

Reduce card fraud, lower costs and increase customer confidence



Business Impact

"We've increased our fraud-detection rate by 50 percent and reduced card fraud by 50 to 70 percent for cards under the optional prevention program - all while cutting false positives in half. This means that we're not only detecting and preventing more fraud, but we're inconveniencing fewer cardholders in the process."

Kaspar Kock Kristensen, Senior Vice President of Fraud and Dispute Services at Nets, on using SAS® Fraud Management

Challenges

- **Diverse 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 impact 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 decline decisions.
- **Excessive operational costs.** Too many false positives, inefficient investigative processes, and lack of speed in transaction authentication all drive up operational costs.

The Issue

With the advent of EMV, card fraud involves either theft of a physical card or the compromise of data available for a CNP transaction. Although stolen cards may be reported quickly by cardholders, a compromise places data at risk for minutes, days, weeks or months before the actual fraud can happen. Cardholders may not even discover the fraud until they get a billing statement.

In the past six years identity thieves have stolen over \$107 billion.¹ The ubiquity of cards, along with the variety of ways that credit card data can be used for fraud - phishing schemes, merchant breaches, the use of compromising databases - help account for the popularity of card fraud.

Our Approach

Many fraud detection systems use reactive analysis of questionable transactions after they've occurred. This methodology doesn't reduce the vulnerability or lessen the costs of fraud loss. SAS approaches the problem by delivering software and services to help you:

- **Score 100 percent of transactions on demand, in real time.** Use customized behavior profiling and scoring to assess and monitor fraud risk associated with accounts and customers.
- **Better understand customer behavior.** New machine learning modeling algorithms and analytics can capitalize upon your modeling capabilities, while retaining the value and flavor of your customer data.
- **Take all related activity into account when making a fraud decision.** Multientity signature technology lets you understand transactions made on different channels and behaviors of related accounts.
- **Empower fraud policymakers.** Allocate authority to quickly change and edit prioritization, blocking strategies and alert routing and handling through a web-based user interface to easily configure strategies, queues and alert workflow prioritization.
- **Easily generate reports.** A full reporting system allows you to use any data in the system and publish reports in a variety of formats.

Because fraud management requirements are not specific to one geography, merchant or financial institution, SAS® solutions are designed for flexibility through multiple model processing, multitenancy, business unit control and a range of rule authoring options.

¹ "Fact + Statistics: Identity theft and cybercrime," Insurance Information Institute. www.iii.org/fact-statistic/facts-statistics-identity-theft-and-cybercrime

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

- **Customer signatures**, which is an advanced framework for identifying and using customer behavioral patterns in the fraud detection process, including:
 - Seamless integration of an expanding domain of new data types and sources.
 - Capture of appropriate data history based on customer behavior.
 - Support for comprehensive customer product information and multimodel deployments.
 - Fully flexible champion-challenger model support with backward compatibility for model releases.
- **Machine learning analytics** that uses an ensemble of techniques to maximize fraud and anomaly detection.
- **Real-time scoring and decisioning of 100 percent of 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. In the fast-paced, ever-changing world of fraud, banks simply cannot afford to let any transactions skip the detailed scoring and profiling process.

Nets

Situation

Nets, the second-largest payment processor in Europe, needed a real-time fraud detection system to stay a step ahead of criminals and protect its clients.

Solution

SAS Fraud Management helps Nets prevent fraud by stopping suspicious transactions before they are processed. And the solution helps the payments processor detect true fraud without frustrating customers whose accounts are frozen due to false positives.

Results

Using SAS, Nets improved its fraud-detection rate by 50 percent, reduced card fraud by 50 to 70 percent with an optional prevention program, and cut false positives in half with SAS 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 customer service

- What if you could use an ensemble of modeling techniques to reach a greater level of fraud detection and improve customer service by reducing false positives?

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 multitenant 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 percent of banks in the Fortune Global 500®.
- Over 90 percent of the top 100 global banks use SAS.
- More than 3,100 financial institutions worldwide are SAS customers.
- SAS has more than four decades of experience working with financial institutions all over the world.

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