



SmartVista

Risk and Fraud Management



FRAUD IN AN OPEN, DIGITAL PAYMENTS LANDSCAPE

According to Nilson report 2020 data, general purpose payments cards are projected to generate 853.90bln purchase in transactions by 2028. With consumers increasingly relying on electronic payments, like payment cards, this growth comes with an increase in fraud risk, despite the industry's efforts to minimize consumer exposure. Introduction of technologies such as EMV chip cards have drastically reduced particular types of fraud such as skimming or cloning. However the decrease in these types of fraud has led to a shift towards Card Not Present (CNP) fraud.

Card fraud losses reached more than 27.85bln USD in 2019 and according to the Nilson report, by 2027 global card fraud losses will exceed 40bln USD despite the introduction of EMV. Fraud is shifting to the 'card not present' environment, targeting individuals and businesses alike, and fraud attempts and cyber-attacks start to focus on new payments technologies. The payments industry works closely together to combat fraud. At the same time fraudsters are getting more organized and attacks are increasingly targeted and are getting more sophisticated. As the payments ecosystem gets more complex, this also creates an opportunity for fraudsters to evolve and explore new fraud options.

"Fraud is shifting to the 'card not present' environment"

SMARTVISTA®



Banking



Payments



eCommerce

MORE THAN FINANCIAL LOSS



Fraud Management



Fraud not only causes financial loss, it can significantly affect brand reputation and drives customer attrition. As a result, financial institutions need to make strategic investments in fraud control capabilities. Robust and sophisticated fraud prevention plays a key role in countering fraudsters and protecting consumers. Payment service providers need to mitigate fraud risk, analyse each transaction in real-time and monitor fraud across all their channels. Even though each channel has its characteristics and specific fraud risks, there is a lot of benefit in managing fraud detection and prevention across all channels.

BEYOND A TRADITIONAL RULES ENGINE

Behavior profiling and machine learning (ML) plays a crucial part in modern fraud prevention solutions such as SmartVista Fraud Management. Those advanced techniques offer the speed, efficiency and scalability required to combat fraud in an online, hyper connected world. Through them it is possible to identify fraudulent transactions while at the same time reducing the number of false positives. Machines are designed to process vast amounts of data in a much better and

faster way than humans and can detect and recognize patterns in the user's purchasing journey in much more detail than can be captured through creating rules. Over the last few years, computing power has grown and has become much more affordable and machine learning algorithms have been improved. Detection rates have improved drastically and ML-based fraud detection solutions are finally meeting scaling and performance requirements. Implementing ML is not only about better mitigating fraud risk, it will also drastically reduce false alerts thus limiting customer impact. It leads to greater insights into fraud and reduces the dependency on fraud expert skills and allows the fraud team to improve their decision processes and reduces the risk of human error which enhances the customer experience. At the same time, ML relies on quality of data, that in any case cannot be guaranteed. Hence behavior profiling and combination of different techniques become even more important than just giving full control to ML. As a result, less artificial and more intelligence are priorities for SmartVista Fraud Management.

WHY RADAR PAYMENTS

Radar Payments' Fraud Management solution helps issuers, acquirers, merchants and others detect and prevent fraud across all payment channels, in real-time.

The SmartVista Fraud Management solution covers real-time transaction monitoring and allows performing statistics profiling on any level – card, customer, terminal, merchant or device. The analytics tool includes a robust business-driven rules engine and behavior profiling module for transaction scoring and applies machine learning techniques for fraud analytics and modelling. A dashboard gives an operator real-time insights into key statistics. When transactions are identified as fraudulent, the system operator can use the enterprise case management capability to handle fraud cases. SmartVista Fraud Management supports alerts generation through multiple channels, including SMS, e-mail and event notifications. SmartVista Fraud Management comes with a powerful and easy to use rules engine. Each transaction is validated against a set of user defined business rules, which can monitor hundreds of parameters – ranging from simple checks such as transaction

location to more sophisticated validations based on the card's historic transaction and behavior profiles. Rules can be created at any level, from individual customers to customer segments, for groups of merchants or groups of ATMs. The outcome of each validation is a value – indicating the risk level of the transaction. This risk scoring then results in an action, which could be any of the following:

- Allow the transaction to go through
- Put the transaction in a queue for further investigation
- Alert issuers, acquirers and cardholders via email and SMS
- Decline the suspicious transaction
- Suspend the suspicious transaction (if applicable)
- Block the card, account, terminal or merchant if suspicious behavior is detected

The rules are typically refined over time, maximizing the prevention of fraudulent transactions without resulting in too many false positives, preventing customers from executing genuine transactions.

STREAMLINED CASE MANAGEMENT

SmartVista Fraud Management's automated transaction processing is supported by an intelligent workflow engine that assigns suspicious transactions to operators based on priorities. It allows high priority transactions to be placed at the top of the queue for immediate investigation and transactions from premium customers can be assigned to queues to be processed by dedicated operators.



FUTURE PROOF FRAUD MANAGEMENT



As fraud detection becomes more complex due to the increasingly complex payments ecosystem and more data becomes available, the evolution towards ML for fraud detection is a logical next step. Behavior and Machine Learning based risk scoring improves throughput and improves scalability when running in an environment of vast data. This does not completely eliminate the need for human interference, which is still required for

investigations and spot checks. SmartVista Fraud Management can apply ML to analyse payment transactions in real time. Once the machine is trained to identify suspicious transactions, based on an extensive set of historical data, it can be used to analyse payment transactions across multiple axes. Cardholders are benchmarked against groups of similar cardholders and the cardholder's activities can be profiled and the same applies for the merchants. In addition, environmental elements can be taken into account for fraud prediction. Finally, ML allows the profiling of fraudster behavior and the creation of fraud predictions.



Fraud advisor based on ML methods and algorithms analyses operator behaviors in the Case Management module, defines typical actions taken, detects similar cases and related fraudulent and genuine transactions. All of this is done automatically in the background, and then presented to an operator as a form of advice with notifications for further steps and actions to be taken. It acts as a wizard and assistant for an operator, taking routine and repeating work while freeing up time for operators to focus on cases that require human intelligence.

CUSTOMER IN CONTROL

Consumers today want to be proactive and empowered. Whether using traditional swipe-and-sign cards, EMV or frictionless payment methods such as wearables and mobile wallets, consumers universally want to be more proactive in managing activities.

SmartVista's channel applications seamlessly integrate with SmartVista Fraud Management and allow customers to control when, where and how their cards can be used, in order to optimise risk management.

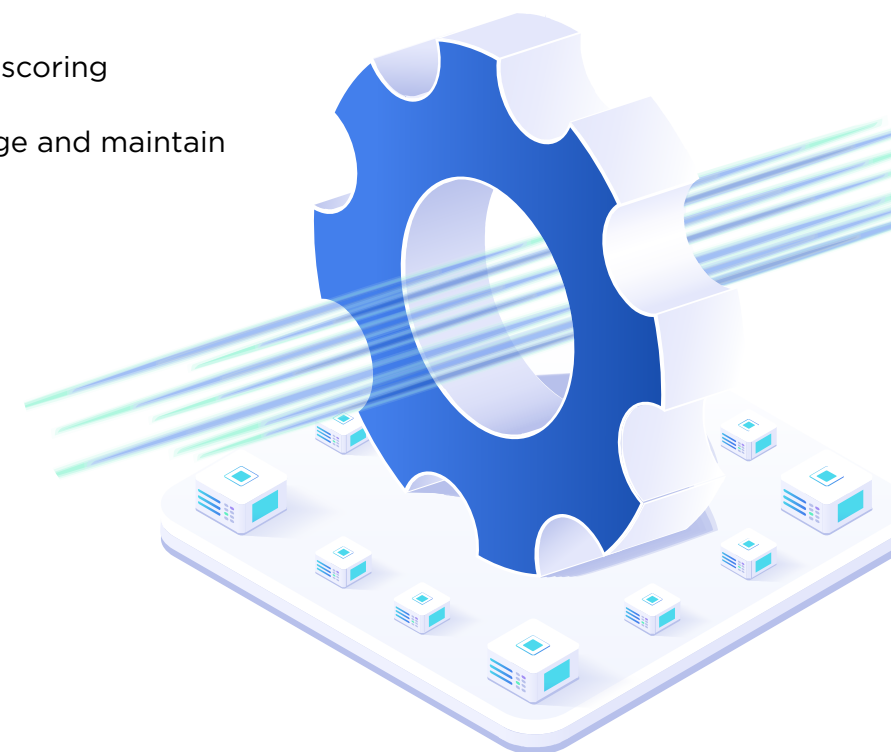
Enabling rapid roll out of new products and services, SmartVista is the ideal tool to help banks generate new revenue streams.



SMARTVISTA FRAUD MANAGEMENT

KEY FEATURES

- + Sophisticated fraud detection and prevention based on data from multiple sources, including card, merchant, account and customer data and external data sources
- + Supporting online (real-time) prevention, near-online and offline fraud detection
- + Powerful rules-based engine that uses historic checks, matrices, limits and behavior profiles
- + Flexible and transparent behavior profiling module for fraud and risk scoring
- + Multi institution capability, allowing individual organizations to manage and maintain their own set of fraud mitigation scenarios
- + Enterprise Case Management for omni-channel environment
- + Alerting and reporting capabilities
- + Optional ML capabilities
- + Packaged models per channels
- + Built-in options for customization and tailoring for end-user needs
- + Risk-based engine for RBA and TRA
- + Default support for 3DS and PSD2, including reports



BENEFITS, WHY SMARTVISTA?

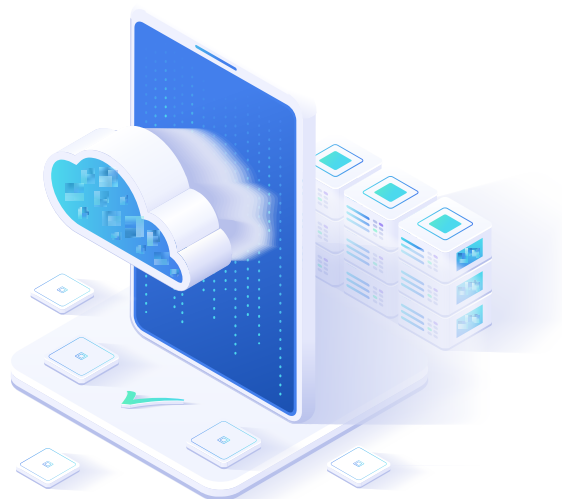
1 Comprehensive and Sophisticated

SmartVista Fraud Management uses a sophisticated rules-based engine to rapidly isolate suspicious transactions in real time, enabling you to prevent fraud from affecting your customers. The solution can receive data in different modes – online, near- online and offline. Imports can originate from multiple sources, including customer, card and merchant data, chargeback data, and fraud reports (including MasterCard SAFE and Visa RIS data). By reassuring customers of payment security, SmartVista Fraud Management not only prevents fraud losses: it protects future fee and interest income as well, and all of this in an easy to use, intuitive and adaptable solution.



2 Monitoring All Transactions and Channels

SmartVista Fraud Management monitors 100% of transactions across all channels, including ATM, POS devices, kiosks, IVR, mobile and Internet commerce. As it works seamlessly with third-party payment products and as part of a wider SmartVista installation, the solution can be used in conjunction with other fraud prevention and risk management measures.



3 Extremely Flexible and Quickly Tailored

Fraudsters are constantly testing new approaches, and when they find one that works, they strike – fast. SmartVista Fraud Management can be quickly and easily tailored in order to combat these tactics.

4 Rapid Deployment, Rapid Return

Deployable as a stand-alone module, or as part of a larger project, SmartVista Fraud Management can be installed extremely quickly, speeding the return on your investment.





radarpayments.com

Baar, Switzerland

Neuhofstrasse 5a,
6340, Baar
Switzerland

Budapest, Hungary

Váci út 99-105,
Balance Loft Building
Budapest 1139
Hungary

Utrecht, The Netherlands

Papendorpseweg 99
3528 BJ, Utrecht
The Netherlands

Singapore

10 Anson Road, #17-26 International Plaza
Singapore 079903

Bogota, Colombia

Carrera 9, #77-67 Oficina 302
Bogota
Colombia