Hero Story

Círculo de Crédito history

Círculo de Crédito began operations in 2005 as a Credit Information Society (SIC) focused on promoting and supporting sectors that did not participate in other societies, such as the middle and lower socioeconomic levels, which has consolidated them as the Credit Information Society of Financial inclusion in Mexico.

Círculo de Crédito was recently recognized with the FICO Decisions award for its work towards financial inclusion in Mexico. Círculo de Crédito has made a significant leap towards improving people's quality of life through a model based on innovation and inclusion.

The model is called Extended Score and allows the generation of scores for more than 20 million Mexicans looking for credit, which opens access to credit to new generations while supporting financial institutions with secure solutions for granting credit.

In addition, for his outstanding work in the generation of solutions focused on financial inclusion, as well as fraud prevention in credit processes, Juan Manuel Ruiz Palmieri, CEO of Círculo de Crédito, was recognized with the Most Valuable Player (MVP) award granted by Featurespace.

"We have been working for over 20 years to develop Círculo de Crédito with a clear goal: to be the credit information society of inclusion. And we have achieved it, as we currently manage the information of more than 80 million Mexicans and actively contribute to the generation of solutions so that more people have access to credit," said Ruiz Palmieri after receiving the award.

The challenge before

pre ARIC

There were no specialized tools to offer customers a way to mitigate fraud. Users had few alternatives to perform manual fraud assessments, which represented a process limited by the knowledge of each user and product and/or limited by the number of analysts, as all assessments required at least one analyst for a certain time.

Analysts could generate home visits, phone calls, or requests for references, but in addition to the high costs involved, they could not guarantee the applicant's intentions.

The other option presented was to request a generic score that meant the anaylsts would lose focus on its market (personal loans), and resulted in lower efficiency levels than expected, and generated some uncertainty about the benefits of the model.

Why Círculo de Crédito chose Featurespace

In our search for a provider that specialized in fraud and had solutions that integrated Machine Learning techniques, we found Featurespace. Additionally, we wanted a solution different from all our scoring systems, and we felt stuck with traditional companies and solutions to mitigate this type of risk.
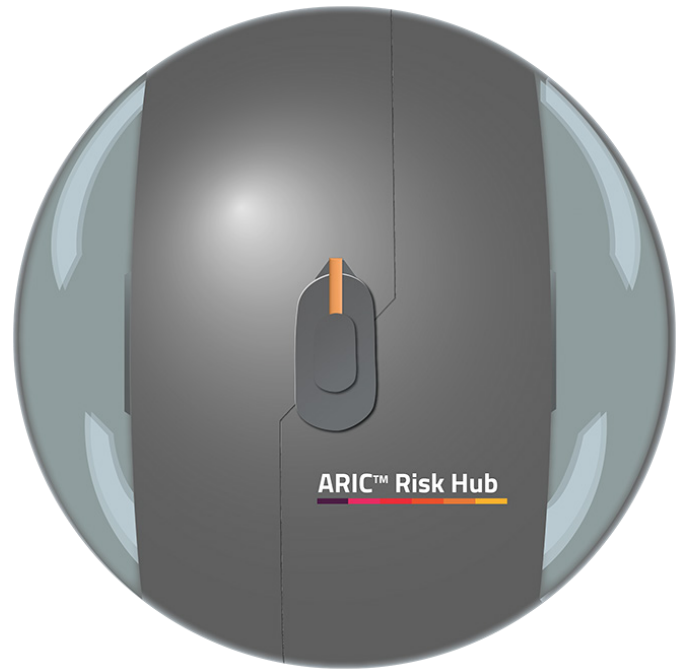
From the outset, Featurespace demonstrated extensive experience in fraud prevention. International projects also backed it at the forefront with attractive performances. Having a combination of experience and performance was key for our users to have an interest and confidence in our product. Additionally, they were highly adaptable to change, which was essential for the segment.

We wanted a solution different from all our scoring systems

How Círculo de Crédito uses ARIC™ Risk Hub

The integration and design of ARIC Risk Hub was always focused on first-person fraud because we wanted to maintain the essence and objective for which ARIC Risk Hub was designed, which is focused on detecting patterns with a low presence rate in the total set of events.

Additionally, fraud has always been a behavior that changes continuously; it never stabilizes or becomes a set of static characteristics. This is because fraudsters look for new ways to exploit vulnerabilities in any process and attack them. And when these vulnerabilities are removed, the fraudster will look for the next open door to attack. This is where Adaptive Behavioral Analytics helps us to identify the common attack patterns and continuously reviews and updates to identify new patterns that could be exploited and that was not previously known.
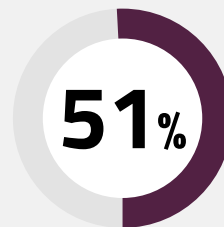
ARIC™ Risk Hub

"From the outset, Featurespace demonstrated extensive experience in fraud prevention"

The results

post ARIC

The results presented by ARIC Risk Hub are very good. On multiple occasions it has been compared with other scores, and in terms of fraud detection, ARIC Risk Hub surpasses other scores when applied to the value of fraud savings.

Our solution not only detects if the case is potentially a fraud, but it also detects and is sensitive to the amount of losses; ARIC Risk Hub shows a big difference in the amount of fraud savings, ande delivers more accuracy in cases where the loss can potentially be larger. The results has a great impact on fraud mitigation as it can double the amount of fraud saved compared to generic scores.

We have specific users who, when comparing a generic score and taking an equal cut-off point, had an increase in fraud detection of up to 51% compared to one decile of the population – this generated savings of more than one million pesos to increase the business's profitability.

51%
increase in fraud detection
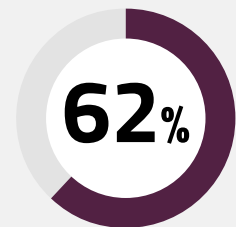
62%
difference between lowest- and highest-scored fraud losses

In the same exercise, it was found that these levels of fraud detected is due to the accuracy and prioritization achieved by ARIC Risk Hub, achieving a difference of up to 62% between fraud losses of the lowest-scored applications and the highest-scored fraud losses. With all this, GuardIAn (powered by Featurespace) achieves a correct ordering of fraud risk in the general population and prioritizes fraud loss amounts, which results in double protection against fraud.

circulodecredito.com.mx/home
developer.circulodecredito.com.mx/
featurespace.com

círculo de crédito

FEATURE SPACE

OUTSMART RISK