic has also fueled the practice. Criminals have gotten quite sophisticated in how they

disguise their activities, relying on tactics such as job offers that are too good to be true, or identifying victims through online dating apps by developing online relationships before asking for help to move their money.

Over the past few years, nearly half of money mule crimes have been carried out by individuals under 24 years old — but that has been changing. Research from UK-based Lloyds Banking Group found that during the past 12 months, there has been a [29% increase in the number of people 40 and over](#) serving as money mules and a 26% increase in people between the ages of 31 and 39. Meanwhile, roughly 10% of people between the ages of 18 and 24 admitted that they would willingly use their bank accounts to transfer money for someone else for a fee. In many cases, people are unaware that what they are doing is illegal.

## Traits of a Mule

In the same way that size allows people to differentiate between mules and donkeys, there are [certain telltale signs](#) that bank accounts are being used for money mule activities that you should be on the lookout for:

- Accounts linked to multiple IP addresses.
- Transfers of money to, or transfers originating from, IP addresses from regions widely recognized as high risk for money laundering.
- Transaction patterns that are out of the ordinary for customers.
- Funds that are withdrawn quickly after being deposited into an account.
- Customers who cannot identify the source of money flowing through their accounts.
- Customers who will not participate in due diligence checks.

## Protecting Your Institution

Though money mules can be difficult to spot, there are things your CFI can do to protect itself. Educating consumers about money mules and some of the most common tactics they currently employ is crucial, particularly since so many people don't realize their accounts are being used for illegal practices. CFIs may consider launching campaigns to ensure that customers are aware of popular money mule scams — from job offers that appear too good to be true, to investment opportunities that tout ways to get rich quickly, and even scams through online dating websites and apps.

In Europe, the International Criminal Police Organization (INTERPOL) recently launched the #YourAccountYourCrime campaign, as an effort to remind both financial institutions and consumers about the importance of keeping accounts safe from money mules. It is also crucial to make sure that your customers know that willing participation as a money mule carries harsh penalties, including the possibility of up to 14Ys in prison.

Not only should CFIs employ AI programs to look for red flags related to money mule activity, but they should also actively look for any weaknesses in their security measures. Technology is just one component to help secure against money mules and should be offset with internal employee training so that they are familiar with signs to watch for and can help educate populations frequently targeted by scammers, such as the elderly or people who are socially isolated.

Digital banking has helped fuel a major increase in money mule activity. Identifying and protecting customers against money mule activities and the risks associated with them requires thorough scouring of customer accounts for signs of such activity, along with educational campaigns to ensure that customers know what to look for themselves.

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## ECONOMY & RATES

Rates As Of: 06/27/2023 07:48AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.50	-0.02	1.08
6M	5.45	-0.01	0.69
1Y	5.28	0.14	0.58
2Y	4.75	0.35	0.32
5Y	4.03	0.28	0.03
10Y	3.77	0.12	-0.11
30Y	3.84	-0.02	-0.13
<b>FF Market</b>	<b>FF Disc</b>	<b>IORR</b>	
5.07	5.25	5.15	
<b>SOFR</b>	<b>Prime</b>	<b>OBFR</b>	
5.05	8.25	5.06	

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