

Payment Fraud Manager

Reduce Electronic Payment Fraud With Real-Time Detection Capabilities



Electronic payments fraud is a significant threat to both banks and banking systems around the globe. Accurate, real-time fraud detection capabilities can help financial institutions respond effectively to enhance customer experience and minimize financial losses.

The FBI recently reported \$3.1 billion in losses related to CEO wire fraud. On average, the median online fraudulent transaction amount was \$4,789, but the average fraudulent wire transfer amount is more than \$50,000. In fact, a recent Association for Financial Professionals survey reported that wire transfer fraud was second only to check fraud in actual or attempted fraud attacks, which in 2015 surpassed credit/debit card fraud.

These statistics are just the tip of the iceberg. If a money center bank or central bank payment system were to be infiltrated, a single high-value fraudulent wire transfer could destabilize that banking system as well as neighboring systems. As consumers and regulators expect increasingly rapid settlements, this threat increases.

The good news is that most of this exposure is preventable in real time. Payment Fraud Manager from Fiserv is the industry's first real-time, cross-channel monitoring and detection solution for electronic payments.

It is the most comprehensive solution on the market today, using advanced inference techniques to identify and prevent fraudulent transactions. Payment Fraud Manager monitors both batch/bulk file and individual electronic funds transfer transactions across many payment and messaging infrastructures, including SWIFT, SEPA and ACH. Robust, real-time fraud detection can enhance customer experience and minimize financial losses.

Payment Fraud Manager applies advanced analytics and risk scoring models that enable fraud investigators to prioritize the highest risk transactions for review. All of the data needed to process suspicious payments is provided at their fingertips. This allows organizations to rapidly adapt their strategies to deal with emerging fraud patterns.

Payment Fraud Manager enables fraud departments to:

- Instantly suspend suspicious payments before losses are incurred, using real-time detection and interdiction
- Achieve the most accurate detection possible through advanced inference techniques, including predictive models based on analysis of millions of historical risk patterns
- Control every aspect of risk according to each organization's risk tolerance using supporting scenarios, scorecards and case management
- Respond to fraud rapidly with powerful, easy configuration

Predictive Models Determine Fraud Risk

Using data and historical fraud pattern analysis, the predictive model scores each payment for its total fraud risk. The predictive models are used with other types of advanced inference techniques to understand each customer's normal behavior pattern related to electronic payments, including frequency, velocity, amount and other variables. New transaction activity is then compared with the customer's normal behavior as well as the normal behavior of a comparable peer group.

When a risk tolerance threshold is exceeded, the solution creates an alert that displays the score (1 indicating the lowest risk and 999 indicating the highest risk) as well as the primary reason codes indicating why the transaction has been flagged. The score rank orders the transactions in an alert queue based on risk, enabling investigators to focus on the highest-risk transactions first.

Predictive models are much more accurate than rules alone. They summarize complex risk best by uncovering hidden patterns of fraud buried in the complex data. The score makes it easy for an analyst to understand the risk, automatically taking into account multitudes of related factors.

Each organization chooses the score cutoff above which analysts will review alerts based on the organization's risk tolerance. Some organizations may choose to set a score threshold at 950 to detect 95 percent of fraud while reviewing 1 percent of all transactions, while another organization may choose to set the score threshold at 850 to detect 100 percent of fraud while reviewing 3 percent of all transactions. Each organization controls the trade-off between investigative efforts and fraud detection.

Scenarios and Scorecards Improve Decision Making

In addition to fraud scoring, the solution enables users to define their own flash fraud scenarios and weighted scorecards to drive decisions such as blocks, holds or alert creation to be worked by an analyst. Scenarios and scorecards provide greater control by enabling a fraud manager to assign more aggressive fraud tactics to select products, channels or customers while prioritizing service over risk for other products, channels or customers.

Scenarios evaluate events to determine risk, target the specifics of a new flash fraud scheme or better protect a customer with a previous fraud on their account. A fraud department can easily create its own fraud scorecard by creating scenarios, assigning weights and activating the scorecard.

Scorecards are more powerful than rules because each scenario is given a different level of importance. Assigning weights lets the organization use scenarios together and determine the influence that one scenario has over another. Combining scenarios improves fraud detection and operational efficiency.

Scorecards are valuable for quickly identifying evolving fraud schemes while providing quantitative logic for a decline, hold or approve strategy. Fraud managers have the power to control decisions instantly, before an alert is created. For example, they may automatically decline a transaction with a high score, but allow a less risky transaction to go through, and generate an alert for further investigation.

Electronic Payments Team - Unassigned

Alert | Event | Additional Details

927 HIGH

- Amount is a risk factor
- Unusual date pattern in past payments
- Unusual destination relationship activity

F122244663001USPLUSBANK - Suspended

From: 4331009-04, WebSource
Online | 29 July 2016 15:23:00

Wire **185,423.99**

To: 092209121 658742569, 00

Confirm Fraud Release

Related Items
0 Open Alerts, 0 Investigations

F122244663001USPLUSBANK: PREDICTIVE MODEL SCORE EXCEEDED THE THRESHOLD

Scenario Results | Originator Activity | Destination Activity | Customer Info

Code	Name	Result	Score	Threshold
PFMFraudModel	Predictive analytical scoring model	<div style="width: 100%; height: 10px; background-color: red;"></div>	927	849

Name	Value
Score	927
RC3	Unusual destination relationship activity
FirstScore	-131.92711298612926
RC1	Amount is a risk factor
RC2	Unusual date pattern in past payments

Create Case | Actions | Process

Alert screens provide a comprehensive view of the risk indicators.

Alert and Case Management Provide Comprehensive Risk View

After transactions are analyzed through the models and scenarios, Payment Fraud Manager generates alerts so an analyst can research the transactions. If the analyst determines there is a fraud, a message is sent to the originating system to block the transaction and a case is created in the case manager. All suspected frauds are investigated through a configurable and repeatable workflow. The fraud manager or administrator designs queues that can be accessed and worked by groups of analysts.

The alert screens provide a comprehensive view of risk. Scores and reason codes indicate the risk and provide areas where review is recommended. In addition, hyperlinks make it easy to find related information and drill further into the risk.

The case management system includes the following comprehensive features:

- Automated data population and investigation workflow
- Transaction, account, customer and channel search and filtering
- Link analysis and graphical network discovery
- Detailed financial data tracking and reporting (risk exposure, preventions and recoveries)
- Digital file cabinet of case information, including any attachments
- Complete audit trail

Reporting and Dashboards Deliver Key Insights

Payment Fraud Manager delivers standard dashboard reports that identify the risk of alerts and transactions in the system. It offers configurable management reports that are critical to understanding the business and its many fraud risks.



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Key Benefits

- Real-time solution identifies fraudulent payment transactions before losses are incurred
- Catches more fraud with pattern recognition models
- Reduces false positives to enhance customer experience and optimize operational efficiency
- Controls flash fraud with user-defined scenarios and scorecards
- Simplifies workflow with comprehensive alert and case management system
- Easily integrates management and regulatory reporting

Connect With Us

For more information about Payment Fraud Manager, call 800-872-7882 inside North America, +44 (0)845 013 1000 outside North America, email getsolutions@fiserv.com or visit www.fiserv.com.



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