

Case study: UniCredit Bank Austria

Controlling risk with minimised
fraud loss and accelerating return
on investment



Client

UniCredit Bank Austria is the largest bank in Austria, and is responsible for all banking operations in the growth markets of Central and Eastern Europe. Created through a merger of Austria's three largest banks, UniCredit Bank Austria has been a part of the UniCredit group since 2005.

"With Hunter we have an excellent application fraud system which paid for itself within its first few days of operation."

"Risk is contained with reduced fraud losses and improved operational efficiency, enabling us to maintain our market-leading position."

Christof Seifert, Application Fraud Manager for CEE, UniCredit Bank Austria

Challenge

Effective risk management, including fraud prevention, is key to maintaining long-term growth and profitability. However, UniCredit Bank Austria was experiencing an increased number of fraudulent loan applications throughout the Central and Eastern Europe (CEE) region. The credit risk-orientated processes could only partially mitigate the losses from those applications.

This resulted in costly processes for underwriters and relationship managers controlling application fraud.

To address the problem, the bank wanted to introduce a new process with a four-pillar approach encompassing organisational changes, improved processes, and enhanced reporting – supported by a robust application fraud tool.

The bank searched for an application fraud system that would enable them to detect and prevent fraud throughout the loan cycle.

The system would have to provide a multidimensional approach including:

- Deterrence – with a zero tolerance anti-fraud culture
- Prevention – with improved procedures and accurate reporting
- Detection – fast detection of fraud incidents
- Investigation – to prevent repeat attempts

UniCredit Bank Austria is proud of its reputation for customer service. The bank has been repeatedly awarded 'Best Bank' and 'Bank of the Year' by Euromoney and The Banker, and it was important that the new system would maintain its commitment to exemplary service.

Resolution

UniCredit Bank Austria selected Experian's Hunter application fraud tool for its Austria data centre servicing the CEE region.

The bank chose Experian because of its strong financial services reputation, its experience implementing Hunter systems around the world, and Experian's strong local presence and global fraud management expertise.

Benefits

- **Return on investment** achieved within the first few days of operation
- **Integration** with the application process, giving **consistent fraud protection**
- **Reduced fraud losses** Improved **operational efficiency**
- **Flexibility and control** to tackle new fraud trends and add new products to the system
- **Customer service levels maintained with rapid processing of non-fraud applications**
- Future possibility of **data sharing**

About Hunter

The Hunter system screens every application and checks for inconsistencies in the application data supplied. It compares the information with previous applications made by the individual and against all other applications, identifying anomalies and inconsistencies in the data which could be indicative of fraud.

It also checks the information against black lists, known fraud, and other information from internal and external databases. This enables UniCredit Bank Austria to identify where a potential alias, false details or impersonation is being attempted.

Applications that have been identified as suspicious are passed to the local application fraud manager for manual review, who uses Hunter's interactive tools to interpret the information and determine whether it is fraudulent.

The result of the investigation is passed back to the application system with suspect applications declined, preventing fraud losses before they occur.

Results: Agile risk control without compromising service

Hunter enables UniCredit Bank Austria to minimise fraud, while maintaining its commitment to customers. The system highlights potentially fraudulent applications, while allowing genuine customer applications to be automated for rapid processing – and superior service.

The application screening uses rules which are managed by the fraud team with little dependence on IT. The team can quickly add or modify rules to support new products or intercept a changing fraud pattern without interfering with the credit delivery process. The effectiveness of the rules can be continually analysed, creating a closed loop of development and enhanced fraud detection.

Hunter incorporates a database that is automatically updated with every application and suspect case, enabling the bank to continually monitor fraud trends and update the flexible detection rules based on performance results.

Rapid deployment and superior return on investment

The bank deployed its Experian system quickly, creating a basic version that could be easily localised and rolled out to four countries within 12 months. The system immediately enabled UniCredit Bank Austria to implement improved data control across the bank, to proactively detect higher volumes of fraud and identify fraud trends and patterns.

UniCredit Bank Austria expected to achieve significant savings with the implementation of Hunter, and the system delivered impressive benefits even sooner than expected. On its first day of operation, Hunter detected a high volume fraud, delivering a full return on investment just days after going live.

Future outlook: Maximum efficiency, reduced losses

Following the first four successful projects UniCredit Bank Austria wants to continue the Hunter roll-out. Hunter will be implemented throughout the CEE region. Through the positive experience gained in the initial projects, the remaining countries will not only gain from implementation of the system and Experian's international experience, but also the expertise of the Fraud Managers is facilitated through a common tool. Cross-border fraud schemes can be spotted more easily and counteractive measures can be developed together within UniCredit Bank Austria.

With its multifaceted Experian system, UniCredit Bank Austria can apply its coordinated fraud strategy to achieve significant savings, minimise losses, and boost operational efficiency – while providing the service its customers have come to expect.

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