

Identifying and Managing Card Fraud for a Leading North American Bank

Concentrix helps save millions, mitigates financial risk

Client

Founded in 1995, this client has quickly risen to the top of the financial services industry in North America, with a customer base of over 70 million accounts and total loans of over \$200 billion. This bank's success is directly attributed to its progressive efforts in information technology, customer acquisition, and customer retention.

Business Requirement

Since its debut, the client saw its Canadian cards customer base grow swiftly. Further growth however needed it to delink from its larger U.S. business. To strategically manage and cultivate this business, it recognized the benefits of outsourcing, especially to partners with best-in-industry banking domain capabilities.

Most importantly, management felt that the performance of its card fraud processes was not what it should be and was looking for a value partner tasked with driving better business results. Also, though cost was not a major issue, the client felt that it would end up "paying more" for outsourced fraud management. The partner would need to provide a watertight security architecture, a service location (that was far away from traditional fraud rings, yet boasted of a large pool of employable resources), and a "Canadian voice".

Our Solution

Initially, Concentrix began serving this client by managing its customer service volumes from a facility in New Brunswick, Canada. Pleased with our customer relationship management (CRM) capabilities, the client asked us to also manage its specialized fraud queues in 2002. These were earlier managed in-house/within its U.S. parent.

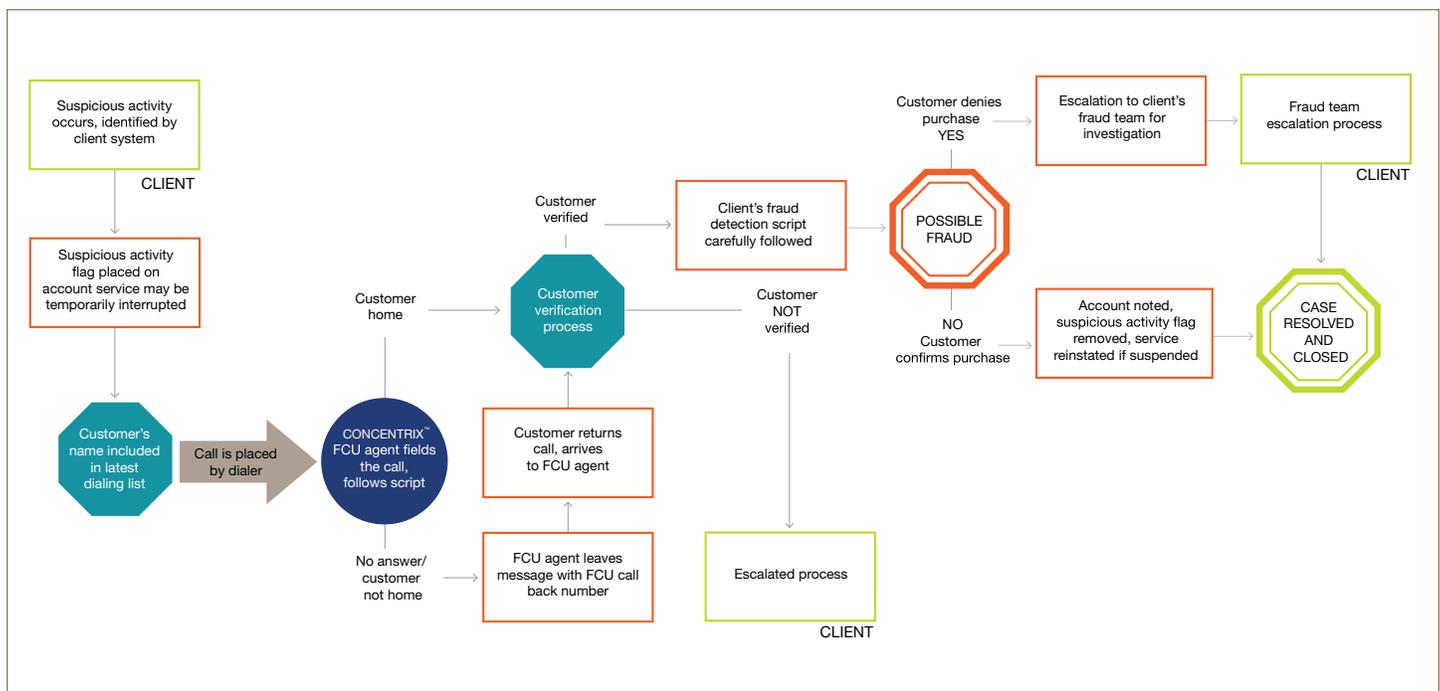


Figure 1: CONCENTRIX™ Card Solutions: Fraud Management and Resolution

- **Investigative Solutions (IS):** We deal with payment authorizations, disputes, fraudulent activity/suspected fraud and lost/stolen cards. Our IS success since 2002 led to the client awarding more programs to us.
- **Fraud Early Detection (FED):** We proactively detect real time fraud! Based on expert judgment/training, we contact cardholders to confirm the legitimacy of transactions (and maintain/lift restrictions on accounts). We also review fraud reports offline and determine next steps on specific accounts. Key metrics are penetration rates in the outbound low/high risk queues, and the catch and release (C&R) rates (i.e., “catching” fraud and only “releasing” non fraud cases).
- **Fraud Identity Theft (FIT):** This program takes inbound and outbound calls to review and decision accounts suspected of identity fraud. We mitigate risk by investigating accounts, new applications, balance transfers, payments, newly issued cards, and other suspicious activity (e.g., linking related fraud accounts together with common denominators to detect accounts not “caught” within the fraud defense portfolio). This team too is accountable for C&R metrics.
- **Dispute Correspondence (DCORR):** We now operate a combined Fraud and Disputes team. Within MasterCard rules, we strive to ensure an equitable relationship between customers and merchants. As the voice of the customer, our goal is to limit dissatisfaction on purchases. We are held to pre-defined dispute resolution timelines and financial loss limits.
- **Payment Fraud Team (PFT):** We added a team yet again to target payment and purchase check fraud. Similar to FIT (with both inbound and outbound), we review accounts to determine the legitimacy of payments received, and any suspicious activity (including interactions with other financial institutions). We also drive the indemnification process for recovering losses in both first and third party fraud cases.
- **Fraud recoveries/liaison:** Fraud Recoveries works with merchants and customers to investigate fraud exposure, recover funds deemed as fraud losses, and process chargebacks. Fraud Liaison coordinates with law enforcement in support of ongoing investigations.

Major Results

In the first 6 weeks of operation, the FIT team helped identify a major organized fraud ring in Canada saving our client over \$1 million per year.

- **Improved fraud detection effectiveness:** We have decreased the C&R rate from 12% while in-house and consistently maintained it at under 3% since implementation.
- **Innovative value-add:** By instituting the Fraud Buster process for our front line customer service queues, we delivered tremendous success in identifying and preventing large scale fraud.
- **Increased recovery and speed:** The average fraud recovery rate increased from 50% to 65%+ within three months. Similarly, within six months, DCORR quickly resolved a backlog of 5,000 cases, and has since reduced and sustained average TAT.

To learn more, please contact us at inquiry@concentrix.com or visit www.concentrix.com

ABOUT CONCENTRIX

Concentrix, a wholly-owned subsidiary of SYNnex Corporation (NYSE: SNX), is a leading business services company. We focus on customer engagement and improving business outcomes for over 450 global clients across five continents. Our 100,000+ staff deliver technology-infused, omni-channel customer experience management, marketing optimization, digital, consulting, analytics and back office solutions in 40+ languages from 125+ delivery centers. We serve automotive; banking and financial services; insurance; healthcare; technology; consumer electronics; media and communications; retail and e-commerce; travel and transportation; and energy and public sector clients.