

FICO for Fintech: Fraud and Compliance

Improve CX by building an agile defence ecosystem against financial crime



Less risk exposure.

Minimise rising risks that come with increasing growth.



Even stronger CX.

Defend customers from financial crimes.



Increased speed and scalability.

Move fast to protect new products and markets.

Fintechs and challenger banks have put a dent in the financial services universe. By developing compelling new products, services and experiences, these companies have set a new standard and raised customers expectations. While traditional banks work to meet these raised expectations, the challenge for new market entrants is turning their beachheads into sustainable, profitable businesses. FICO facilitates this transformation with a set of industry-leading fraud management capabilities.

Lightweight, adaptive defences for movers and shakers

Fraud, identity theft and money laundering affect everyone in financial services markets. Fintechs are especially at risk since they operate primarily through digital channels, where the bulk of this activity is shifting. Invading markets and innovating products, fintechs are also encountering threats that are new to them. Scaling up to make bigger inroads and expand from niches, they're becoming more visible targets for crime rings — and hothouses of innovation — as well as for regulators.

As fintechs move into this next stage — disruption at scale — they must improve their defences, but not at the expense of the phenomenal CX that's brought them to this new level of opportunity.

No trade-off here: Today fintechs can build on the unique competitive advantages of their own software and CX using lightweight fraud management and compliance technologies. Fast to turn on, easy to integrate, and transactionally priced to align with current volumes and growth trajectories, this new generation of cloud-first solutions also offers an indomitable advantage:

Fintechs can now tap the world's most advanced and proven financial crime-fighting technologies to iteratively build unique defences for their own business models, priorities and customer journeys.

No question of conforming fintech visions to system requirements – instead make systems adapt as fintechs continue to break and reimagine the CX mould. Flexible orchestration means companies can determine which technology services components talk to each other in what sequence. Database neutrality and open APIs eliminate the need for data transformations and make integration a user configuration task rather than an IT project.

The best data and analytics, developed internally and available externally

This modern approach enables fintechs to use their own data sources and develop their own analytic models, working inside the solution with modelling languages such as R, H2O and Python. At the same time, they can leverage data from a global financial crime intelligence network and use the same cutting-edge models that power market-leading fraud management and anti-money laundering solutions.

Fintechs can, for instance, leverage FICO's hybrid approach to machine learning and other AI, combining supervised, semi-supervised and self-calibrating modelling techniques to know when behaviour is normal and when it's not. This is the way to pull together smart, unobtrusive, nimble solutions that spot risky activity on the fly and constantly adapt as criminal schemes morph. It's how fintechs move fast and safe, with the ability to launch and iterate new products supported by appropriate safeguards, without time-to-market drag.

Fraud management as competitive advantage

Combining transactional fraud detection with intelligent customer alert/self-serve software, a FICO client was able to resolve 250% more fraud cases with zero staff increase – plus, customers love it:

- 76% highly satisfied with the service
- 89% increased confidence in the provider

Multiple simultaneous orchestrations for fighting multiple types of crimes

With this flexible approach, fintechs can set up any number of unique orchestrations to address their highest priority financial crime threats. Overarching horizontal capabilities should include intelligent automated mobile alerting for rapid self-serve customer resolution of most incidences of suspicious activity. Dynamic case management increases the efficiency of fintech analysts by adapting their UI to the type of suspicious activity they're investigating.

Fintechs can also benefit from the assistance of professionals with many years of experience fighting financial crime and managing compliance across

evolving global banking and payment environments. These experts can help companies adopt best practices that save time and trouble, while selecting and combining capabilities into solutions that meet specific business objectives and create competitive advantage.

The key to disruption at scale is a decisioning infrastructure that facilitates effective fraud management while ensuring that product designers and usability specialists can quickly bring their best ideas to life. To help fintechs and challenger banks achieve this level of performance and flexibility, FICO offers the Fintech Toolbox. This integrated set of advanced analytics and fraud management capabilities delivers the tools needed to reduce risk, improve agility and drive precise, profitable decisions at scale.

To learn more, visit www.fico.com/fintech.