



FINANCE CASE STUDY

FINANCIAL SERVICES COMPANY SAVES \$5M ANNUALLY WITH IOVATION

CHALLENGES

Fraud rings had activated hundreds of new accounts using stolen identities, yet the company's internal fraud tools were unable to stop fraud originating from mobile devices, leading to lengthy review queues for fraud analysts.



SOLUTIONS

iovation helped to establish real-time fraud detection that shared information across devices, enabling the company to perform forensic analysis by drilling down into fraud ring activity details and quickly react to new threats.



RESULTS

Within 20 minutes of implementation, the company stopped an active fraud ring on its loan sites. Today, real-time monitoring is saving the company \$5 million in annual losses, and has reduced time spent on manual reviews.



A LEADING DEVELOPER OF NEXT GENERATION FINANCIAL SOLUTIONS OFFERS INNOVATIVE SOLUTIONS TO ITS CUSTOMERS, AND PREVENTS SOPHISTICATED LOAN FRAUD BY UTILIZING IOVATION FRAUDFORCE.

The financial services company profiled is a leading developer of next-generation financial products for underbanked consumers. Their products provide increased convenience, transparency and value to the millions of consumers whose needs are not being met by traditional banking products.

The Fraud Challenge

While this company and most loan services have always experienced financial losses due to fraud, the losses had been lumped under the general category of "credit loss" for its installment loan defaults.

When attempts were made to withdraw payments from a customer's bank account, they often received insufficient funds or account closure notices. Upon closer examination, they realized there must be an explanation for the timing behind the occurrence of account closures just prior to loan payment withdrawals. They began to work with credit bureaus to determine if a customer's prior obligations had been honored.

The company confirmed that some customers had a poor credit record and required additional funds due to unemployment or underemployment while trying to pay their bills each month. However, a large number of customers held pristine credit records and high credit scores, never before needing to secure a personal loan – and this scenario raised a red flag. They also received numerous calls from people claiming they had been receiving collection letters on accounts for which they'd never secured a loan.

Moreover, the company identified a number of fraudsters using mobile connection cards, applying for loans using stolen identities that had good credit, but were from Caribbean countries.

They needed a better way to troubleshoot and drill down into fraud activity - especially when phishing and identity theft activities were causing a customer's entire financial record to be taken hostage.

They conducted research for IP geolocation tools to help them combat various sophisticated fraud scenarios. The products they encountered featured velocity counters and geolocation capabilities, but could not effectively address situations involving multiple attackers using mobile devices where geolocation identification proved impossible. The realization that they needed real-time device identification led them to iovation's fraud prevention service.



JUST 20 MINUTES AFTER INSTALLING IOVATION FRAUDFORCE, WE IMMEDIATELY IDENTIFIED A FRAUD RING ATTEMPTING TO OPEN AN INSTALLMENT ACCOUNT ON OUR LOAN SITES. WE WERE ABLE TO STOP IT IN ITS TRACKS RIGHT THEN AND THERE.

Vice President of Risk Strategy
Financial Services Firm

iovation Stops Fraud Immediately

This financial services firm had tried another device fingerprinting solution, but the results were not automated nor provided in real-time, which forced the company's fraud team to wait for critical time to lapse before taking action to ward off fraudulent activities.

After iovation's FraudForce was recommended by other short-term loan and prepaid card businesses within the industry, they installed iovation on one of their product lines. They began to understand the reputation of devices touching their site as well as uncover connections with other accounts and devices, leveraging iovation's global shared database of more than 5 billion devices and 55 million fraud events recorded.

After only a two-day implementation period and experimentation with iovation's user-friendly business rules engine and other real-time features, they found FraudForce to be extremely intuitive, providing a completely different device identification and reputation technology from that of other services available.

The fraud department started to regularly log into the FraudForce Intelligence Center to analyze short-term loan product transactions. The service offered advanced fraud protection that recognizes Internet-enabled devices (such as PCs, computers, tablets and mobile phones) being used to apply for online loans. Rather than focusing on an individual or IP address alone, iovation FraudForce exposes and recognizes risk unidentified by other tools, offering a critical layer of defense against cyber fraud and identity theft.

The firm's vice president of fraud strategy stated, "Once I reported the short-term loan product's fraud prevention results by iovation to upper management, we realized we needed to implement this powerful tool immediately for all of our product lines and web properties."

Increased Efficiency and Profitability

After fully implementing FraudForce and configuring it for complete automation, they now eliminate approximately \$5 million in annual fraud losses – through iovation's real-time device reputation service.

With iovation, the firm increased the operational efficiency and profitability of its fraud detection activities by freeing up analysts to focus on higher priority activities throughout the company. With more time available to finish review queues and perform proactive forensic analysis, they experience less financial loss by fully investigating accounts, while achieving their goal of funding loans by the end of each day.

ABOUT IOVATION

iovation, a TransUnion company, was founded with a simple guiding mission: to make the Internet a safer place for people to conduct business. Since 2004, the company has been delivering against that goal, helping brands protect and engage their customers, and keeping them secure in the complex digital world. Armed with the world's largest and most precise database of reputation insights and cryptographically secure multi-factor authentication methods, iovation safeguards tens of millions of digital transactions each day.

iovation.com

Global Headquarters

iovation, a TransUnion company
555 SW Oak Street, Suite #300
Portland, OR 97204 USA

PH +1 (503) 224 - 6010
FX +1 (503) 224 - 1581
EMAIL info@iovation.com

United Kingdom

PH +44 (0) 800 058 8731
EMAIL uk@iovation.com