Adaptive Fraud Prevention Saves Client Millions in Potential Losses

Opportunity

A Fortune 500 business services company works with a federal agency on a benefits program that distributes funds via prepaid debit cards to citizens across the United States. The program distributes billions of dollars each year and, like most businesses doing similar work, the company is on the hook for losses due to fraud.

Fraud was a growing concern for the company and its client. In fact, fraudsters had hijacked enough personal cardholder information to access thousands of accounts per month via the organization's contact center. In hundreds of flagged accounts, fraudsters had stolen the cardholders' PIN. In thousands of other accounts, fraudsters were just a PIN number away from potentially taking over the accounts and draining funds.

According to a 2019 Identity Fraud Study from Javelin Strategy & Research, data breaches rose 17 percent from 2018 to 2019, and losses due to consumer fraud reached $14.7 billion in 2018. Furthermore, the study notes that 3.3 million people were responsible for some of the liability of fraud committed against them, with their out-of-pocket fraud costs doubling between 2016 and 2018 to $1.7 billion. While the organization had conventional fraud protection measures in place, its fraud prevention teams were now up against fraudsters' using sophisticated and evolving methods to defraud both its client and its client's cardholders.

The business services provider knew it was important to flag suspicious calls for a closer look to reduce fraud in its contact center. Suspicious activity in the enterprise's IVR represented hundreds of thousands of dollars per month in potential losses. At the same time, the company understood that flagging the at-risk accounts before fraudsters could steal funds represented millions of dollars in potential annual cost savings for its client.

Solution

In an effort to more effectively address fraud and mitigate potential losses, the company selected Verint® Adaptive Fraud™. The cloud-based solution, which leverages proprietary adaptive fraud prevention technology, enables organizations to automatically identify and flag suspicious call activity upstream and prior to the fraudster reaching a live agent in the contact center. The choice was a simple one once the business services company reviewed some of the initial suspicious activity reports related to the disbursement of funds to numerous cardholders.

VERINT®

Customer Success Story

Solutions

Verint® Adaptive Fraud™

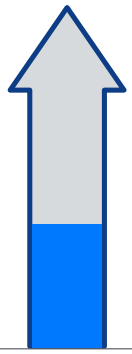
Industry

Business Services,
Financial Services

Results

- **Uncovered 35% more fraud than the company knew existed.**
- **Avoided more than $51 million in losses to date.**
- **Saved $10 million each year the solution has been in place.**

35%
more fraud uncovered than the company new existed



$51 MILLION
in losses avoided to date

$10 MILLION
saved each year since the solution has been in place

"The reports were part of a 'proof of concept' we were doing to test our new fraud flagging technology," says a Verint manager familiar with the project. "We showed them the data and they got really excited about what they saw. Not just because it revealed suspicious activity, but also because the activity was detected upstream, where it typically goes unnoticed by conventional fraud detection technology."

Verint Adaptive Fraud enabled the company to obtain real-time analysis of more than 60 parameters of caller behavior across multiple calls and programs. The solution was able to identify and flag suspicious callers based on threat level scored by proprietary algorithms powered by machine learning. With real-time reports and rules-based alerts, the organization could now simplify fraud detection and investigation going forward.

Benefits

With the implementation of Verint Adaptive Fraud in the enterprise's IVR channel, 35 percent more fraud than the company knew existed was uncovered. In fact, the company has avoided more than $51 million in losses to date, with over $10 million saved each year the solution has been in place.

"With our holistic behavioral IVR detection technology, we can roll up live fraud detection data for a short-run view," explains the Verint manager. "At the same time, we can go back in time based on the available analytics. What we saw with the initial proof of concept with the customer's fraud team was that they either closed or put alerts on a significant number of the accounts that we flagged as suspicious."

With Verint Adaptive Fraud at work, the business services provider can now see when specific callers are accessing multiple accounts, which is a telltale sign of fraud. The technology also allows the combination of all the company's call data across multiple programs and comparison with caller behavior data from the IVR, heightening the identification of potential fraudsters. The technology analyzes behaviors across dozens of variables, including call velocity, exit points, number of attempts, accounts accessed, and more.

"We fight the very kind of fraud the organization was up against through early detection of unusual contact center behavior," concludes the fraud product manager at Verint. "We use data analytics to compare cardholder calling patterns, so that unusual call behavior will bubble to the top."

The Customer Engagement Company™

Americas
info@verint.com
1-800-4VERINT

Europe, Middle East & Africa
info.emea@verint.com
+44(0) 1932 839500

Asia Pacific
info.apac@verint.com
+(852) 2797 5678

verint.com
twitter.com/verint
facebook.com/verint
blog.verint.com

VERINT®