# Case study: Bank Zachodni

Increasing fraud detection effectiveness and efficiency for leading Polish bank

**Experian™**
Decision Analytics

## Bank Zachodni WBK

Bank Zachodni WBK S.A. (www.bzwbk.pl) is one of the biggest Polish banks, with assets in excess of PLN 25 billion. It provides a wide range of banking services for consumers and businesses, both in domestic and foreign dealings. Its major shareholder is Allied Irish Banks Group.

**Bank Zachodni WBK**

"In the case of application fraud detection, the most important thing is to pass for detailed review only those applications the credibility of which are in doubt" said Dariusz Polaczyk, Director of Fraud Prevention and Detection Departmentat BZ WBK. "Hunter has enabled us to do exactly that, effectively identify only those suspicious applications and efficiently investigate and deal with them."

"We chose Experian, not just because it could offer a mature, but constantly optimised solution but also because Experian can offer the experience and expertise of a global system being used around the world."

"Hunter has met our expectations, delivering our objectives of reduced fraud losses and operational efficiencies. The fraud detection process implemented in Hunter allowed detection of more than 90% of fraud attempts during the first year of using the system."

## Challenge

Over the last three year BZ WBK has put in place a range of fraud detection and prevention measures. Initially screening all high value loan and credit card applications, the bank then introduced fraud detection rules into the origination process. By 2007 it had a set of rules that screened the applications during the credit granting process and referred suspicious cases to the investigation team.

The team carried out a detailed review and verification, including document and employment checks and referencing a range of data sources including fraud lists and existing customer information.

This process was detecting and preventing fraud, however as the business, and correspondingly the size and type of fraud, grew and changed, BZ WBK recognised that its existing process was stretching resources and were not flexible enough to provide effective and efficient protection.

The current system was handling around 2,000 referrals each month. With the projected growth in the portfolio, this would rise to over 3,000 over the next two years, which would requires an increase in staffing levels and therefore operational costs.

In addition, the screening rules were hard-coded into the system, with a long lead time and limited capacity for change. With new channels and products increasing the applications received and changing the fraud profile BZ WBK knew it needed a new approach to tackling fraud.

## Decision Analytics answer

BZ WBK carried out a market evaluation and determined there were a number of suppliers of fraud prevention products. It chose Hunter from Experian following a successful proof of concept as it offered a specialist system that could be quickly implemented. In addition Hunter is already being widely used globally meaning BZ WBK could benefits from Experian's experience in other sectors and countries.

## Results

- **Detected more than 90% of fraud attempts** during the first year of using the system
- **Improved fraud detection efficiency** by reducing the number of applications referred by for review without reducing fraud detection
- **Reduced suspicious case review time reduced** with analysts rapidly accessing all the information and being guided through the investigation process
- **Fraud protection** with Hunter screening applications from all channels including internet, mobile agents and credit brokers
- **Improvement in process quality** with a standardised, consistent approach to fraud detection independent of the skills and experience of individual analysts
- **Decreased operation costs** with a streamlined automated process
- **Minimised impact on genuine customers** with accurate screening reducing the number of referrals
- **Flexibility and control** to tackle new fraud trends and add new products to the system

BZ WBK chose Hunter from Experian because it recognised the system could have a positive impact on the prevention of fraud without any negative impact on the credit granting process.

It achieves this by integrating fraud detection into the application process and rapidly screening every application received from all channels, as part of an automated process. The system matches the data in the application form to previous applications as well as checking the validity of the information given in the form. It can also automatically check various databases (e.g. postal codes, statistical data, etc).

This process highlights where there are anomalies and inconsistencies in the data which could be indicative of fraud.

Applications which are highlighted through screening are passed to the investigation team, managed by an automated queuing function. The cases can be prioritised in terms of the likelihood of fraud and the value requested in order to deal with cases appropriately, both to prevent fraud and provide a good service for genuine customers.

The investigation team use the Hunter tools to view each case with the potentially fraudulent information highlighted. The investigator can use this or any data, and re-search the database to find matching data, linked applications which can indicate fraud attempts.

All of the information for the case is viewable through the single tool, with analysts guided through the process for a rapid and effective investigation. This consistent process creates a standardised case review which is independent of the skills and experience of the individual analyst.

Once a decision has been made on an application it is passed back to the applications processing system. The results and information are stored in the database and used for future searches.

The application screening uses rules to highlight inconsistencies and anomalies in the data. This rules set is created and managed by the fraud team with little need for IT involvement. The system enables new rules, to cater for a new product or a changing fraud pattern, to be rapidly deployed with no interference with the credit delivery process.

The effectiveness of the rules can be continually analysed through the data, created a closed loop of development and enhanced fraud detection.