

Fine Tuning the Balance of Risk Tolerance with Fraud Prevention

THE TALE OF TWO BANKS WHO IMPROVED INVESTIGATOR FOCUS AND SUCCESSFULLY TUNED ALERTS FOR RISK TOLERANCE

Fraudsters never seem to rest; in fact, 77% of anti-fraud professionals surveyed by the Association of Certified Fraud Examiners (ACFE) have reported an increase in fraud since February 2020—and they expect it to continue.¹

For companies that have put effective fraud prevention and detection tools in place, that means that the volume of alerts often increases organically as well. With every alert, due diligence demands that an investigation needs to take place. Not only do these investigations consume your organization's precious resources, but they can also cause friction with customers who tire of being contacted about the veracity of the transactions in question.

¹ Accounting Today, "Fraud on the Rise During Coronavirus Pandemic," September 11, 2020



Risk vs Cost Tradeoff Scale

Adding BTune to your Bottomline solution enables a more precise risk-cost tradeoff that fits your unique business model.

Machine learning is a great tool, but at some point, a financial institution may find itself out of step with where it needs to be on the cost vs risk continuum when it comes to managing their alerts. Tough decisions must be made regarding the assumption of more risk—by reducing the level and number of alerts—or taking on more costs by adding more investigators to the team. The equation can be further complicated when an organization adds business volume but is unsure how much their investigative resources need to be scaled to maintain an appropriate level of response.

This push and pull of cost vs. risk is a constant balancing act that all organizations must work through. However, for customers who rely on Bottomline's proprietary fraud detection solution, Secure Payments, there are additional ways to manage these challenges and enable confident, data-driven decision-making. The real-world use cases below demonstrate the ability to strike the right balance with incredible precision using Bottomline's additional analytics services, BTune and F.A.S.T. (Fraud Analytics Simulation Tool).

BTune Success: Minimizing False Positives, Increasing Investigator Focus

This international banking institution was already a Bottomline's customer, using the Secure Payments solution in a nearly out-of-the-box configuration. However, they found that the volume of alerts being generated was not an ideal match with the lean size of their investigative team. Many of the flagged transactions were dismissed once the investigator dug in, but in having to chase these down, there was a concern that meaningful fraud would be missed. The bank reached out to Bottomline for an engagement with BTune, a unique service that increases the value of Secure Payments by deploying expert fraud advisor to work directly with a customer, fine-tuning their Secure Payments solution to match their risk appetite and staffing constraints.

The expert fraud advisor from Bottomline first held discussions with the bank's fraud team to determine which types of alerts they wanted to see more often and which were not as helpful. After careful analysis, it was determined that the best way to utilize the bank's fraud investigation resources and match their appetite for risk was to tune their system towards flagging more instances of suspected Business Email Compromise (BEC) and also prioritizing outbound payments and transactions originating from online banks.

After the tuning engagement, the bank's investigators found themselves more able to focus their efforts on payments that the bank's risk team was most concerned about—outbound SWIFT messages to new payees, especially those originated in online banking rather than in the branches. Additionally, the bank's

investigators report that in order to resolve most of the alerts now, they actually need to reach out to customers to verify that the payment is legitimate instead of dismissing the alert as soon as it was opened. This improved the fraud team's confidence—leading them to express that the tuned solution provides a customized volume of only the most targeted alerts that allows their limited collective investigational time to be highly productive. Eliminating the distractions of unnecessary alerts also allowed the bank to keep the same level of investigators but increase their focus—and shortly after the tuning engagement, the bank identified a \$54,000 (€45,000) fraud.

With BTune services from Bottomline, alerts are matched to risk tolerance and adjusted for confidence. You can be sure that your investment has been maximized based on your unique needs, displaying the most meaningful alerts while feeling secure your fraud team is not missing any suspicious activity.

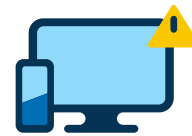
F.A.S.T. Success: Taking the Guesswork out of Expansion

This Tier 2 US bank was already handling 75,000 accounts, 63,000 monthly wires and 60,000 batches of monthly ACH payments using Bottomline's Secure Payments solution. Their team of six investigators was fully occupied with the current level of alerts from online banking ACH payments when it was determined that the company's recent purchase of a new payments automation tool would result in a projected 3.5% increase in originated ACH payments.

The bank was concerned that their investigators might be overwhelmed with the accompanying increase in alerts, requiring them to scale the team. Management wanted to accurately estimate the expected number of additional alerts, and also see if it was possible to offset that increase by tuning the existing alert rules to reduce alerts—while staying within their risk tolerance. With these two goals in mind, they reached out to Bottomline for assistance. Bottomline's fraud experts quickly determined that the best way to achieve both priorities was to tune the bank's instance of Secure Payments after using F.A.S.T. to simulate outcomes of alternative configurations previously evaluated transactions as well as run simulations on the projected increased in payments. After a single upfront meeting with the bank, Bottomline was able to deploy F.A.S.T. to gather the necessary data and develop potential configuration changes based on the results.

In just three follow-up meetings, the team from Bottomline reviewed the results and proposed alternate configurations. To avoid adding investigative staff, the bank selected a configuration that projected a lower number of alerts but still adhered to their risk policy. After the rules tuning, investigators were pleased

BTUNE AND F.A.S.T. ADVANTAGES



**Higher-Quality
Alerts**



**Lower False
Positives**



**Better Resource
Usage**



**Improved Staff
Scaling**

with both the quality and volume of the alerts—and even found that their workload became slightly lighter despite the added business. The bank’s management team was also happy to have achieved these positive outcomes with very low level of involvement on their part in the tuning and simulation process.

In addition to the changes made during this engagement, the bank plans to re-evaluate analytics configuration after the projected growth is achieved and the bank has level-set with actual volumes and risks of the new payments. This will enable them to be prepared for new acquisitions as well as any changes to their business roadmap.

F.A.S.T. from Bottomline gives you the ability to foresee not only the impact on business you already have, but that of business you have not yet acquired. Backed by deep fraud expertise and powerfully focused analytics, you can make smart, confident decisions about your organization’s resources and carefully evaluate growth opportunities.

Conclusion

While the standard Secure Payments analytic capabilities from Bottomline provides superior protection, the company puts a premium on helping organizations adapt in step with the ever-changing payments landscape. This means developing and providing tools like BTune and F.A.S.T. to support the unique needs each of customers—today and tomorrow.

To learn more about how Bottomline’s analytics packages can help your organization achieve these same types of results, contact a Secure Payments solution expert.

Contact Us



About Bottomline

Bottomline® makes complex business payments simple, smart and secure. Corporations and banks rely on Bottomline for domestic and international payments, efficient cash management, automated workflows for payment processing and bill review, and state of the art fraud detection, behavioral analytics and regulatory compliance solutions. Thousands of corporations around the world benefit from Bottomline solutions. Headquartered in Portsmouth, NH, Bottomline delights customers through offices across the U.S., Europe, and Asia-Pacific.

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