Top 10 European FI
increases fraud detection
by 34%

The Customer

This top European retail and commercial financial institution (FI) is a household name that processes an enormous volume of transactions daily. In a competitive industry landscape that's populated by challenger FIs and FinTechs, they understood that focusing on customer satisfaction is key to retaining customers and keeping their market-leading position.

The Challenge

Fraudsters attempting to mimic a real customer's identity

As the FI's customers moved towards digital channels, an outdated fraud program prevented the firm from providing the protection that their customers needed from business email compromise (BEC) and sophisticated forms of socially engineering the FI's call centre staff. What linked these attacks to each other? Fraudsters attempting to mimic a real customer's identity.

Higher volume of false positives

The FI wanted to process a growing volume of transactions in real-time across multiple channels without slowing down the customer experience (CX)—this was a real challenge as the volume of false positive attempted fraud alerts stood in the way.

Difficult choice between more friction or less checks

Over five years, their transaction volumes increased by 16% YoY with alert volumes increasing simultaneously, requiring staff additions and higher costs within the fraud operations team. The FI faced a difficult choice: introduce more friction to prevent fraud and stem losses or raise risk tolerances and forgo fraud checks to improve the overall customer experience. Neither choice was acceptable, as the FI could not accept the losses it was experiencing and increases in customer friction would lead to losing their competitive market position.

NICE Actimize collaborated with the FI to understand what fraud challenges existed. In assessing the FI's existing fraud strategy, it quickly became apparent that the 'tried and tested' methodologies that they used were no longer fit for purpose—over 10 years they had created and maintained a complex library of hard-coded rules that were difficult to tune, which reduced their ability to adapt quickly. **The strategy didn't allow the FI to experiment, learn from new frauds in flight and existing fraud, or build more automation to address these issues.**

NICE Actimize worked with the FI to reframe a new fraud strategy based on machine learning and AI models. By understanding fraud as a measure of anomaly against normal behaviour, NICE Actimize helped the FI start a new fraud life cycle by first identifying what data could be used to better understand their customers' behaviours. **This new strategy solved the problem of previous methodologies that were too slow and allowed for little variation-enabling faster, real-time "profile generation.**

Once the key vectors for behaviour profiling were established, NICE Actimize machine learning models could detect anomalous monetary and non-monetary interactions that flagged these transactions for fraud. **The FI's fraud strategy shifted from a rule-based understanding and process to a more rational, sustainable program that lowered customer friction and increased detection of 'true frauds.'**

The new fraud strategy answered the question "is this customer behaving abnormally across multiple behaviour vectors?" before introducing operational review or more friction into the process, improving CX.

The data-enhanced approach was key to the FI's updated fraud strategy. Moving them away from using outdated and inefficient rules and applying machine learning and artificial intelligence enabled the FI to learn from their data to process payments in real time. It offered a much higher degree of accuracy and decreased friction that often led to customer dissatisfaction and attrition.

Machine learning and artificial intelligence produced accurate and meaningful fraud detection, while also providing the FI with the flexibility to use the NICE Actimize policy manager engine to make micro adjustments that model scores based on their internal heuristic customer knowleadge. By creating a workflow that fully automated how they handled fraud events, routing events for further investigation, or automatic 2FA, these processes could be completed without human intervention.

In addition to improving the fraud life cycle with enhanced detection, meaningful events were optimised. This allowed the fraud investigation team to deliver ideal CX—enabling the FI to make fast, accurate decisions. **Machine learning and artificial intelligence facilitated an explanation framework directly into the FI's improved fraud alerting capabilities.**

The Outcome

▲ 34% Fraud detection **increased by 34%** across all channels, with a complete coverage on all payments and near zero auto-release.

▼ 22% False positive volume was **reduced by over 22%.**