Redesigning the Application Fraud Mitigation Framework **for a** US Regional Bank

Background & Challenges

A leading US regional bank was impacting more legitimate accounts while capturing fewer fraudulent ones during the application stage compared to its industry peers. This resulted in higher fraud losses and lower customer satisfaction.

Objectives

- Identify gaps in the existing fraud defense mechanism.
- Develop a short-term solution to reduce impact rates and losses within the constraints of the existing data and framework.
- Design a long-term roadmap to become the best in the industry.

Short Term Solution/Approach

Segmentation

- New Segmentation based on Digital vs Non-Digital application response was developed using:

  ★ Fraud Rate
  ★ Data Sources
  ★ Ops Treatment

Strategy Development

- Feature Engineering: Multiple new features were developed based on PII variance, velocity, customer location, and unusual patterns in shared information.

- Strategic, tactical, and backstop rules were developed to prevent losses during BAU and fraud attack periods.

Post Booking Scanners

- Post-booking scanners were developed to identify booked fraud promptly. Some of the categories used for these scanners included:

  ★ Utilization
  ★ Velocity
  ★ Risky Spend Categories
  ★ Non-Mon Behavior

Key Results

30% Reduction in impact rates

~$1.5MM+ Annualized fraud loss savings

Let's Connect

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