

Voice Biometrics Conference

Contact Centers: Fraud Enablers

November 2013

Shirley W. Inscoe
Senior Analyst

Agenda

- Why the contact center?
- Who are the fraudsters?
 - How attacks are conducted
 - Methods used to commit fraud
- FIs are fighting back
 - Current prevention methods
- Business case tips
- Best practices
- Conclusions

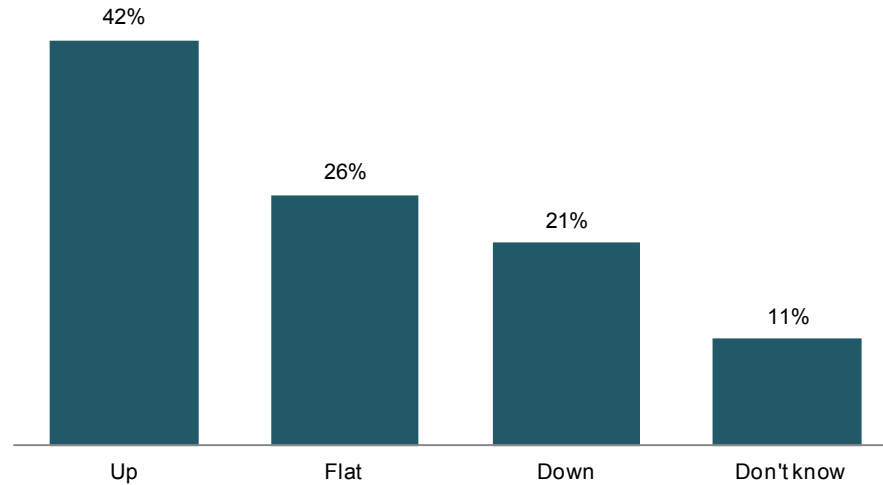
Why the contact center?



- Point of least resistance
- Social engineering
- Emphasis on customer service and speed
- Fewer “layers” of protection
- Enables cross channel fraud opportunities

Fraud is a growing issue

Q. Are fraud losses trending up, down or are they flat? (N=19)

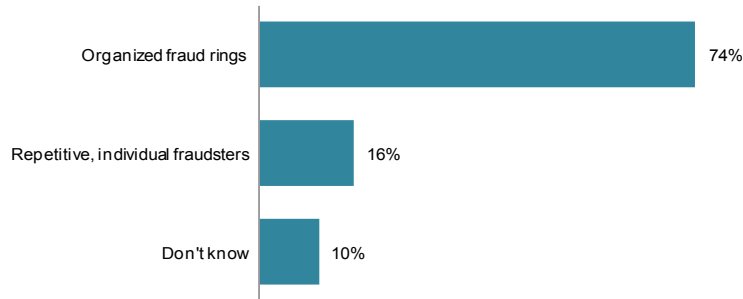


Source: Aite Group interviews with executives at 19 of the top 40 U.S. financial institutions, January to March, 2013

Who are the fraudsters?

- Individual fraudsters
- Individuals who attack repetitively
- Organized fraud rings

Q. Do you see a lot of repetitive, individual fraudsters or is it primarily organized fraud rings in contact centers? (N=19)



Source: Aite Group interviews with executives at 19 of the top 40 U.S. financial institutions, January to March, 2013

One recent fraud ring had all the information from people who had been patients at a hospital; they had name, address, etc, but also payment info from how they paid their bill.

Twenty to 30 individuals were associated with the fraud ring that hit our bank in 4Q, 2012.

How attacks are conducted

- Social engineering of phone reps
- Email and online chat takeover
- Sheer persistence
- Taking advantage of change
or turmoil



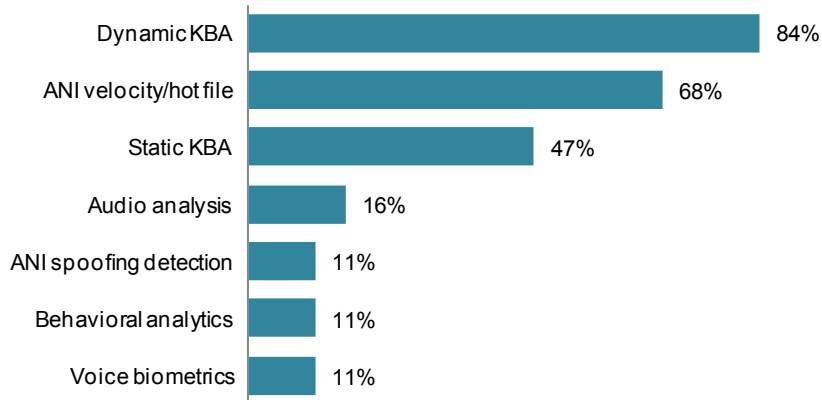
KBA is in place and is used, but the data is available to fraudsters.

Methods used to commit fraud

- Balance check or increase
- Travel alert
- PIN/password reset
- Address, phone number or email change
- Order access devices (checks, debit or credit card)
- Wire request
- Bill-pay fraud

Financial institutions are fighting back

Q. What fraud prevention strategies are currently deployed? (N=19)



Source: Aite Group interviews with executives at 19 of the top 40 U.S. financial institutions, January to March, 2013

Approaches to contact center security

Security mechanism:

- ANI
- Audio analysis
- Static KBA
- Dynamic KBA
- Behavioral analysis
- Voice or call printing

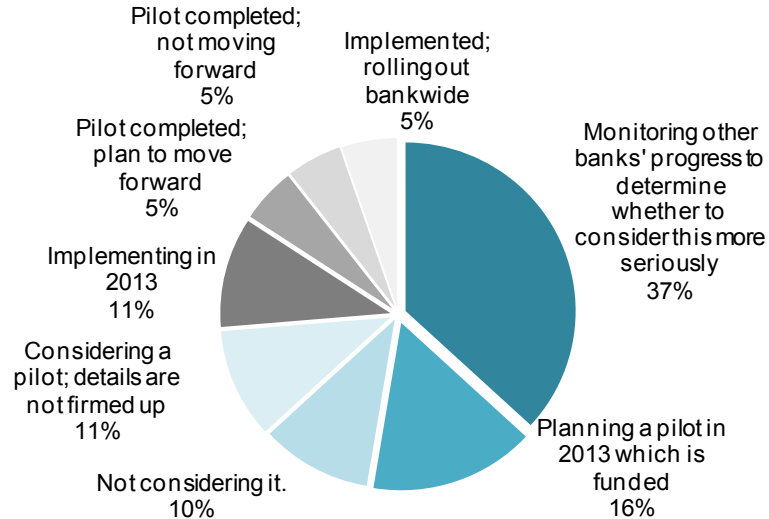
Aite Group take:

- Moderately effective
- Moderately effective
- Ineffective
- Moderately effective
- Highly effective
- Highly effective

Layering these technologies may also be highly effective

FIs are considering audio products

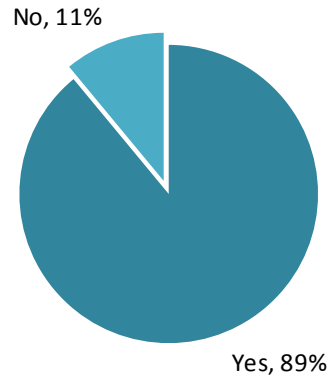
Q. How seriously is your institution considering the use of voice technology? (N=19)



Source: Aite Group interviews with executives at 19 of the top 40 U.S. financial institutions, January to March, 2013

Layers of protection add value

Q. Do you believe meshing voiceprints with transaction monitoring or behavioral analytics would add value? (N=19)

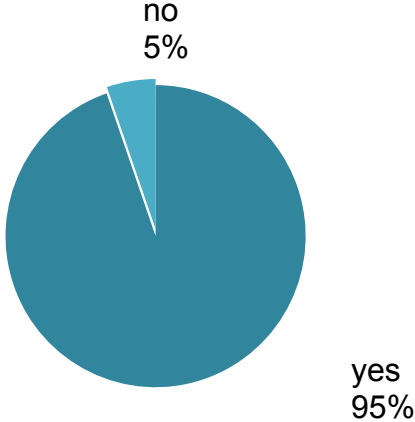


Source: Aite Group interviews with executives at 19 of the top 40 U.S. financial institutions, January to March, 2013

Bankers value collaboration in combating fraud

Q. Would you be interested in participating in a consortium of shared fraud data (negative voiceprint file)? N=19

Collaboration may provide the greatest benefit over the long term.



Source: Aite Group interviews with executives at 19 of the top 40 U.S. financial institutions, January to March, 2013

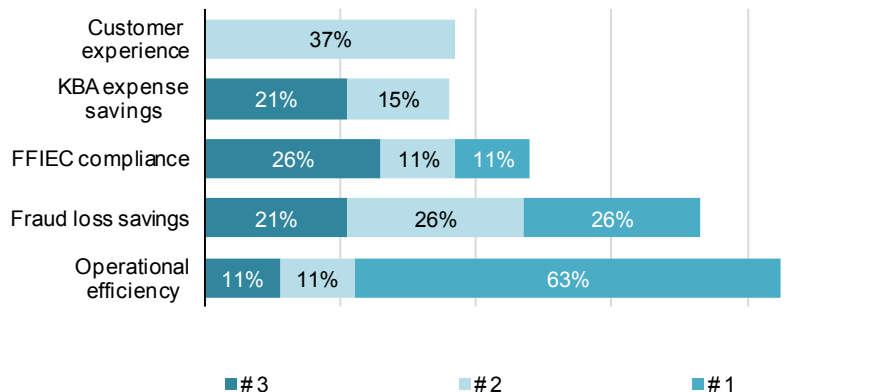
Bankers do not have the luxury of resting on their laurels



Fraudsters' pace of innovation is just too fast

Business case development tips

Q. What are the most important elements of a business case for voice biometrics? (N=19)



Source: Aite Group interviews with executives at 19 of the top 40 U.S. financial institutions, January to March, 2013

Best practices

- Don't harm legitimate customers
- Look across channels
- Employ collective intelligence
- Ensure the system can be tuned
- Determine whether you need real-time capability
- Don't stop fraud management at alert creation

Conclusions

- Don't put all your eggs in one basket
- Create holistic defenses
- Share ideas and experiential data with other FIs
- Don't be the last to deploy additional defenses

Fraudsters' methods evolve, so our methods must as well.

Aite Group: Partner, Advisor, Catalyst

Aite (pronounced “eye-tay”) Group is an independent research and advisory firm focused on business, technology, and regulatory issues and their impact on the financial services industry.

Shirley W. Inscoe

Senior Analyst

sinscoe@aitegroup.com

+1.617.398.5050

www.aitegroup.com