

HIGHLIGHTS

THE CHALLENGE

- Regulatory changes in the European market necessitated Swedbank re-evaluate its fraud strategy.
- The bank was under pressure to meet looming deadlines for PSD2 and strong customer authentication (SCA).
- Fraud modernization efforts also needed to accommodate the regulatory and customer needs in both the Nordic and Baltic regions.

THE SOLUTION

- Swedbank partnered with ACI Worldwide to upgrade to the latest capabilities from ACI[®] Fraud Management[™].
- The bank leveraged ACI Fraud Management to enable its SCA exemptions strategy, including integrating directly into its access control server.
- Swedbank also bolstered its multi-country security by routing all issuing transactions through its ACI Enterprise Payments Platform[™] and ACI Fraud Management solutions.

THE RESULTS

- The bank achieved compliance with the regulatory technical standards for transaction risk analysis and implemented SCA exemptions in just seven months — well ahead of the regulatory deadline.
- Phase one's rapid completion enabled Swedbank to accelerate its machine learning strategy for fraud prevention with ACI's model generator.
- Over the past three years, leveraging ACI Fraud Management in combination with Mastercard fraud services, Swedbank has been able to reduce total gross fraud by 55%.
- Swedbank has been able to reduce instances of first-party fraud, and provide better protections and customer experience in these scenarios.

SWEDBANK GOES BEYOND SCA TO PROTECT CUSTOMERS

The implementation of strong customer authentication (SCA) under PSD2 has forced financial institutions throughout Europe to re-evaluate their fraud modernization strategies. For Swedbank, one of the largest issuers and acquirers across the Nordic and Baltic regions, SCA became more than a way to better protect and serve customers — it became a chance to create a competitive differentiator.

SWEDBANK LOOKED TO ACI WORLDWIDE TO HELP MODERNIZE ITS FRAUD MANAGEMENT SOLUTIONS.



SWEDBANK'S COMMITMENT TO CUSTOMER CENTRICITY IS PROVEN IN ITS APPROACH TO SCA. BY SEIZING THIS CHALLENGE AS AN OPPORTUNITY TO INNOVATE, IT CONTINUES TO DELIVER THE BEST POSSIBLE SECURE CUSTOMER EXPERIENCE IN THE NEW REGULATORY ENVIRONMENT.



THE CHALLENGE

Swedbank already had a robust fraud prevention solution in place for its regional operations, but regulatory changes in the European market caused the banking group to re-evaluate its strategy. Like all European financial institutions, the bank found itself under intense pressure to meet the deadlines of PSD2 and SCA.

This challenge was amplified, however, with the need to devise a fraud and exemption strategy that met the needs of customers in its two main operational regions: the Nordics and the Baltics. While geographically close, the regions vary greatly in relation to their digital payments maturity, and alternative payments and real-time payments adoption.

Additionally, domestic data sovereignty regulations meant that Swedbank needed to find a way to leverage the benefits of its complete data set without removing data from its country of origin.

THE SOLUTION

The Nordics is a very mature digital payments market, with high adoption of real-time and alternative payments. This led Swedbank's fraud team to leverage its successful technology and strategy choices from the Swedish operations to bring its Baltics operations into compliance. This also allowed the bank to balance regional variations in digital payments adoption from a cost perspective.

With this plan in place, Swedbank looked to ACI Worldwide to help modernize its fraud management solutions. As a long-time partner of Swedbank, ACI was well versed in Swedbank's needs and goals. The bank deployed ACI Fraud Management to gain access to the SCA exemptions capabilities, as well as ACI's model generator — a key component of ACI Fraud Management that automates machine learning.

The bank chose to deploy the automated model generator tool to create tactical scoring models that augment existing rules-based fraud prevention strategies — helping Swedbank stay ahead of fraud trends and quickly analyze large data sets for accurate decision making.

Additionally, to achieve its goals around extracting greater value for fraud prevention from its entire transaction portfolio, Swedbank opted to support its issuing in multiple countries with a single fraud solution — effectively routing all transactions through its ACI Enterprise Payments Platform and ACI Fraud Management solutions in Sweden. This ensured SCA compliance for the Baltic region.



THE RESULTS

The combination of ACI solutions has empowered Swedbank to adopt a robust SCA exemptions strategy, providing an effective, frictionless payments process for an enhanced consumer experience, improved fraud detection and additional value around first-party fraud challenges. Swedbank was also able to maintain compliance with domestic data sovereignty laws by leveraging ACI's network intelligence capabilities to share fraud signals from its regional operations into its enterprise fraud models at its headquarters.

Swedbank's decision to leverage best practices from its Nordic operations has allowed the bank to get ahead of the competitive curve in responding to the SCA regulation. Implementing ACI's new SCA exemptions functionality alongside the model generator has enabled Swedbank to achieve compliance ahead of the SCA deadline and launch new fraud management solutions to enhance the experience of customers using online or contactless payment options.

The bank has now gone live with its first automated model in Q4 of 2020. This industry-leading solution allows the bank to accelerate the operationalization and time to value for machine learning analytics in fraud prevention, and has been shown to improve card-not-present fraud detection rates by as much as 22%.*

**Customer data*

ACI Worldwide powers digital payments for more than 6,000 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute \$14 trillion each day in payments and securities. In addition, myriad organizations utilize our electronic bill presentment and payment services. Through our comprehensive suite of software solutions delivered on customers' premises, through the public cloud or through ACI's private cloud, we provide real-time, immediate payments capabilities and enable the industry's most complete omni-channel payments experience.

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