

# Bank Mandiri

Bank Mandiri and FICO partner to combat fraud in Indonesia's digital banking revolution



## Client:

Bank Mandiri



## Challenge:

As a critical part of its digital transformation strategy, which included the launch of the “Livin’ by Mandiri” app, the bank needed to better identify and stop payment fraud, including credit card, debit card, and authorized push payment (APP) scams.

## Solution:

FICO® Falcon® Fraud Manager  
FICO® Falcon® Intelligence Network

## Results:

The Bank had already implemented Falcon Fraud Manager across all Mandiri retail channels (e.g., Livin' by Mandiri, etc.) and retail payments, including card payments using advanced consortium based technology through the consolidated enterprise fraud platform with excellent results.

By deploying FICO's robust, portfolio-specific models through Falcon Fraud Manager, it was immediately able to protect customers from fraud and will be working to optimize fraud prevention efforts.

The development of digital economic and financial transactions in the last decade has been incredibly rapid. This is in line with the increasing acceptance and preferences of the community for online shopping, the expansion and convenience of digital payment systems, and the acceleration of digital banking. Therefore, Bank Mandiri has a significant commitment to continue accelerating digital transformation inclusively and efficiently to remain within the orbit of the digital ecosystem.

## Digital transformation success drives explosive growth

In line with the theme of 'The Undisputed Industry Leader' envisioned by Bank Mandiri, the bank consolidated and generated \$2.6 billion USD in profit on more than \$7.9 billion in revenue<sup>1</sup>. Bank Mandiri is ranked 490th on the Forbes Global 2000 list<sup>2</sup>.

Bank Mandiri will continue to innovate and expand massively in digital banking and payment strategy services. One of the implementations is through the 'Livin' Around the World' campaign, where Indonesian citizens residing abroad can easily access and open accounts in Livin' by Mandiri. This digital application will be available for customers in 118 countries, such as the US, South Korea, the United Arab Emirates, Singapore, and other countries.

In driving the growth of the retail business, Bank Mandiri continues to improve digital services on Livin' by Mandiri by adding features such as Livin' Sukha. Customers can enjoy the ease of transaction purchases of airline tickets, train tickets, entertainment, voucher games, and credit submissions without leaving the application. Additionally, there is the presence of a power cash withdrawal feature from a credit card for selected customers, as well as QR Code payment with credit card funds through Livin' by Mandiri.

Through Livin' by Mandiri, it has been able to facilitate more than 1.64 billion financial transactions, with transaction values during the year 2022 reaching \$156 billion USD, representing a growth of 48.4% from the previous year (YoY)<sup>3</sup>.

<sup>1</sup> Bank Mandiri, 2022 Annual Report, page 7. <sup>2</sup> Forbes, The Global 2000, <https://www.forbes.com/lists/global2000/?sh=70552a305ac0>, 12 February 2023.

<sup>3</sup> Public exposure of Bank Mandiri's financial reports News Detail (bankmandiri.co.id)

## Bank Mandiri in 2022



**>USD7.9 billion**  
in revenue<sup>1</sup>



**~USD2.6 billion**  
in profit



**Forbes Global  
2000<sup>2</sup> list**  
Top quarter

## Partnering to prevent fraud and scams

While celebrating this success, Bank Mandiri also kept a focus on ensuring secure transactions against fraud attacks. The bank made significant investments to maintain and improve the security of customer transactions, especially for debit and credit payment customers.

Globally, fraud has been rising in both value and volume. Credit card fraud, account takeover, identity theft and ACH/Debit fraud all represented at least 6% of digital fraud attempts in 2022, and saw volume increases by up to 122% from 2019 to 2022.<sup>4</sup> In the APAC region, the cost of fraud rose 10%-16% from 2019 to 2022 and the average fraud cost per transaction rose as well.<sup>5</sup>

### How prevalent are scams in Indonesia?

**64%**

of Indonesians got an unsolicited text, email, phone call, or other outreach they thought was part of a scam.

**49%**

of Indonesians say friends or family have been victims of a scam.

Changing consumer and merchant behaviors due to digital transformation also represent a significant shift in potential fraud vectors. Additionally, challenges like digital identity verification and shifting payment channels such as real-time payments mean that banks are facing a barrage of threats around the world. The always-on expectations of consumers – and the relentless efforts of fraudsters – mean that fraud management operations are facing unprecedented headwinds.

Survey data from FICO shows that 64% of banking customers in Indonesia believe they have received scam texts, emails, or phone calls. Nearly half – 49% – believe their friends or family members have been scammed. And while scams and account takeovers can threaten customers, they also create significant risks for a bank's reputation.

For Bank Mandiri, an industry leader in protecting its customers against digital fraud transactions, the ability to identify and stop APP scams became a critical part of its digital transformation strategy.

This is where FICO's unique retail banking and scam detection model will come into play.

The model differs from classic fraud scoring models because it incorporates two scores – a fraud score and, unique to FICO, a scam score. "The scam score made a big difference in our choice to work with FICO," says Adityo. "We were equally concerned with the reputational risks that even a few highly publicized fraud cases could create, and FICO is able to address both the financial and reputational risks of fraud across the portfolio."

<sup>4</sup> TransUnion, <https://newsroom.transunion.com/transunion-report-finds-digital-fraud-attempts-spike-80-globally-from-pre-pandemic/>, 27 September 2023

<sup>5</sup> PR Newswire, <https://www.prnewswire.com/news-releases/fraud-costs-increased-more-than-10-over-pre-pandemic-levels-for-apac-businesses-according-to-lexisnexis-risk-solutions-study-301581691.html>, 27 Sept 2023

## Applying FICO's fraud fighting models

Bank Mandiri maintains a high standard for payment protection. "Regardless of the portfolio product or channel through which payments happen, we are clear that sufficiently broad controls will be needed," says Adityo.

When Bank Mandiri launched FICO Falcon Fraud Manager, it had a significant impact on their fraud operations by automating the bulk of fraud alerts, providing real-time decline functionality, and notifying the customer via SMS, as well as offering more structured case handling capabilities than their previous solution. Other benefits included the ability to centralize and link data from the retail channel at the bank.

Additionally, the insights from the Falcon Intelligence Network give Bank Mandiri a leg up in fraud detection rates. By using the unique and evolving data points from the thousands of participating institutions, Bank Mandiri is able to hone their detection strategies.

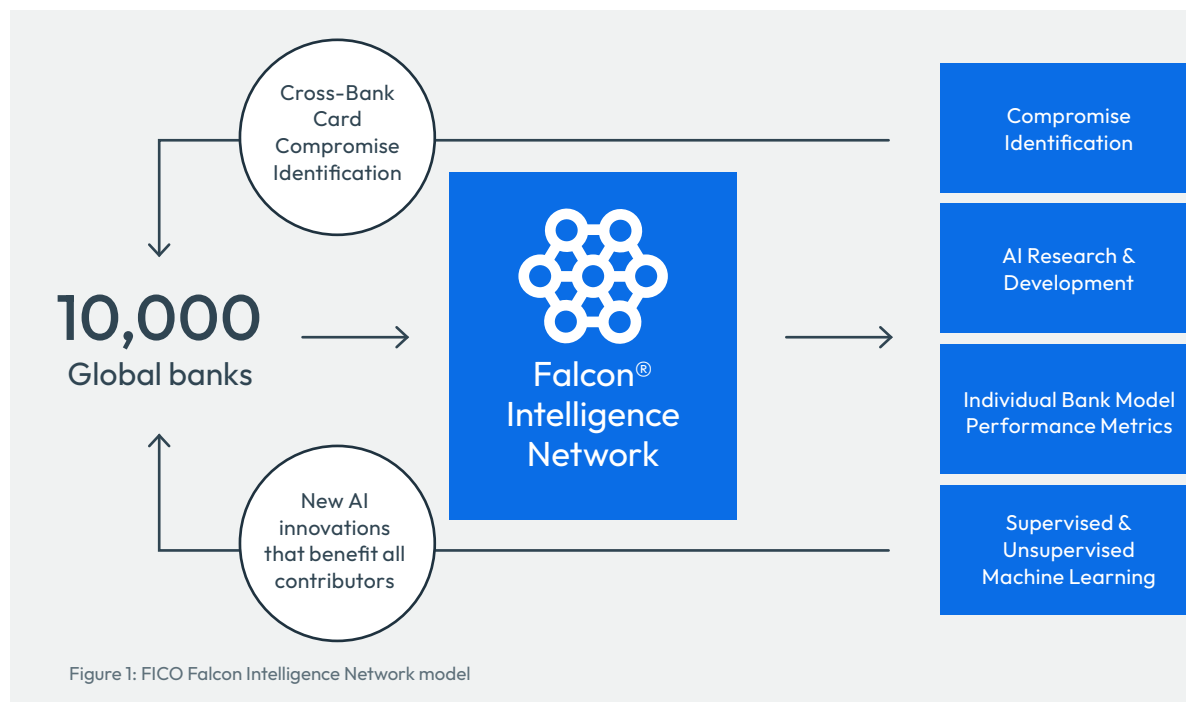
<sup>6</sup> FICO Falcon Intelligence Network: A Fraud Consortium for Fraud-Fighting Machine Learning Innovation, <https://www.fico.com/blogs/falcon-intelligence-network-fraud-consortium-fraud-fighting-machine-learning-innovation>, 12 February 2023.

## Leveraging the global FICO® Falcon® Intelligence Network

When Bank Mandiri implemented Falcon Fraud Manager, it did not just benefit from FICO's partnership, expertise, technology platform, and fraud models. It also leveraged FICO's global fraud data consortium, the FICO Falcon Intelligence Network<sup>6</sup>.

The Falcon Intelligence Network is a unique consortium at the core of FICO's ability to innovate. More than 10,000 financial institutions worldwide provide anonymized, tagged data for monetary and non-monetary transactions, which FICO then uses to train and improve powerful fraud-fighting artificial intelligence and machine learning-powered models and analytics.

After the implementation of fraud models and intelligence derived from the consortium, Bank Mandiri is able to achieve immediate, impressive reductions in credit and debit card fraud effectively without having to design new fraud models from scratch.



## Protection for digital banking

Bank Mandiri placed significant and proactive attention on developing the digital banking segment to support digital transformation as a sustainable business by capturing opportunities across all potential sectors and segments. The tireless spirit of transformation in digital Bank Mandiri has yielded very positive results, continually creating new added value, and certainly has a highly positive impact on Bank Mandiri's overall performance in 2022<sup>7</sup>. One of the significant growths in digital transactions was obtained from retail transactions through Livin' by Mandiri.

Bank Mandiri was already an industry leader and textbook case for preventing and minimizing credit & debit card fraud, after working closely with FICO for more than three years. The significant reduction in card payment & Livin' by Mandiri transaction fraud rates has been achieved through consolidation efforts from 2021 to 2022.

With the FICO® Falcon® Fraud Manager, Bank Mandiri has realized:

**216%**

increase in  
Detected Fraud

**100%**

of accounts  
monitored



Real time decline for  
suspected transaction

“The rapid integration of existing and new channels into the FICO Platform is indicative of the agility and responsiveness of the bank's digital infrastructure. These channels, along with the hundred newly integrated features, demonstrate that FICO's solution can meet the challenge of simplifying the integration process within Bank Mandiri's complex system architecture and high volume of transactions.”

Adityo Wicaksono, Senior Vice President  
Retail Product Delivery and Fraud Risk Group,  
Bank Mandiri

<sup>7</sup> Bank Mandiri, 2021 Annual Report, Enhancing Digital Banking Transformation & Innovation, page 1.

## Delivering a consolidated enterprise fraud platform

As part of its commitment to operational excellence, it consolidated these separate processes onto a single instance of FICO® Falcon® Fraud Manager, along with the extensive data insights from the FICO® Falcon® Intelligence Network, and the advanced link analysis technology integrated into Identity Resolution Engine (IRE) and Compromise Manager, Bank Mandiri is poised to detect fraudulent transactions across all channels and features.

Bank Mandiri gained the ability to monitor transactions in real time, to automatically block customer access channels when certain risks are detected, and improve the efficiency of manual review processes by automating the bulk of fraud alerts and communicating them to customers via SMS.

What resulted was Bank Mandiri's industry-leading operating model for combating card payment and Livin' by Mandiri fraud, which had further decreased fraud losses by 76% year-over-year!

## Collaboration play a significant role

One of the great determining factors in the ongoing, joint success of Bank Mandiri's fraud program is the alignment between its organization and FICO. Not only is Bank Mandiri a key contributor to the FICO Falcon Intelligence Network, but its team is also well acquainted with key FICO experts on the strategy and deployment side.

This familiarity made expanding its use of Falcon Fraud Manager more seamless. Bank Mandiri's stakeholders are also in regular communication with the FICO teams that design, enhance, and sustain its fraud models. And this trusted relationship, along with overcoming the adversity of the pandemic, has allowed more of the project to be delivered remotely, using Agile methodologies, to deliver continuous positive results.

By working closely together, both teams benefit from joint input and knowledge of the shifting fraud landscape. And FICO is able to act as a trusted advisor on specific fraud management issues that can impact Bank Mandiri's business in a variety of ways, from financial to reputational.



The battle against scams and fraud never ceases, which means FICO and Bank Mandiri will continue to enhance what they can do together.



## Proof of concept delivers impressive results

The retail banking and scam detection model was initially tested by teams from Bank Mandiri and FICO. Their results validated experience from other global trials, where FICO clients employing the retail banking payments model with a scam detection score and targeted profiling were able to detect a much higher number of scam transactions at sub-1% transaction review rates.

Bank Mandiri is excited for the ongoing impact of this model as they continue their wholesale digital transformation.

## Next steps

The battle against scams and fraud never ceases, which means FICO and Bank Mandiri will continue to face the challenge of securing customer transactions across a wide range of channels and products like credit and debit cards, real time payments, and digital payment options.

Contending with a spectrum of challenges, from the proliferation of sophisticated fraud schemes like Authorized Push Payment (APP) scams to operational inefficiencies arising from antiquated, siloed systems. These challenges are met with a decisive business acumen driven by a dedication to digital excellence, customer-centric innovation, and strategic data utilization. By embracing these drivers and confronting its challenges head-on, Bank Mandiri is enhancing the fraud prevention capabilities and affirming its position as a leader in the digital banking transformation.



**“We are excited to expand our digital footprint and reach new customers in unique areas. Though we recognize risks come with innovation, but we believe with FICO as our partner, we will be able to maintain our category-leading fraud assessment, detection and management.”**

Adityo Wicaksono, Senior Vice President Retail Product Delivery and Fraud Risk Group, Bank Mandiri

FICO® Falcon® Fraud Manager provides omnichannel fraud protection with flexible data ingestion, advanced profiling, AI-driven models, robust strategy management, and powerful workflow enablement.

FICO® Falcon® Intelligence Network, a global consortium of more than 10,000 institutions, provides billions of anonymized transactions that contribute to the development of our credit, debit, and retail banking predictive machine learning models.

Contact us to learn how you can put the power of Falcon and the Falcon Intelligence Network to work in your organization.

# For more information about stopping scams and other payments fraud, contact us

[InfoAsia@fico.com](mailto:InfoAsia@fico.com)



#### FOR MORE INFORMATION

[www.fico.com](http://www.fico.com)  
[www.fico.com/blogs](http://www.fico.com/blogs)

#### EUROPE, MIDDLE EAST, & AFRICA

+44 (0) 207 940 8718  
[emeainfo@fico.com](mailto:emeainfo@fico.com)

#### NORTH AMERICA

+1 888 342 6336  
[info@fico.com](mailto:info@fico.com)

#### ASIA PACIFIC

+65 6994 2962  
[infoasia@fico.com](mailto:infoasia@fico.com)

#### LATIN AMERICA & CARIBBEAN

+55 11 5189 8267  
[LAC\\_info@fico.com](mailto:LAC_info@fico.com)



[Privacy Policy](#)

[Terms and Conditions](#)

© 2023 Fair Isaac Corporation.

All rights reserved. FICO and Falcon are trademarks or registered trademarks of Fair Isaac Corporation in the United States and in other countries. Other product and company names herein may be trademarks of their respective owners.