

TwinStar Credit Union: Tracking Fraud Trends with MAP's State-of-the-art Programs



Paying with a card - be it debit or credit - is most consumers' favorite way to pay. Regardless of whether they're shopping online, at the grocery store, or at a coffee shop, more than three-quarters of Americans say that they reach for their cards before cash or check.

It's essential that these transactions are made securely. Unfortunately, millions of Americans have their cards compromised every year. Financial institutions work to fight this problem by implementing controls over which transactions can be successfully made and by contacting consumers when a purchase looks fishy.

TwinStar Credit Union is diligent about this. With 95,874 households in Washington and Oregon having bank accounts, credit cards and loans through the credit union, TwinStar knows that protecting members' financial information is a top priority.

Fraud: An Ever-Present Problem with Changing Faces

Amy Frazier, Sr. Trainer at Member Access Processing, explained that fraud is a persistent concern in the financial industry. It's one that will never go away, but will always be in flux.

Card fraud began as soon as the first cards were introduced to consumers. At that time, fraud was as simple as stealing a card. That's why companies began implementing PINs; without the unique code, a stolen card couldn't be used. Scammers responded by creating skimming devices that would detect the PINs.

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"With new security layers, [fraudsters] look for ways to subvert it," Frazier explained.

Today, technologies like chipped cards and mobile payment platforms have added yet another layer of protection. But

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even still, it's critical that financial institutions stay in tune with what capabilities fraudsters have, and how they're evolving their methods of thievery.

"In general, you never want to take your eye off the ball because the landscape is always changing," Frazier said. "If you don't [keep up with trends] you could very easily be caught unaware."

Software That Stops Fraud In Its Tracks

To ensure TwinStar is doing everything it can to maintain financial security, the credit union utilizes a number of risk services products, including:

- **Falcon Fraud Manager**, a monitoring and scoring program that detects potentially fraudulent transactions.
- **Risk Services Manager (RSM)**, a tool for writing customized fraud rules.

Falcon has its own set of robust rules that work to detect fraudulent activity. RSM takes that layer of security one step further, explained Sarah Hostack, fraud services specialist at TwinStar. The application gives her the ability to write and implement rules to target specific known threats.

TwinStar has about 75 customized rules in place, Hostack explained. When the credit union begins to see a new trend in fraud tactics, she pinpoints the common theme between them and works to create a rule that will prevent them. That common theme can be just about anything. Sometimes, it's a specific convenience store; other times, it's a far-away corner of the globe.

Training Keeps TwinStar Current

To stay up to date on the most recent trends and best practices, and to refresh her knowledge, Hostack also attends training events hosted by MAP.

Frazier explained that these quarterly training sessions allow credit unions to learn about new techniques, share ideas with one another and learn about what threats one credit union might be seeing so another can be proactive about preventing it.

She noted that fraud is a complicated topic. Beyond the fact that fraudsters frequently change targets and tactics, it's also challenging for credit unions to determine what the best method to prevent fraudulent activity is.

For example, a strict rule might filter out fraudulent activity, but also prevent valid transactions. Members won't like this; they want to be able to use their card quickly and easily. Having a legitimate transaction blocked can be a significant inconvenience. On the other hand, rules that are too lax wouldn't be effective in preventing fraud. MAP's training events give member credit unions greater insight into how to walk this thin line between member convenience and security.

"Every time I talk to MAP, I learn a little bit more about the backend of fraud prevention," Hostack elaborated. "In turn that helps us recognize new ways cards are being used for different transactions."

"It was at one of these training events that Hostack learned about a useful rule that sought out the Card Security Code, or the 3-digit verification number on the back of a card. After the training, Hostack wrote and implemented the rule in RSM. Soon after, she was grateful she did; fraudsters issued an attack using a series of card numbers to try to make purchases.

"They got our BINs (bank identification numbers) and went through them [sequentially]," she explained. "A lot of those numbers were actually [member] card numbers, but since they didn't have the 3-digit code, none of them went through."

In all, the rule Hostack wrote prevented \$474,000 in fraudulent transactions from being completed - a success that impressed her colleagues at the credit union and was surely appreciated by TwinStar members.

Staying Strong In A Smaller Credit Union

TwinStar has 20 branches across five counties, and holds about \$1.17 billion in assets. Though it's not the smallest financial institution around, it's certainly not the biggest, either. But that doesn't mean fraud prevention is any less important.

That's why Falcon and RSM are so important to TwinStar: Other credit unions of similar size might have fraud prevention teams twice as large, but the capabilities MAP provides TwinStar's four-person fraud prevention department make them highly effective in keeping their members secure.

Frazier pointed out that these programs also provide credit unions with extensive reports that highlight which aspects are doing the most good, and where the credit union can improve. While she explained that TwinStar is particularly adept at utilizing these programs' capabilities, others may be unaware of just how powerful they are. Understanding the extent to which the programs can benefit the credit union - and by extension, its members - is the best way to ensure the institution is doing everything possible to prevent fraud.

"The mission of a credit union is to exist on behalf of the members," says Frazier. "Feeling empowered and strong around fraud prevention is another way to wrap their arms around the member. It helps so much in terms of member relations."



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