

# Fighting Real-time Fraud

IBM Safer Payments  
real-time fraud  
prevention solution

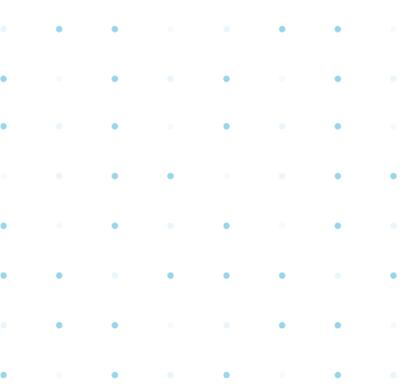
**Risk**  
Technology Awards  
2019 Winner

**IBM**  
Financial crime  
product of the year

**Platinum**  
Business  
Partner



**IBM**  
Best vendor  
for innovation



# Counter-fraud is a challenge for each financial institution



The digitalization brought a new generation of cross-channel fraudulent attacks

**Banks need a holistic counter-fraud solutions to protect all the channels**



Legacy solutions are not able to address the new-generation of fraud and are providing proprietary models

**Banks need to reduce dependence on vendor or data scientists**



In EU PSD2 requires transactions scoring based on customer behaviour models from all the channels

**Banks need a solution for real-time scoring and individual profile modelling**



Uphold frictionless customer experience while providing best-in-class protection

**Keep the lowest rate of false-positives while providing the best prevention**

# Real Time Challenges

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performance

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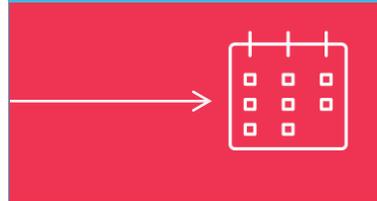
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# Why Real-Time Fraud prevention is so hard?

Performance

Ultra low response time – milliseconds



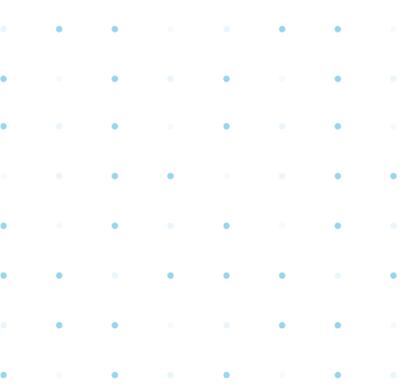
No downtime

99,999% availability

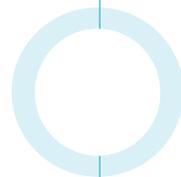


Adapt in Real-Time



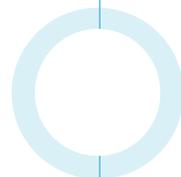


# Real-time payment equals instant fraud



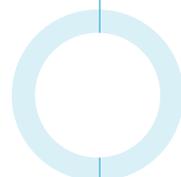
Velocity

Hard to detect  
smaller transactions



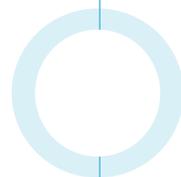
Measurement

Easily adjustable  
counters



Multiple Hops

Hard to catch  
complex fraud



Currency

What's the value  
Not the amount

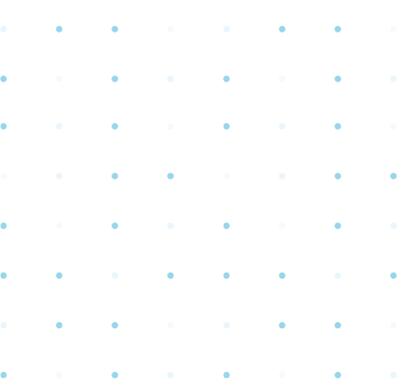
# Fraud Prevention KPIs

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benefits

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# Counter-fraud KPIs



Fraud Detection  
Rate

Savings



False Positive  
Ratio

Customer  
experience

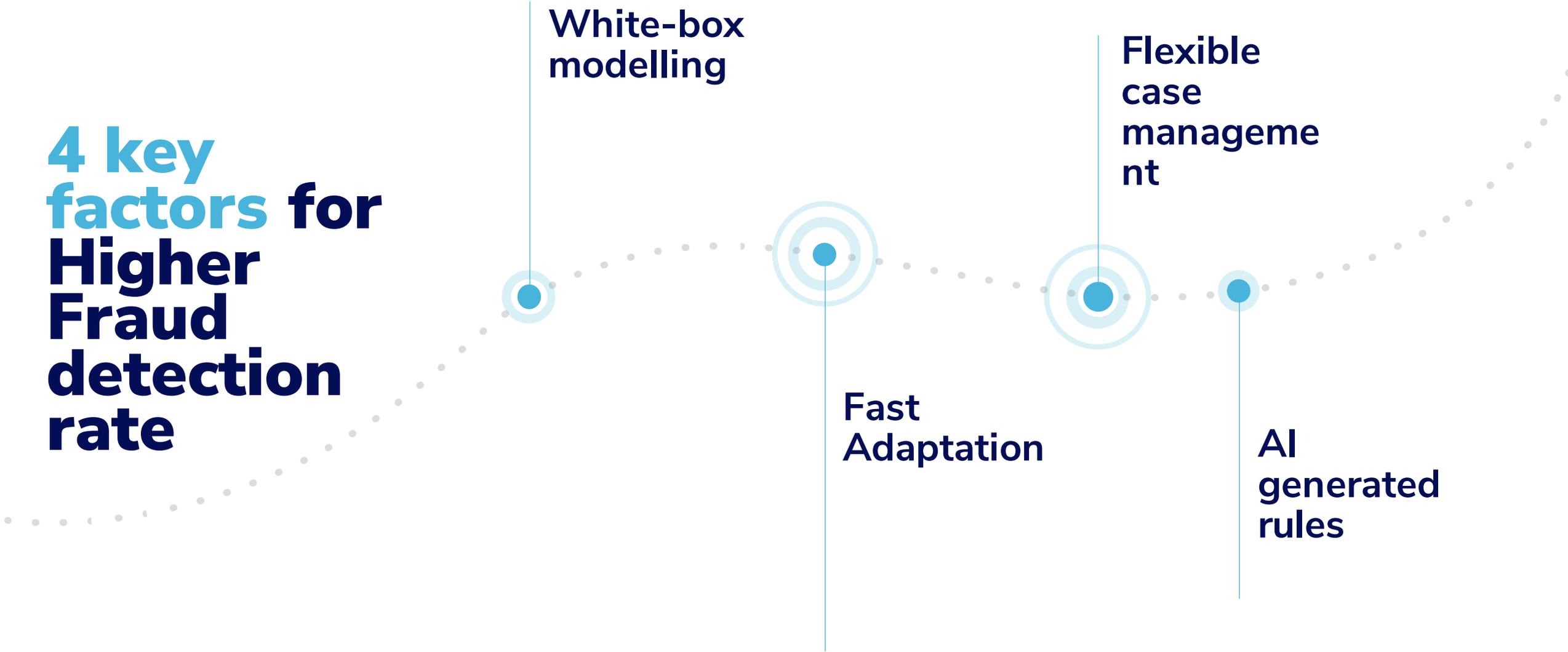
# 4 key factors for Higher Fraud detection rate

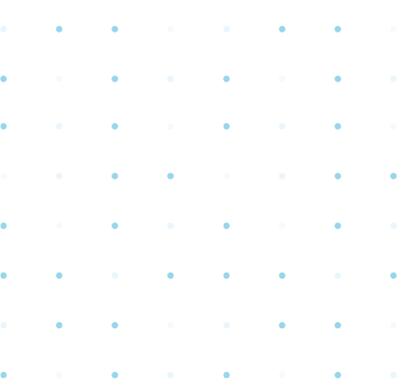
White-box modelling

Flexible case management

Fast Adaptation

AI generated rules





# Journey to Lower False Positives

Rule based model

Low detection  
Low false positive

Neural network  
Random Forest

High detection  
High false positive

Decision Trees  
Regression

Special purpose  
Explainable results

Ensemble all of the above

High detection  
Low false positive

# Why IBM Safer Payments?

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key concepts

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## 1 Purpose built solution

- No 3<sup>rd</sup> party components
- Commodity x86 servers
- All in one system
- Lower TCO

## 2 True multi-channel

-  Payment card issuing and acquiring
-  Real-time / mobile payments
-  Online banking / direct channels
-  Check deposits, ACH
-  Wire, SWIFT, commercial payments

## 6 Any financial institution

- Banks
- Payment processors
- Card issuers/acquirers
- Fintechs

## 3 White-box modelling

- No vendor dependency
- Fast adaptation
- AI augmented modelling
- Test in real-time

# IBM Safer Payments

Protects all Cashless Payments from Fraud

## 5 How well does it work? Selected customer references

- FIS: Fraud 72% ↓ f/p 90% ↓  
→ SEE MORE
- STET (Cards/RTP): Fraud €200M ↓ f/p 1:1 ↓  
→ SEE MORE
- SIBS (Cards/RTP): Fraud 70% ↓ f/p 1:3 ↓  
→ SEE MORE

## 4 Performance

- <10 ms
- 12,000 trx/sec
- 99.999% availability

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# 5 key success factors for Counter-Fraud project



Deep understanding of fraud patterns and fraudulent activities in finance industry



Real world expertise in counter fraud measures



Understanding financial data and message flows



Experience in integration of different transaction systems and message formats



Great knowledge in data transformation and building sophisticated data models



MAKING YOUR DAY

**Next-generation fraud attacks require  
next-generation prevention measures!**

[www.ibs.bg](http://www.ibs.bg)

[RegTech@ibs.bg](mailto:RegTech@ibs.bg)

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