

Hero Story

Embedded Fraud Prevention for Card as a Service driving a competitive advantage

A complex challenge

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With market trends, customer demand, and innovation driving the evolution of the payments landscape, we've seen the emergence of new players offering payments and cards as a service. These Card as a Service (CaaS) and Payments as a Service (PaaS) models enable financial services providers to deliver advanced payment products and services without the need to invest in internal resources or infrastructure.

In this hyper-competitive industry, financial institutions (FIs) considering the adoption of a CaaS and PaaS model will be looking to gain a competitive advantage in 5 key areas:

1 Cost

To provide the breadth and depth of new services their customers demand while reducing operational overhead, banks and financial services providers must tightly manage their cost to income ratio. Traditional models often require a significant investment early on to build complete payment stacks to comply with regulations and to be inclusive of program management, license, support, and maintenance costs. In comparison, innovative technologies and new business models could deliver considerable results.

2 Fraud and financial crime

A spiraling cost for many FIs alongside technology maintenance, is the increasing rates of fraud and the losses associated with it. With more businesses enabling new advances to pay/move money instantly, so does the risk of criminals exploiting vulnerabilities within the ecosystem. According to UK Finance, a total of over £609.8 million was stolen through fraud and scams in the first half of 2022.

Fraud and financial crime innovation has not historically been seen as a revenue generator in financial services, with many traditional banks simply writing off fraud losses as the cost of doing business. All participants in the payments system require accuracy in risk scoring, including for scams or 'authorized fraud'. Monitoring transactions to accurately detect fraud and prevent suspicious payments in real-time is key to balancing the risk of fraud with a seamless customer experience to enhance the entire payment process.

3 Compliance

Many governments are issuing regulations to guard against fraud and to protect consumer data. The increasingly complex nature of these local, regional, and international rules along with additional guidelines for digital payments and e-commerce transactions, can be challenging to navigate. Risk of non-compliance pose huge penalties and reputational damage. A CaaS/PaaS model necessitates the secure military-grade, seamless integration with modern technologies to allow for smooth authentication experiences across devices and channels with human explainable reason codes and reports.

4 Technology

Many FIs have infrastructure, often very complex and costly to upgrade or replace, inherited from having to facilitate and support traditional payment systems. New innovations in artificial machine learning and cloud technology are enabling FIs to optimize their technical resources, reducing the dependency on specialist skills, individuals or team upgrades to deploy solutions without the costs associated with traditional on-premise solutions.

5 Customer experience and competitive advantage

Consumers increasingly demand new added value services, and they expect to transact instantly and seamlessly, trusting that they are protected. While traditional banks grapple with how to securely digitize their operations to prevent fraud and financial crime, and how to satisfy regulatory requirements while optimizing the customer experience, the modern infrastructure of a CaaS/PaaS model empowers FIs to rapidly evolve and iterate, update and test new features, processes, or capabilities in hours, not weeks.

The smart solution

Enfuce is Europe's one-stop shop for modern card issuing and payment processing. Since 2016, Enfuce has grown rapidly, now processing nearly €2 billion transactions annually for more than 16 million active card users on its platform.

In addition to established enterprises and FIs, Enfuce serves an increasing number of new payment brands competing to gain traction. For these start-ups, protecting end users while delivering seamless and secure payments options is incremental to building customer trust and loyalty. If end customers have a fraudulent experience early on in their relationship, it's likely that they will stop using the service.

Against a backdrop of growing instant payments, Faster Payments, and open banking adoption – as well as rising authorized push payment fraud and heavier fines for Anti Money Laundering failures – Enfuce sought a flexible fraud prevention that could quickly integrate with its cloud-based payments platform. The enhancement in offering fraud and financial crime protection as a service, would underpin the transaction growth of banks, merchants, and financial operators in its portfolio, helping to protect each transaction.



Industry game changing results

Award-winning Fraud and Dispute Management

Enfuce's Co-CEOs Monika Liikamaa and Denise Johansson set out to build a company that is better, bigger, and faster than anyone else. On their journey to become one of Europe's leading payment processors, they packaged Enfuce's expertise and offering into a card issuing and payment processing platform, Card as a Service. Enfuce selected Featurespace's ARIC Risk Hub to embed into their platform.

ARIC Risk Hub matched the scale and complexity of Enfuce's payment platform without throttling transactions. The award-winning solution would be made available as either self-service, to meet the needs of their current smaller fintech customers, or as a fully managed fraud and financial crime prevention service, for larger or growing FIs:

- Supporting all payment types
- Maintaining excellent customer experience through low false positives
- Enabling speedy onboarding for new customers
- Delivering customizable controls at every level, even down to individual organizations, through scalable multi-tenancy functionality
- Complying to the unique regulatory environment when Enfuce scaled their operations by further launching into the UK market

Tech, people, processes

Enfuce is differentiating competitively in a crowded market with their Fraud and Dispute Management. The company's competitive edge within fraud prevention builds on a winning trio – powerful technology provided by Featurespace, skilled experts, and tried and true processes to run everything smoothly.

Enfuce's fraud prevention capabilities and related compliance expertise enable their customers to focus on their core business while relying on Enfuce to facilitate transactions.

ARIC Risk Hub enables Enfuce to monitor and risk score complex sets of payment types and non-monetary events, at an enterprise level. The remote deployment took just six months, meeting Enfuce's speed to market goals in managing the risk of both outbound and inbound payments.

With ARIC Risk Hub in place, its self-learning machine learning models and innovations such as Adaptive Behavioral Analytics are able to better understand the genuine behavior of customers and therefore flag when transactions are suspicious, even if a customer has authenticated themselves but is likely to be the victim of a scam.

With ARIC Risk Hub embedded into its platform, Enfuce is able to leverage data insights from across its entire customer base to train its models, achieving greater accuracy in spotting emerging fraud trends.

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Our clients deserve first class services that allow them to concentrate on the success of their core business, without worrying about ever-evolving fraud.

With Featurespace ARIC Risk Hub, we remove that worry. It's an extremely intuitive, futureproof risk solution that allows us to protect our clients' transactions across all verticals, facilitates faster onboarding, and supports our growth.

Tiia Helokas
Fraud Manager, Enfuce

Success proven by figures

The superior stability and uptime performance of their payment platform enables Enfuce to grow with their customer base. Key applications include expense management, neobanks, fleet and fuel, loyalty programs, and corporate and consumer lending. By combining industry expertise, innovative technology, and compliance, Enfuce delivers long-term and scalable payment solutions that are fast and secure:



2m+

transactions scored
per month*

- **30+** FIs onboarded to the service fully managed by Enfuce*
- FIs with different type of products e.g. credit, prepaid, debit, fuel, mobility and also from various business sectors
- Enfuce is working with its issuing customers to help them understand their individual fraud value detection rates, at which point it can calculate the overall rate for the platform
- As a processor, Enfuce has customers from a wide range of business areas and also product types. Due to that and the different maturity levels of different customers' business, the overall false positive ratio is on average around **10-40%***



99.44%

Average Fraud
detection rate*

- With the change in reimbursement liability announced by the Financial Conduct Authority, the potential impact of fraud losses could have been enormous for Enfuce and its FI customers. No longer a voluntary code, the Contingent Reimbursement Model now applies to all financial institutions and PSPS for both sent and received payments. Through its partnership with Featurespace, Enfuce has been able to positively contribute to the UK effort to reduce the impact of fraud on citizens, businesses, and the economy



0.67

Average Basis Point (BP)
of reported fraud*

(remarkably lower than averages of the countries in which its FIs are based)

* Average numbers reported in 2022

An enterprise view across new payment products

With Enfuce, fintechs, PSPs, banks, and other financial institutions bring modern and feature-rich end customer card and payment solutions to the market at the speed needed to achieve first mover advantage.

Enfuce has an extended partnership with Mastercard, and a similar partnership with VISA, stretching the company's Card as a Service platform across Europe. Through the partnership, Mastercard powers Card as a Service with tokenized multi-currency Bank Identification Numbers (BINs), enabling Enfuce's customers to launch and issue their own physical and virtual Mastercard payment cards.

ARIC Risk Hub is able to provide an enterprise view across these new payment products and can match the speed of the issuance, protecting those new payment instruments and transactions.



Get in touch to discover how ARIC Risk Hub can help you reduce your market share of fraud and bring down business risk and cost.

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