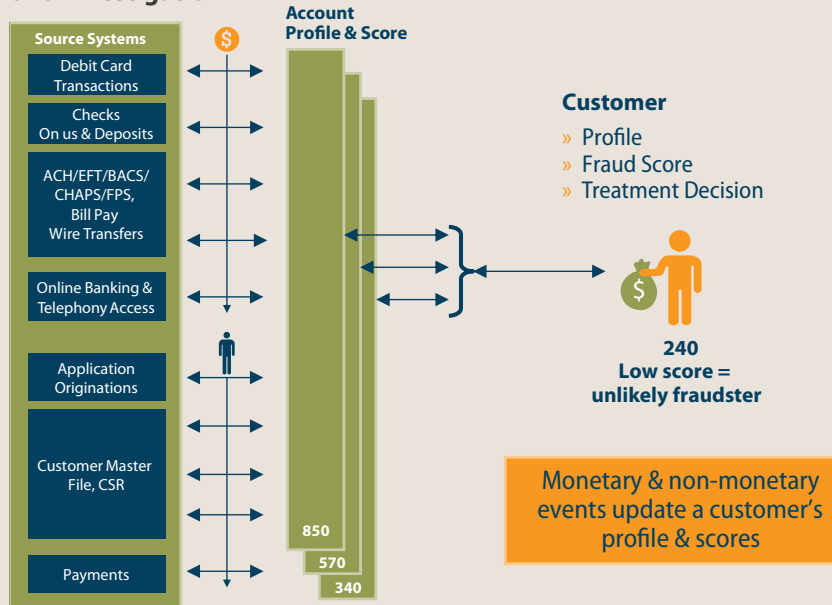


fraud

Leverage connected decisions to detect deposit account fraud across multiple channels

Multiple account access points, including online and ATMs, enable banks to improve customer convenience and satisfaction while lowering operating costs. Unfortunately, they also invite new and bold fraud schemes. Banks historically sought to counteract Demand Deposit Account (DDA) fraud with channel-specific monitoring. Now, however, cross-channel fraud is on the rise, requiring better account-level monitoring and detection. Applying decades of analytics and decision management experience, FICO is bringing innovative solutions using connected decisions to help banks detect and prevent DDA fraud.

FICO™ Falcon® Fraud Manager Brings Account-Perspective Detection and Investigation



FICO™ Falcon® Fraud Manager analyzes account interaction to produce a fraud score.

Financial institutions have long recognized the value of predictive and behavioral analytics in combating credit card fraud. Increasingly, however, they are starting to embrace these tools to deal with fraud on the other side of the balance sheet: fraud involving demand deposit accounts.

With bank deposits on the rise and more and more banking activity moving to electronic channels, incidents of DDA fraud have increased in recent years. They fall into two broad categories:

- **Third-party or “victim” fraud**, account takeover and identity theft being the most common examples.
- **First-party or “perpetrator” fraud**, in which an account holder uses a deposit account to conduct deliberate fraud (such as kiting) or to gain access to other bank products for fraudulent purposes.

Banks walk a fine line in dealing with DDA fraud, as the behaviors that indicate potential fraud may also be indicative of credit risk without malicious intent. Fortunately, FICO’s proven analytics and decision management technologies represent years of continual refinement, resulting in highly reliable predictive capabilities.

» Falcon Fraud Manager: Understanding customer behavior

FICO™ Falcon® Fraud Manager enables banks to detect multi-channel deposit account fraud using proven analytic technologies and best-in-class rules management. Falcon Fraud Manager is built on a robust service-oriented architecture that can respond to real-time detection needs as well as provide a unifying platform for cross-channel fraud detection and prevention, account- and customer-level case management investigation and account treatment decisions.

With FICO DDA Fraud Solutions you can:

- **Reduce fraud risks and losses.** FICO’s experience and proven predictive analytics for credit card fraud can also be applied to detect deposit fraud.
- **Detect fraud schemes involving multiple channels.** Account-level behavior monitoring helps identify cross-channel fraud.
- **Protect your institution without compromising service.** Reduce your risk DDA fraud while delivering a quality service experience to your good customers.

The key to account-level fraud detection is being able to understand habitual customer behavior—and therefore recognize atypical customer behavior. FICO™ Falcon® Fraud Manager is engineered to understand how customers interact with their deposit accounts. It analyzes both monetary transactions—deposits, withdrawals, payments, transfers—as well as non-monetary interaction, such as changing personal contact information, adding a spouse or linking new accounts. Monitoring both types of activity is critical in order to spot behavior that deviates from the customer's norm.

Based on these patterns of interaction, Falcon Fraud Manager creates and updates account-level profiles to produce a fraud score. The higher the score, the higher the fraud risk. And Falcon Fraud Manager's real-time rule creation and implementation capability enables it to deliver the earliest possible warning of fraud activity.

» Built-in case management

Falcon Fraud Manager also incorporates a sophisticated case management capability that gives analysts greater cross-channel, account-level visibility. In so doing, Falcon Fraud Manager improves the efficiency and effectiveness of fraud operations and investigations.

» Distinguishing fraud from credit risk

A major challenge in DDA fraud strategies is the diversity of banking patterns and preferences across the customer base. Deployment of flat-threshold rules or a standard "profile" of safe or risky usage may penalize some good customers who exhibit "risky" behavior while allowing fraudsters to hide behind "safe" behavior.

Falcon Fraud Manager's patented profiling technology can capture the trends, velocity and acceleration of deposits and payments within a channel and across channels for each individual account. Combining high throughput profiling with multi-dimensional predictive analytics, the Falcon score is a highly individual and reliable indicator of fraud propensity versus occasional risky behavior. Falcon Fraud Manager enables banks to detect more fraud with lower false positives and minimal impact on good customers.

» FICO TRIAD Customer Manager: The power of connected decisions

Connected decisions is a strategy in which different FICO Decision Management applications share common customer data to produce decisions that reflect the total customer relationship. FICO's DDA fraud solutions leverage the connection between Falcon Fraud Manager and FICO® TRIAD® Customer Manager, the industry-leading solution for automating customer treatment decisions.

Through FICO's Decision Management application architecture, a bank can leverage the connection between the Falcon and TRIAD systems by using the Falcon fraud score as an input to TRIAD funds availability strategies. The bank can then adjust its deposit "hold" policies to protect itself without alienating good customers.

The value in using Falcon Fraud Manager and TRIAD Customer Manager as a connected decision platform is finding more fraud faster and at less cost, without increasing the frequency of holds, which raises risks of customer attrition and lost fee revenue.

» Applying proven solutions to the DDA challenge

Banks play a critical role in safeguarding their customers' funds, but at the same time strive to reduce "friction points" that inhibit customer access to their own money. By incorporating FICO's industry-leading analytics and predictive profiling—proven effective in reducing credit card fraud losses—banks can protect their DDA customers while assuring them of a positive, personalized and consistent experience in their banking relationships.

To learn more about FICO's DDA fraud solutions, please contact us at +1 888 342 6336, info@fico.com, or visit us on the web at www.fico.com.



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