AI-Powered Fraud Detection and Defense with Teradata and FICO

The adoption of real-time payments (RTP) has skyrocketed, due to their speed and convenience. Platforms such as Zelle, Venmo, CashApp, and FedNow have facilitated this surge, resulting in transaction values reaching hundreds of billions of dollars in the U.S. annually, with an expected CAGR of over 30%. However, the proliferation of RTP usage has also opened new avenues for fraud and scam. Transactions are nearly instantaneous and irrevocable once complete, which allows criminals to exploit vulnerabilities before fraud detection systems can respond. Thus, in order to take advantage of instant payment technology for themselves and their customers, financial institutions need to adapt their fraud detection systems accordingly.

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Effective fraud detection for instant payments requires a holistic understanding of customer behavior and continuous training on new fraud patterns across the industry. That's why Teradata and FICO have joined forces to deliver a single, comprehensive solution that provides everything a bank or payment processor needs to minimize the risk of instant payment fraud without sacrificing the customer experience.

Powered by FICO Falcon® Fraud Manager, Teradata VantageCloud, and Teradata ClearScape Analytics™, the solution includes:

- A robust data foundation that provides a comprehensive, 360-degree view of customers and their behaviors.

- Enterprise-scale, AI-powered predictive and prescriptive analytics that flag and alert fraud teams to suspicious transactions.

- Business user controls that are easy to create, maintain, and adapt to new data, strategies, and regulations.

The result is a powerful, lean, user-friendly anti-fraud system that easily connects across business units. Best of all, it's designed to integrate with an enterprise's existing system without a costly overhaul, ensuring fraud managers realize a rapid return on their investment.

Two partners, one solution

Separately, FICO and Teradata have been helping financial institutions fight fraud for decades, and now the two partners have packaged their core technologies into a single solution:

- FICO Falcon Fraud Manager utilizes powerful models that are trained on data from more than 10,000 contributing institutions. This extensive consortium data allows for the creation of precise, contextual models that effectively identify and mitigate fraudulent activities. Anti-fraud teams can also pinpoint suspicious behavior and reduce false positives.

- Teradata VantageCloud integrates modern and traditional data sources to deliver a complete view of the customer while identifying potential fraud indicators at every interaction point. Anti-fraud teams can build signals to identify these indicators and increase the accuracy and efficiency of their decisioning.

Teradata ClearScape Analytics™ provides enterprise-scale, AI-powered predictive and prescriptive analytics. Teradata's ModelOps feature operationalizes these analytics, ensuring real-time adaptation of fraud defenses across all channels and transactions. Financial institutions can continuously monitor and mitigate fraud risk while supporting new banking interactions. Finally, Teradata's Enterprise Feature Store ensures that the analytics are applied across the entire risk portfolio.

Whether on-premises or in the cloud, the entire solution fits seamlessly into existing infrastructures. Financial institutions need not "rip and replace" their legacy software, nor undergo an expensive rollout. Instead, implementations are complete in a matter of months and extensible across the enterprise.

Taking back control of fraud detection

In addition to the extensive data sets and models, FICO and Teradata restore enterprise-wide control and accountability to fraud managers:

- "One-size-fits-all" isn't part of the FICO-Teradata solution, which utilizes machine learning and adaptive AI technologies tailored for specific interactions and channels. Enterprise clients have the option of utilizing a portfolio of proven contextual fraud analytics, designing and deploying models devised by their own data scientists, or a combination of both.

- Real-time behavioral profiles are updated with each transaction. Machine learning interprets the behaviors of each customer, device, merchant, and channel, individually and in aggregate, in less time than it takes to blink. The result is omnipresent coverage that continuously adapts across all channels, based on changes in consumer behavior.

- Business user rules and decisioning capabilities enable managers to tweak alert thresholds themselves (without relying on IT). All changes are recorded and easily auditable, thereby eliminating concerns of "black box decisions." Lastly, a user-friendly interface provides reports and dashboards that make performance tracking easy and accessible.

Future-proof your fraud prevention today

Take advantage of the most advanced fraud prevention on the market, designed to adapt to your consumers' banking preferences and the evolving fraud landscape over time. Contact your Teradata-FICO solutions rep for more information.

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