



CARD SME Bank, Inc., A Thrift Bank

2026 Microfinance Operations Staff Summit “Addressing Fraud” April 8, 2026

**Presented by:
Ms. Cherry A. Boncajes**

Who We Are: CARD SME Bank

- **The Banking Arm:** We serve as the banking arm of CARD MRI.
- **Core Mission:** Supporting MSME growth and bridging microfinance to formal banking.
- **Services:** Offering a comprehensive suite of loans, savings, and banking services.
- **The Goal:** Sustaining our mission of poverty eradication.

Operations Update (Feb. 2026)

- **Reach:** 41 Branches and 266 Branch-Lite Units.
- **People Power:** Supported by 2,543 dedicated employees.
- **Scale:**
 - **1.39M** Total Clients.
 - **₱11.5B** Loan Portfolio.
 - **₱8.6B** Total Savings.

Fraud & Its Impact

What is Fraud? Any intentional act of deception or misrepresentation committed to gain financial or personal benefit.

- **The Consequences:**

- Misuse of funds and financial loss.
- Severe reputational damage.

- **Critical Point:** Fraud undermines trust, financial sustainability, and client protection

The Fraud Life cycle

- 1.Prevention:** Policies, training, and KYC (Client Verification).
- 2.Detection:** Monitoring systems, exception reports, and whistleblowing.
- 3.Investigation:** Evidence gathering and coordination with legal/audit teams.
- 4.Resolution:** Disciplinary action and process improvement.

Key Message: Fraud management is a continuous cycle, not a one-time activity

Unremitted Collection

- **Root Causes:** Cash-heavy processes, financial pressure on staff, and weak monitoring.
- **Red Flags:** Delayed remittances, mismatched records, or staff avoiding leave
- **Prevention:**
 - Same-day remittance and daily reconciliation.
 - Transitioning to **cashless systems** and real-time alerts

Takeaway: Fraud = Control Gaps + Behavioral Risks

Unauthorized Withdrawal

- **Root Causes:** Weak authentication, credential sharing, and insider abuse
- **Red Flags:** Off-hours activity, shared IDs, and repeated transaction reversals.
- **Prevention:**
 - **Biometrics** and strong KYC.
 - Dual authorization and role-based access.

Takeaway: Access Control Weakness + Behavioral Risk = Fraud.

Fictitious Loans

- **Root Causes:** Staff manipulation, and weak field validation
- **Red Flags:** "Ghost clients," unusual loan volumes, and rapid releases
- **Prevention:**
 - Independent approvals and post-disbursement checks.
 - Risk-based monitoring

Takeaway: Weak Verification + Staff Manipulation = Fraud.

Falsification of Documents

- **Root Causes:** Manual processes, target pressure, and weak verification.
- **Red Flags:** Altered documents, rushed processing, and data mismatches.
- **Preventive Actions:**
Digital forms/e-KYC, maker-checker reviews, and staff rotation.

- **Key Takeaway:** Weak Validation + Intentional Misrepresentation = Fraud.

Digital Access Risk

- **Root Causes:** Shared credentials, weak authentication, and excessive access rights.
- **Red Flags:** Unusual login times/locations and resistance to MFA.
- **Preventive Actions:**

Multi-Factor Authentication (MFA), real-time monitoring, and cyber training.

Key Takeaway: Weak Authentication + User Behavior Risk = Fraud.

Challenges & The Way Forward

- **The Challenge:** Transitioning to digitalization makes fraud harder to detect and easier to perpetrate.
- **Our Next Steps:**
 - Strengthen organizational values and culture.
 - Adopt **AI-driven detection** systems.
 - Shift toward a proactive, data-driven monitoring framework.

**Protecting Trust.
Strengthening Integrity.
Sustaining our Mission of Poverty
Eradication.**

Thank you!



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