

The Agile Approach to Fraud

Defending Against Shape-Shifting Threats



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Fraud Management Trends

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Behavior modeling and big data fuel fraud management market growth

Fraud affects profitability, reputation, and compliance

- The bottom line
 - Losses due to fraud
 - Spend on fraud prevention resources
- Brand value and customer loyalty
- Regulatory compliance
 - Know your customer
 - Anti-money laundering
- Fraud affects all verticals

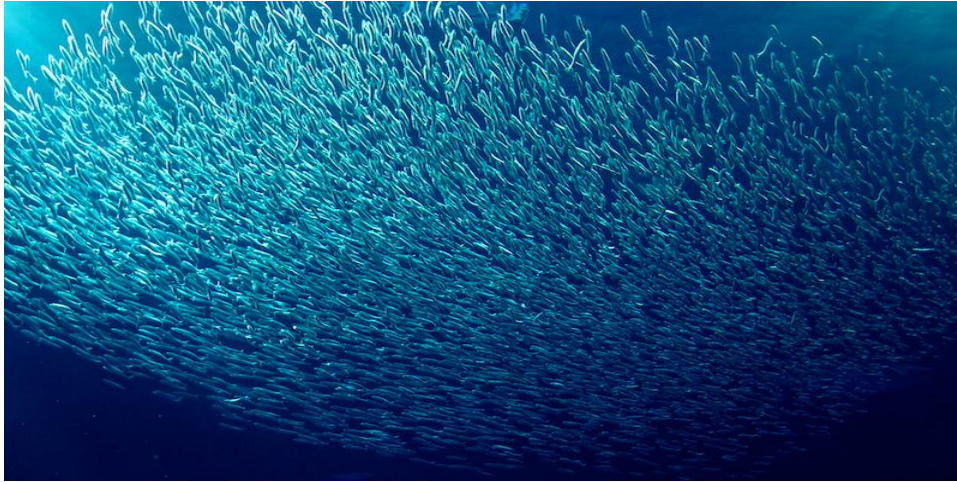


5 Bs of Fraud management trends

- Big data (Volume, Velocity, Variety, Veracity and VALUE of data)
- Behavioral analytics
- BYOD and mobile fraud
- BI data from Fraud data
- Breadth and Bundling of shared networks' information



Big Data



Volume



Velocity



Variety

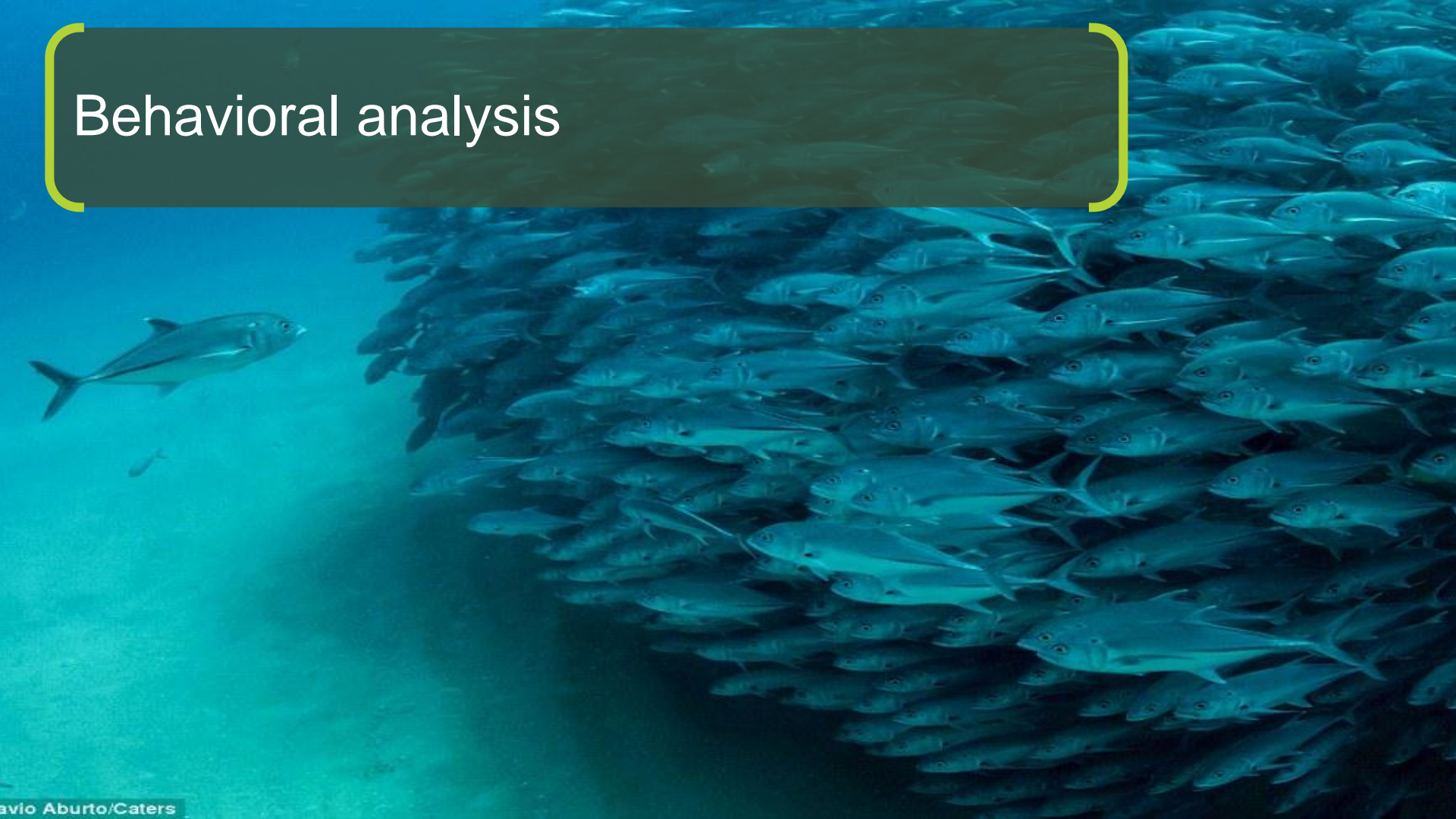
(How do we avoid this???)



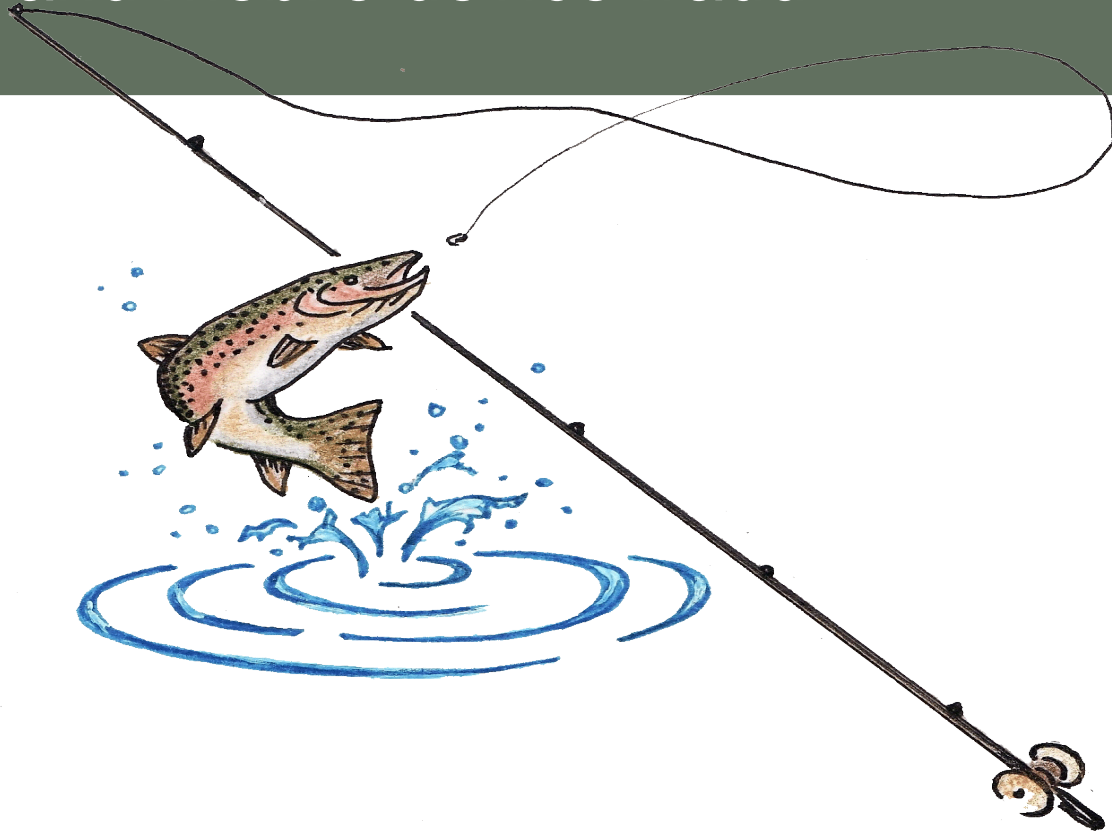
Big Data Will Transform Fraud Management Requirements

- Volume
 - Typically data quantities of over a few or 10TB is considered Big Data
- Velocity
 - Fast movement of data
 - Streamed data
 - Not feasible to persist data (cost or speed issues)
- Variety
 - Log files
 - Social networks information
 - Textual information
 - Device specific data, geolocation data
 - Low level data (sensors, etc.)

Behavioral analysis



BYOD and mobile device fraud



Need to manage

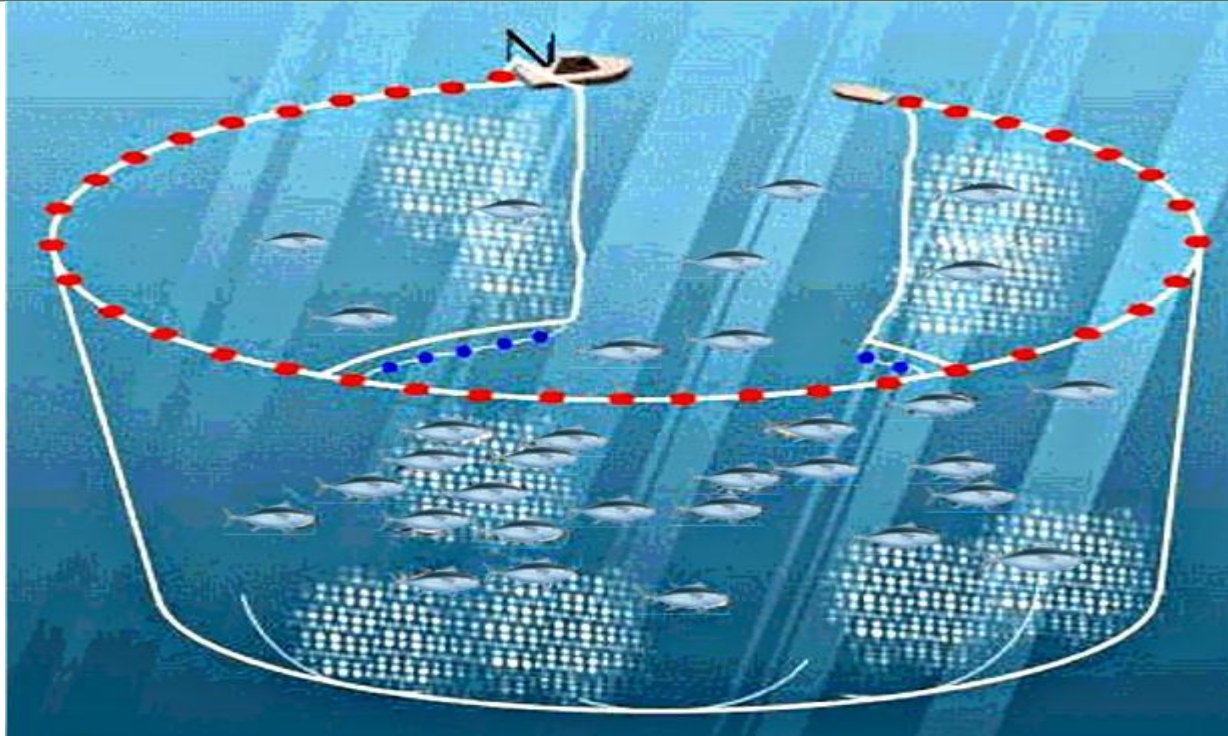
- Many and confusing definitions
- NFC chips in mobile devices replacing (or augmenting) EMV chips in plastic credit cards
- CNP payment transactions initiated from mobile devices
 - eWallets (Project Oscar in the UK, Google, Amazon?, Apple?)
 - From native mobile applications
 - From mobile web or WAP sites
 - Mobile billing
 - SMS / Text message based billing



BI data from Fraud Data: A symbiotic relationship



Breadth of shared and consortium information



Enterprise Fraud Solutions: Government and Private Sectors

John Standish, Retired Chief of the Fraud Division, California Department of Insurance

The Future: Enterprise Solutions

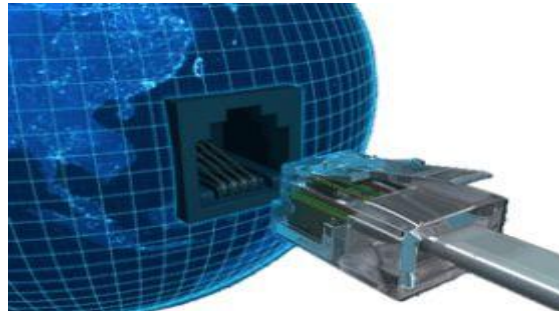


Multiple Programs and Lines of Business: The GAPS

Fraud is Fraud!



Communicate, Collaborate and Coordinate



New Approached to Delivering Improved Outcomes

Chris Gray, Global Managing Director for Intelligent Processing Services, Accenture

Non-Compliance: A Global Business Challenge

EU estimates VAT fraud to be **€100 billion** per annum

US federal government and states overpaid an estimated **\$14 billion** in unemployment benefits in fiscal 2011, or roughly **11%** of all jobless benefits paid ¹

US tax gap is c.**\$300 million**

Fraud detected in France across Social Security ministries was **€457 million** in 2010

Idaho man pleads guilty to **\$1.5 million** in disability fraud – April, 2009 –The Settle

Irish mother of six is jailed for three years after claiming social welfare fraud of **\$350,000** in 2012

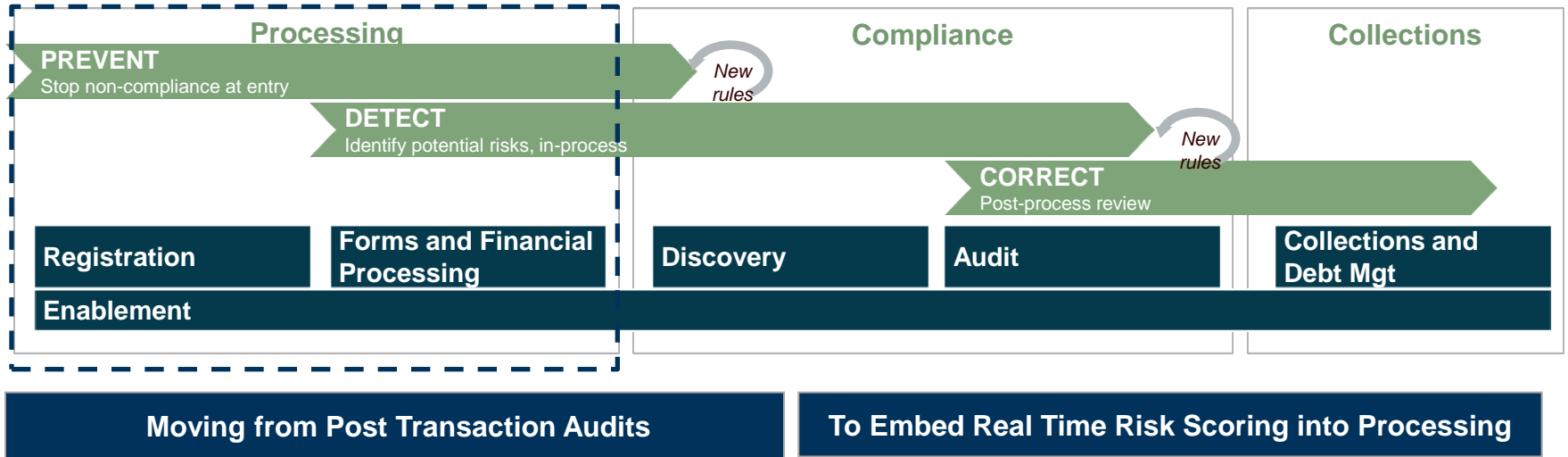
Fraud of new applicants at **24%** in San Diego 2010 –Los Angeles Times

Pensions claimed for **30 years** after death September 2010 –The Manichi Daily News

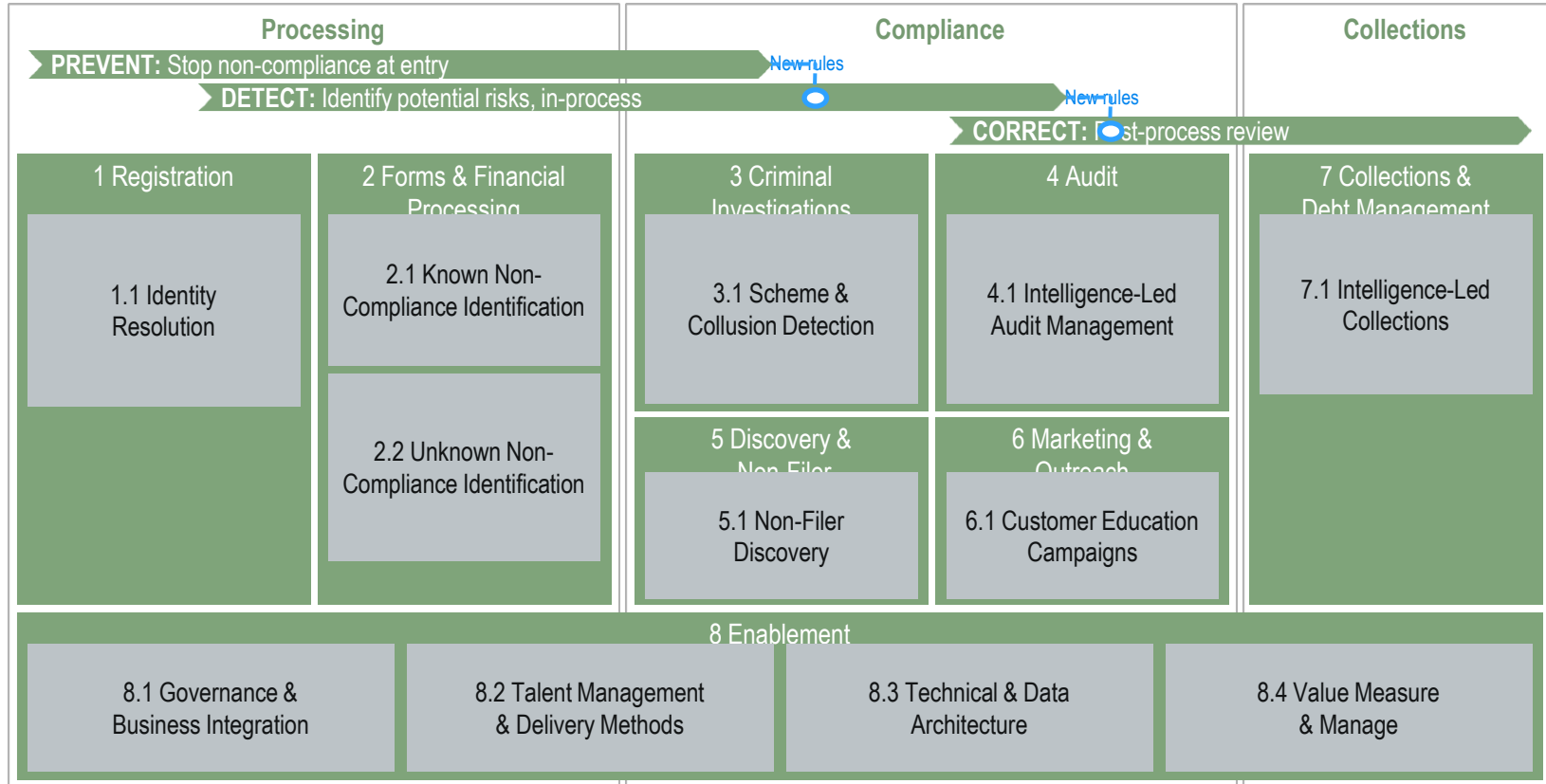
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¹ <http://money.cnn.com/2012/07/09/news/economy/overpaid-unemployment-benefits/>

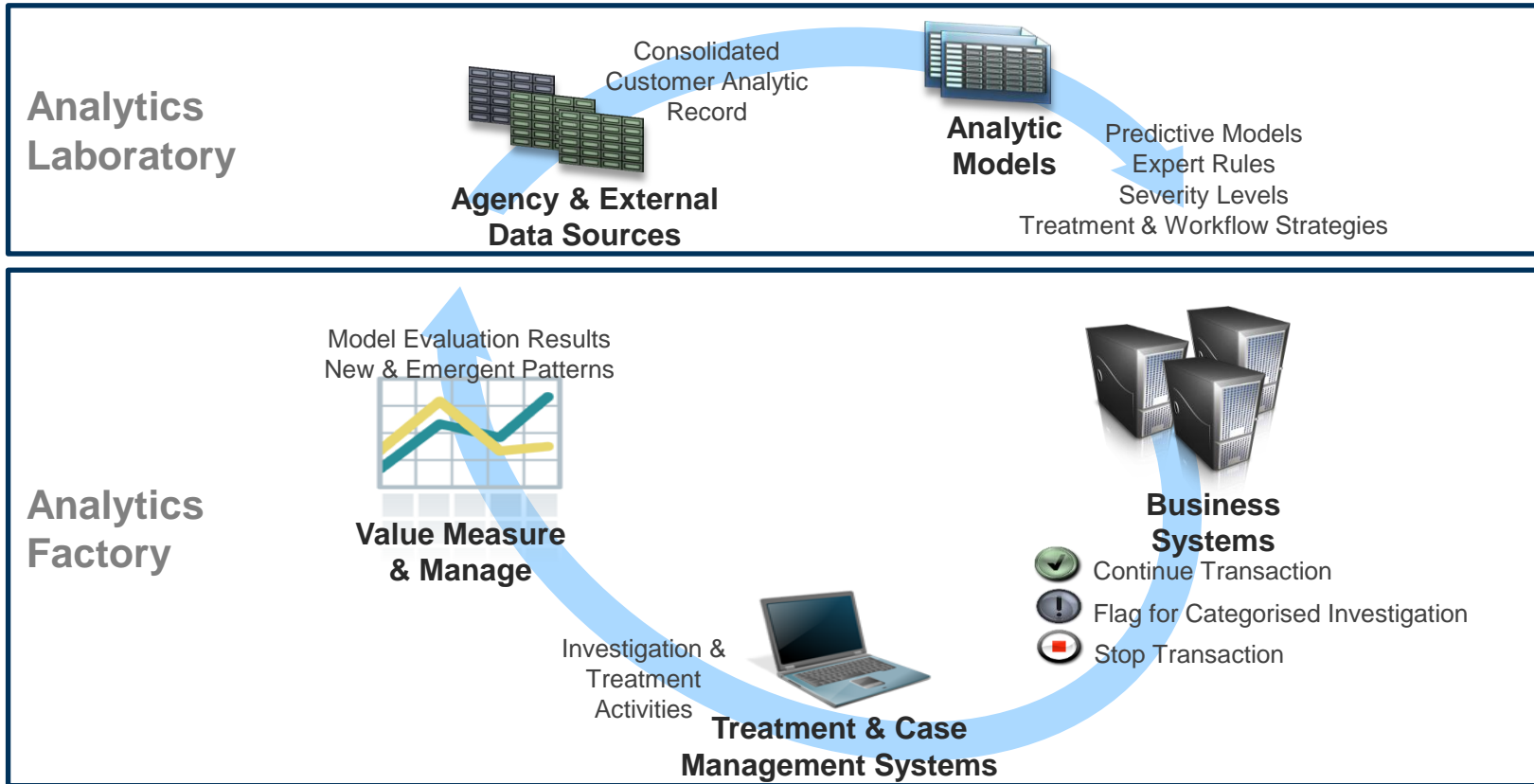
A more dynamic approach is required



Compliance Framework: take a structured approach



Challenges: Do I focus on the Laboratory or the Factory



Challenges: Measuring success and demonstrating value

Step 0. Intake

Should we consider this project?

Step 1. Define Value

What is the projected return for the project?

Step 2. Get Value

What is the path to seeing value?

Step 3. See Value

How can we sustain value into the future?

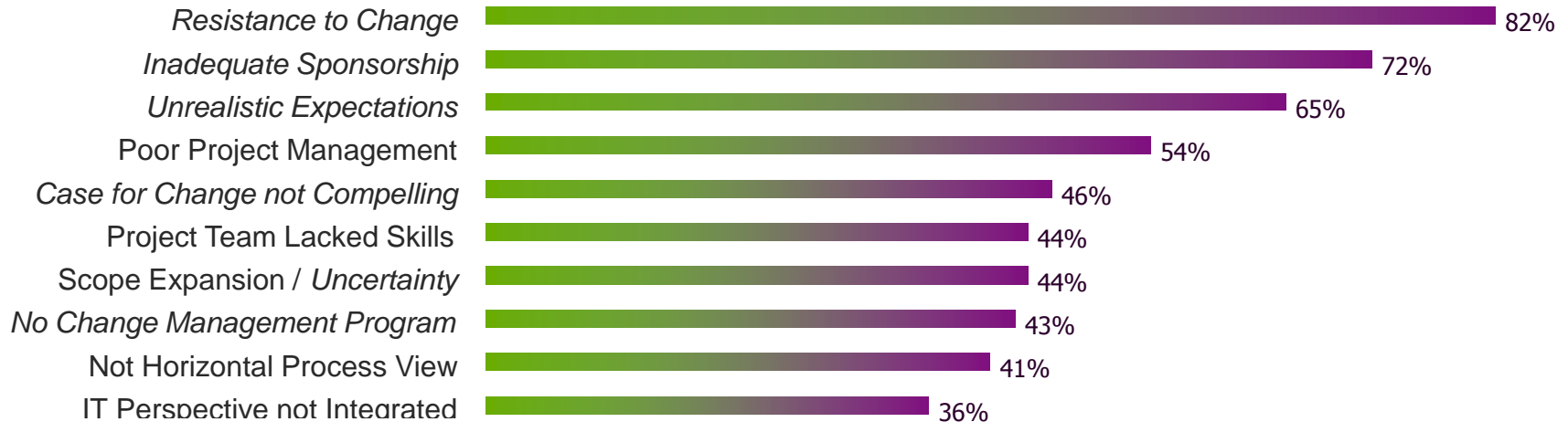
Communicate Value

What is the best way to communicate project value?

Challenges: Insight x Business Integration = Value

The following survey of CEO's shows that 5 out of the top 10 business transformation showstoppers are 'people and organizational' issues.

Top 10 Barriers to Success



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PERCENT OF FIRMS

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Structured and Industrialised approach

Fraud didn't happen overnight, nor can be solved overnight: a **structured plan** and **methodologies** are needed to help agencies continually fight fraud.

In order to industrialise the approach and speed up progress agencies will need to make a decision whether to build or to buy **advanced analytical talent and capabilities**

Insight is good but it is worthless if it cannot be used in the front line. A **holistic approach** and a strong focus on **processes** and **business integration** is critical.

The background features a green grid with binary code (0s and 1s) scattered throughout. On the right side, there is a network diagram consisting of several white circular nodes connected by thin white lines, forming a star-like structure with a central node and several peripheral nodes.

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