



The Fraud
Management
Institute

Protecting the Enterprise: Social Network Analysis – Connecting the Dots

Fraud Management Institute in partnership with Bridgeforce

Executive Summary

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Few developments in the area of fraud and financial crime management have created as much excitement, or demonstrated as much potential, as the newly emerging area of social network analysis (SNA). As an emerging technology, SNA offers capabilities that often surpass other analytical solutions in their ability to integrate different pieces of data to form a more complete picture of emerging fraud threats.

Fraud rings are getting bigger and more sophisticated every day. Domestic gangs and organized crime rings have become big players, able to mount attacks whose scale and sophistication dwarfs those of just a few years ago. Crime rings in foreign countries pose an even more serious threat as they launch wide-scale coordinated attacks, possibly with the tacit approval or even the active cooperation of a sovereign state.

The need for tools to help identify and fight fraud efforts across all channels, lines of business and geographic boundaries is driving many firms to consider SNA platforms seriously as an integral weapon in their anti-fraud arsenal.

This white paper discusses SNA – what it is, what makes it an attractive option and the challenges that go with SNA deployment. It is based on interviews conducted with financial institutions ranging from \$50 billion to more than \$1 trillion in assets, as well as government agencies. Key conclusions of this study are:

- Organizations find SNA technology attractive because of its ability to integrate data from many sources, deploy quickly and drive efficiencies in the fraud management function.
- The primary value of SNA comes from its ability to weave separate clues together to form a coherent picture of the most organized, and therefore the most serious, fraud threats. The earlier that networks can be detected, the more value SNA can provide.
- SNA technology is rapidly evolving to support integrated analytical approaches that reduce false positives and pave the way for using SNA in real-time applications.

The quality of the SNA business case is of paramount importance. Firms who wish to meet the challenges of tomorrow need to be giving significant thought today to the form and content of the business case for procuring and deploying an SNA platform. A successful proof of concept is the best way to build a strong business case. Institutions wishing to pursue this approach should carefully evaluate a vendor's track record of helping customers with proof-of-concept efforts that provide reliable indicators of future project success.

■ For the full report, please go to
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