Telecommunications fraud detection

Client profile
A global telecommunications company

Challenge
A global telecommunications company looking to grow its business wanted to reduce fraud charge-offs and manual reviews costs.

Solution
A fraud capture rate analysis showed that adding a non-invasive fraud velocity and pattern check to the bank’s account opening process would reduce fraud charge-offs and false positives, while increasing the overall number of approved applications.

Results
Fraud charge-offs decreased by $7MM per year and operating expense decreased by $1MM per year.

Challenge for the telecommunications market
Telecommunications institutions face unique problems when it comes to fraud during account opening. Telecommunications products typically involve expensive hardware that is given to their customers upfront and therefore exposes them to losses upfront. Expensive smartphones, tablet computers, and whole home DVR set top boxes are a just a few examples. The devices themselves are not only valuable to fraudsters, but they can use or sell the free access to services, which are often used for further illegal activities.

By their very nature, telecommunications companies rely on online channels to drive large numbers of new activations. These online channels are also the most susceptible to fraud. The telecommunications company looked to Equifax for an account opening fraud solution that would continue to allow a high activation rate, but reduce fraud charge-off’s and manual review expenses.

Solution to reduce charge-offs and fraud rates
The telecommunications industry generally has relatively high charge off exposure and high fraud rates—this company had a fraud rate of 5.5%. Equifax performed an analysis on historical fraud data that showed they could improve the fraud capture rate and decrease costly manual reviews by using fraud pattern and velocity checking.

This real-time fraud solution helps detect fraud patterns that are occurring across many institutions and industries—and are indicative of suspicious identities “in play”. The solution’s unique data, analytics, proprietary matching logic and software, combined with credit risk and fraud expertise, provided significant lift in fraud detection and identification of false positives.
Results

The analysis showed that Suspicious ID™ could not only capture more fraud, but could do it at a low false positive rate. Equifax identified 11 attributes that were each able to capture over 1% of fraud at a false positive rate of less than 30:1. Based on industry averages and by including Suspicious ID in their application opening processes, the telecommunications company is on track to save $1.9 million dollars a year.

By decreasing the number of fraudulent transactions as well as the number of manual reviews necessary to capture fraud, the telecommunications provider saves $1.9 million a year.

Equifax has extensive experience in the fight against fraud across multiple organizations and industries. We will work with you to deploy the right mix of functionality and level of risk that is suitable for your environment. We understand the priorities in fraud management and are committed to using our unique assets and expertise to improve your fight against suspicious applications and resulting charge-offs.

Contact Us Today

For more information, please contact:
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