

ACI WORLDWIDE TACKLES THE UNIQUE CHALLENGES OF MOBILE TELCO FRAUD MANAGEMENT



Identifying genuine customers – both new and existing – and providing them with a positive experience, while also identifying fraudulent shoppers is crucial to the mobile telco industry. Over the past 15 years ACI Worldwide has been working with some of the UK's leading operators and MVNOs to achieve this.

Olga Sokolovskaya, Senior Risk Analyst, from ACI Worldwide, explains the fraud challenges facing mobile telcos today, and offers guidance on how they can best be overcome.

ACI Worldwide has been providing fraud management solutions to the mobile telco industry for well over a decade, and while the threat of fraud is ever-present, how would you sum up the main challenges faced in 2016?

In my experience, the main challenges can be split into two very different areas. Firstly, there is top up fraud, characterized by low value, high volume transactions. This tends to be highly organised fraud. The second key area is handset fraud, which is more closely linked to traditional eCommerce fraud. This is typically high value and low volume, often linked to the launch of new products on the market or high value handsets.

Do you have an example of the type of handset fraud that is occurring?

We are seeing a lot of fraud on the 'Click and Collect' channels, where a fraudster will pay a deposit for a handset with a stolen card, with no intention to pay for the associated contract. Consequently, the mobile telco loses out on future contract payments, as well as the handset that the fraudster obtained for a low price and will

sell shortly after. This is similar to traditional eCommerce fraud, an area in which ACI also serves a number of top tier merchants with real-time fraud prevention solutions.

And top up fraud – what are fraudsters doing to exploit this channel?

This is where a fraudster will get a top up with a stolen card, then use this money to call a premium rate number that they own. Not only does the mobile telco lose money on the top up, but also on the interconnect charges. Fraudsters are prepared to exploit any loophole they discover, and this means that there is also a risk with top up channels that do not require customers to register.

Do you believe the challenges facing the mobile telco industry are unique?

Fraud is much more organised in the telco industry than in many other industries, and this requires extra vigilance. We are seeing that fraudsters really put in the time and effort to try and circumvent the fraud strategies put in place, so it is critical to have visibility of fraud patterns

and trends as early as possible to reduce the window of exposure. The key to overcoming these challenges – we believe – is collaboration. Collaboration between operators, law enforcement and fraud management specialists to speed up the detection of fraud – and shut down fraud rings.

And what about increasing acceptance rates? How can this be done?

There is also a commonality with traditional eCommerce, in that it's crucial to get the balance just right in terms of fraud prevention settings and rules. If European mobile telcos are not seeing fraud, they may also be seeing low acceptance rates – a signal that their fraud strategy is too stringent. So the challenge is to increase acceptance rates as much as possible, while protecting your organization from fraud. This is really where ACI has helped both mobile telcos and top merchants by profiling genuine customers and fraudsters and then creating tailored strategies to isolate both, enabling higher acceptance rates.

Is this advice relevant to mobile telcos outside the UK as well?

The UK market is mature, by European standards, so other markets do stand to learn from the UK's experiences. One major point of difference is that UK customers tend to select contracts as opposed to

'pay as you go', however in markets such as Russia, Italy and Greece most consumers prefer to do a regular top up rather than pay a monthly fee. This highlights the different preferences and behaviors between countries, which extends to preferred payment methods. This is another area where ACI Worldwide is ideally positioned to assist mobile telcos, via a gateway solution that offers the market-relevant alternative payment methods necessary for operating across multiple European markets.

About ACI Worldwide

ACI Worldwide, the Universal Payments (UP) company, powers electronic payments for more than 5,100 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. In addition, myriad organizations utilize our electronic bill presentment and payment services. Through our comprehensive suite of software and SaaS-based solutions, we deliver real-time, immediate payments capabilities and enable the industry's most complete omni-channel payments experience. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter @ACI_Worldwide.