ACI Worldwide
Real-Time Payments

Federal Bank, India Improves Fraud Mitigation with ACI® Fraud Management™

THE CHALLENGE

- Lack of consumer awareness around threat landscape makes them vulnerable to fraud.
- Federal Bank of India needed to mitigate cardrelated fraud for consumers and merchants.

THE SOLUTION

- Federal Bank deployed ACI® Proactive Risk Manager™, part of the ACI Fraud Management™ solution, to protect its customers.
- ACI Proactive Risk Manager enabled cutting-edge fraud management powered by rule definition capabilities.
- Solution offered real-time decline or approvals based on the bank's transaction parameters.

THE RESULTS

- Real-time rules helped to protect customers from vishing (voice phishing) fraud.
- The bank declined nearly 3K potential fraudulent transactions in a six-month period.
- Federal Bank has dramatically reduced fraud loss for its customers.

The Challenge

Lack of consumer awareness around the variety and complexity of online security risks means they are often targeted as the weakest link in the chain — falling prey to attacks by fraudsters in the banking security ecosystem. To mitigate these frauds and minimize losses, Federal Bank of India approached ACI to provide a comprehensive risk management solution that could help mitigate card-related fraud for both consumers and merchants.

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> Executive Director
> Federal Bank

The Solution

Federal Bank deployed a customized version of ACI Proactive Risk Manager version 8.8.3.2 — part of the ACI Fraud Management solution — to leverage cutting edge fraud management capabilities that are powered by rule definition capability and real-time decline or approval of transactions based on transaction parameters.

The Results

Tangible results were achieved in the form of protecting the customers from "vishing fraud" by using Proactive Risk Manager real-time rules. The bank could prevent loss of considerable amounts of its valued customers' hard-earned money from the hands of the fraudsters, while at the same time ensuring that genuine transactions were processed seamlessly to ensure best-in-class customer experience.

Federal Bank Limited, one of the major Indian private sector commercial banks, has more than 2,800 touch points (1,200+ branches and 1,600+ ATMs) spread across different states in India, serving a customer base of more than 10 million. The bank has been a pioneer among India's private sector banks in using technology and was among the first banks in India to computerize all its branches. To ensure the security of its customers' digital transactions, and to reflect the evolving threat of fraud, Federal Bank sought to deploy a rules-based fraud prevention solution for deterring, detecting and blocking fraud. In order to achieve this, ACI customized its Proactive Risk Manager for Federal Bank at three action levels: cards, terminals and merchant acquiring.

"Digital technologies are transforming the way people access banking services and at Federal Bank, our aim is to provide a frictionless experience at every touchpoint. While security challenges for banks are changing fundamentally, we want to make sure that we are always ahead of fraudsters. Given ACI's expertise and the potential for scalability, we approached them to discuss our fraud and risk management requirements. Since the solution enables us to protect our customers against several types of fraud, not only does this significantly improve their satisfaction and mitigate risk, but it also helps us stay ahead of the digital curve and solidify our reputation as a trusted brand." says Shalini Warrier, Executive Director at Federal Bank.

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The Challenge

Despite the shift to chip-based cards (EMV), it has been estimated that debit and credit card fraud will grow to about USD ten billion a year by 2020. Furthermore, the banking business has fundamentally changed; it's no longer a secondary consideration to prevent malicious actions around the banks or its customers' money. Against this backdrop, Federal Bank wanted to empower its customers to be a part of the intelligence that helps identify fraud attempts and malicious actions. Traditional rules-only fraud detection systems- are adequate at detecting known threats but are not as effective or efficient at uncovering new criminal fraud strategies or zero-day attacks, which puts the bank and its customers at risk. Federal Bank required a counter-fraud solution for both its card holders as well as merchants with the following mission critical features:

- **Ease of deployment:** quick to deploy and to make changes
- **Responsiveness:** works at the speed that fraudsters innovate
- **Cost reduction:** massive savings due to fraud prevention

The Solution

Federal Bank has relied upon ACI since 2015 for its core switching infrastructure — BASE24-eps®. BASE24® is an integrated software solution used to acquire, authenticate, route, switch and authorize financial transactions across multiple channels. Given that the bank was already using BASE24 — part of the ACI Enterprise Payments Platform™ — with excellent uptime and dependability, it was a logical step to expand its relationship with ACI to cover risk management. Since it's a direct plugin and the deployment time for existing BASE24 customers was very short, Federal Bank was able to quickly customize Proactive Risk Manager to meet its requirements. Proactive Risk Manager was customized for Federal Bank on two action levels:

1. Cards

2. Merchants

Proactive Risk Manager for card transactions
The Proactive Risk Manager solution has two aspects: real time and near-real time. In real time, Proactive Risk Manager authorizes the transactions, hence the end decision to accept or reject a transaction rests with the Proactive Risk Manager solution, based on rules defined by the bank. With the near-real-time facility, as soon as a transaction has occurred and the customer's account is debited, an alert is generated. Based on this alert, the analyst can initiate various actions. The actions include blocking the card, marking it as fraud, white-listing it, putting a watch on it, etc. The bank's risk team can process these alerts and take appropriate action based on the rules and the situation.

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Moreover, near-real time has an additional facility called "auto-action." In auto-action, the bank can ask the system to take an action as soon as a rule is triggered. Federal Bank required that an SMS be sent to the customer whenever the rule was triggered. To address this, ACI built a "customer-specific module" (CSM) called auto SMS. This functionality

captures the details of anomalous transactions in a table format, which is defined within its instance of Proactive Risk Manager. Federal Bank's SMS vendor then pulls these details from the table in near-real time and alerts the customer to review the transaction.

3. Proactive Risk Manager for merchants
Merchant acquiring is outsourced by Federal Bank. Hence, a third-party vendor shares a file in batches in near-real time. Like card transactions, a set of rules is defined for merchant transactions and when an anomaly is detected, the rule is triggered.

Kaushik Roy — Vice President and Country Leader, South Asia, ACI said, "Federal Bank is one of our valued customers and we have been associated with them for over five years. Our objective was to customize a unique architectural approach for Federal Bank and facilitate real-time reactivity and adapt to new fraud signals, driving fast decision-making and responses to emerging fraud threats. The solution that we have designed for Federal Bank can incorporate fraud and payments data through proprietary as well as third-party modeling. We're delighted to partner with them in their digital transformation journey with our wide range of proven products, domain knowledge and commitment to the industry."

The Results

After deploying ACI's Proactive Risk Manager solution for real-time monitoring of card transactions, Federal Bank has seen a considerable drop in fraudulent transactions, especially through vishing fraud. Proactive Risk Manager aired warning indications as well as declined potential fraudulent transactions in over 2.7K cards in a period of six months. Especially, the auto SMS feature has helped in creating awareness on a case-by-case basis and is edifying the customers of the risks. Federal Bank has thus been able to reduce the fraud loss for their customers to a major extent; and they have also slowly started noticing that the fraud loss has been nil in most of these incidents.

ACI Worldwide is a global software company that provides mission-critical real-time payment solutions to corporations. Customers use our proven, scalable and secure solutions to process and manage digital payments, enable omni-commerce payments, present and process bill payments, and manage fraud and risk. We combine our global footprint with local presence to drive the real-time digital transformation of payments and commerce.

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www.aciworldwide.com
@ACI_Worldwide
contact@aciworldwide.com

Americas +1 402 390 7600
Asia Pacific +65 6334 4843
Europe, Middle East, Africa +44 (0) 1923 816393

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