Reduce card fraud and costs while improving the cardholder experience

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Business Impact

"SAS helped us reduce case alert volume by 40%, improve our fraud detection rate by 35% and reduce false positives by 18% ... With fewer false positives and the predictive scoring models of SAS, we can provide a better customer experience while detecting more fraud."

Pramote Lalitkitti, Senior Vice President of Fraud Management at Krungsri Consumer

Challenges

- **Dispersed and siloed data sources.** As card issuers have grown larger and more complex, it has become increasingly difficult to bring all relevant data to the center of the fraud detection process.

- **Delayed transaction scoring**. The time it takes to score transactions can have a negative effect on customer service, but letting transactions through without scoring leaves the bank vulnerable to fraud.

- **Lack of advanced analytical modeling**. Banks often are unable to gain a complete understanding of customer behavior when making card accept/ flag/decline decisions.

- **Excessive operating costs**. Too many false positives, inefficient investigative processes and slow transaction authentication all drive up costs while diminishing the customer experience.

The Issue

The growing use of digital channels for transactions and interactions has triggered an alarming spike in card fraud. Worldwide, card fraud losses have reached a staggering $24.26 billion. The US accounts for 38.6% of that figure. This threat is accelerating. Global fraud losses are expected to grow by nearly $10 billion over the next three years.[1]

While EMV chip cards and the 3D Secure authentication and security protocol helped curtail card fraud over the years, the rapid increase in data breaches and online payments has left everyone vulnerable. Card theft no longer means physically stealing a card. It's fraud associated with card-not-present remote purchases, counterfeit cards, lost and stolen cards, and card ID theft. The creation of synthetic IDs has also made it harder to detect card fraud. Synthetic identities are involved in 80% of all credit card fraud losses and nearly 20% of credit card charge-offs .[2]

The SAS® Approach

With the ever-changing landscape of card fraud, you need a system that is flexible, open and customizable to your business needs now and in the future. SAS solutions for card fraud can help you:

- **Improve the customer experience.** The industry's most powerful real-time decision engine, paired with customized rules and models, scores transactions faster and makes better decisions while the customer is at hand. Reduce delays and the false positives that create customer friction.

- **Improve fraud detection accuracy** with a holistic view of risk. Combine analytical techniques, including machine learning, to deliver a deeper view of customers and their expected behavior – across accounts, devices and channels. Generate more meaningful alerts and rapidly detect emerging threats.

- **Enhance productivity.** You define how alerts should be generated (accept/flag/decline policies), queued, prioritized and routed, using an intuitive web-based interface. A full reporting system can tap into any data in the system and publish reports in a variety of formats. Spend less time on the rote tasks that machines can do for you.

[1] Markets Insider, *SmartMetric Reports Worldwide Payment Card Fraud Losses Reach a Staggering $24.26 Billion While the USA Accounts for 38.6% of Global Card Fraud Losses*, Jan. 29, 2019.

[2] Rippleshot, *State of Card Fraud: 2018*.

SAS offers the only fraud detection system that provides real-time scoring of accounts by looking at all transactions – authorizations, refunds, reversals, payment and non-monetary events. No other system on the market provides this breadth of coverage. In addition, SAS provides:

- **A holistic view of the customer** to provide essential context and combat cross-channel fraud. The SAS "signatures" approach learns customer behavioral patterns and uses that knowledge in the fraud detection process. This advanced framework:
  - Seamlessly integrates an expanding set of new data types and sources.
  - Supports comprehensive customer product information and multimodel deployments.
  - Supports champion-challenger methods for determining the best detection models.
  - Captures appropriate data history based on customer activity.
  - Understands users' regular devices and navigation patterns, and evaluates this behavior every time a transaction is scored.
- **AI-powered rapid analytics and automated learning** that continuously monitors transactions against analytical models and rules to accurately detect rare events and reduce false positives.
- **Real-time scoring and decisions** on card transactions to stop more fraud at the point of sale.

While other vendor solutions filter most transactions to see if they're fraudulent, such shortcuts inevitably result in a weaker system and a greater vulnerability to serious attacks. Banks simply cannot afford to let any transactions skip the detailed scoring and profiling process.

Krungsri Consumer

Situation
Krungsri Consumer, a subsidiary of Bank of Ayudhya (Thailand's fifth-largest bank), has become the leading consumer finance business in Thailand. Its anti-fraud team had relied on a 15-year-old fraud detection system to monitor credit card purchases, sales finance and personal loan transactions. The bank realized that to sustainably grow its consumer banking division, it needed a more robust fraud monitoring system to mitigate fraud and reduce losses.

Solution
Krungsri Consumer replaced its incumbent system with SAS Fraud Management, which uses analytics and machine learning to monitor credit card transactions for suspicious behavior in real time. The bank quickly noticed a difference.

Better technology integration was a big part of this success. With SAS, Krungsri Consumer could integrate its banking systems – including its upward and downward bank systems and mobile applications – to support predictive models and strengthen its fraud detection capability. Now, whenever an email address or phone number is changed and followed by a high-risk transaction, for example, the case is triggered for review or even declined if the transaction amount exceeds a certain threshold. This wasn't possible before.

Results
SAS gives the bank an edge over competitors. Now it can safeguard customers while responding to new threats as they arise. Once suspicious activity is identified, investigators can more efficiently investigate cases because fewer applications are needed. "Senior management is happy because we've reduced the time needed for each case and improved the productivity of our fraud monitoring team," notes Pramote Lalitkitti, Senior Vice President of Fraud Management.

Perform risk-based transaction analysis using machine learning technology
- What if you could score and decision every card transaction in real time with greater accuracy to reduce fraud losses and increase bottom-line profits?

Improve the customer experience
- What if you could use an ensemble of modeling techniques to reduce the false positives that frustrate customers, while taking fraud detection to the next level?

Gain insights into customer activity to quickly detect fraud
- What if you could apply advanced profiling through signature technology to compare customer activity against the current transaction and the customer's peer group to detect fraud faster?

Deploy a global solution
- What if you could implement a multi-tenant card fraud solution for one region of the bank that could be easily deployed to subsidiary banks across different regions and geographies?

SAS Facts
- SAS customers make up 96% of banks in the Fortune Global 500®.
- More than 90% of the top 100 global banks use SAS.
- More than 3,100 financial institutions worldwide are SAS customers.
- SAS has more than 40 years of experience working with financial institutions all over the world.

Learn more at sas.com/securityintelligence.