

# Combating Financial Crimes and Fraud in Financial Services

Identify and eliminate the downstream impact caused by invalid and poor-quality data that can severely impact ongoing fraud surveillance, prevention, and case management.

## Protecting Customers, Employees, and the Brand From Fraud Is a Board-Level Priority

Combating fraud is top of mind for the banking and insurance industries due to the high costs related to losses from payment, claims, and trading fraud. Several converging trends have propelled the increasing scale, diversity, and complexity of fraud. Vulnerabilities in payment services have increased as the shift to digital and mobile customer platforms accelerates. Financial services companies incur \$2.92 in costs for every dollar of fraud, a 9.3% year-over-year increase in 2018.<sup>1</sup>

According to the Coalition Against Insurance Fraud, fraud costs insurance companies and consumers more than \$80 billion annually in the US alone.<sup>2</sup> Across the banking sector, banking executives are concerned about online fraud challenges for mid- to large-sized banks and verification of customer identity (KYC/AML); email or device verification; and delay in transaction confirmation. In response, financial institutions are modernizing existing fraud monitoring systems, investing in cloud-based data lake solutions, and adopting AI- and ML- powered predictive analytics applications to detect and combat these fraudulent activities.

## Getting Data “Fit for Use” to Combat Fraud Is Harder Than You Think

Unfortunately, the data required in the systems and applications that monitor and prevent fraudulent activities has a host of challenges that need to be addressed for those systems, people, and operations to perform. See the chart on the next page for the top data challenges facing banks and insurance companies that prevent them from effectively combating fraud.

### Top Data Challenges Related to Combating Fraud in Financial Services

Top Data Challenges	Business Impact
<ul style="list-style-type: none"> <li>Inability to find and migrate all relevant data to the new cloud data warehouse for fraud monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Unable to leverage new cloud data warehouse and data lake investments to help identify and combat fraud</li> </ul>

<sup>1</sup> <https://www.prnewswire.com/news-releases/us-financial-services-companies-see-average-cost-of-fraud-rise-9-3-from-2017-to-2018--lexisnexis-risk-solutions-survey-finds-300718988.html>

<sup>2</sup> <https://insurancefraud.org/>

## Top Data Challenges Related to Combating Fraud in Financial Services (continued)

Top Data Challenges	Business Impact
Existing and new data quality errors from: <ul style="list-style-type: none"> <li>• Core business applications</li> <li>• Third-party data providers</li> <li>• Undetected end users</li> </ul>	Poor-quality data leads to missed fraudulent activities in new and existing fraud monitoring and analytic applications, resulting in: <ul style="list-style-type: none"> <li>• False positives</li> <li>• Higher fraud prevention costs</li> <li>• Costly financial losses</li> </ul>
<ul style="list-style-type: none"> <li>• Lack of accurate and comprehensive information about the entities involved in a suspicious activity that results in fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Invalid detection and prevention of fraudulent activities</li> <li>• Higher fraud prevention costs</li> <li>• Costly financial losses</li> </ul>
<ul style="list-style-type: none"> <li>• Proliferation and use of unprotected sensitive data</li> <li>• Inability to identify where sensitive data resides across the enterprise that has the risk of being compromised</li> </ul>	Increases the risk of sensitive data being compromised, resulting in: <ul style="list-style-type: none"> <li>• Regulatory fines</li> <li>• Lawsuits</li> <li>• Loss of business confidence by customers and employees</li> </ul>

## Informatica Intelligent Data Management Cloud for Financial Crimes and Fraud Management

Informatica® helps reduce the financial and reputational damage caused by fraud across the financial services industry by enabling the access and use of timely, trusted, and secure data to feed existing and new cloud-based fraud monitoring and analytics application solutions. We identify and eliminate the downstream impact caused by invalid and poor-quality data that can severely impact ongoing fraud surveillance, prevention, and case management.

The Informatica Intelligent Data Management Cloud™ supports new and existing investments to manage risk and compliance, enabling you to:

- **Ensure the right data is available where you need it most:** Access, transform, and deliver data from your transactional systems, business applications, and third-party data providers into new and existing data lakes and data warehouses on-premises or in the cloud that support ongoing fraud monitoring and management.
- **Deliver trustworthy data to your fraud surveillance systems:** Help identify errors, build and execute data quality rules to fix those errors, monitor exceptions, and deliver data quality reports and scorecards to improve business confidence in the data used to monitor and combat fraud.
- **Understand the lineage of the data used to manage fraud:** Discover, inventory, and organize data assets with an AI-powered data catalog. Get a unified view of enterprise metadata to add context to your data. And use collaborative, self-service data preparation to rapidly turn data into trusted business insights using AI and machine learning.
- **Identify and relate the parties involved in a fraudulent transaction:** Manage and relate legal and non-legal entities in a single, authoritative, and trusted source for new and existing fraud surveillance systems to leverage.

## About Informatica

Digital transformation changes expectations: better service, faster delivery, with less cost. Businesses must transform to stay relevant and data holds the answers. As the world's leader in Enterprise Cloud Data Management, we're prepared to help you intelligently lead—in any sector, category, or niche. Informatica provides you with the foresight to become more agile, realize new growth opportunities, or create new inventions. With 100% focus on everything data, we offer the versatility needed to succeed.

We invite you to explore all that Informatica has to offer—and unleash the power of data to drive your next intelligent disruption.

- **Identify, classify, and track sensitive data across the enterprise:** Help discover personal and sensitive data, understand data movement, link identities, analyze risk, and remediate problems, including masking and obfuscating sensitive data used for production and non-production systems.

## How One Company Takes on Fraud

A leading financial advisory firm needed to improve how they managed data privacy and security to give clients the confidence their information was protected. The company also wanted to give regulators the assurance that the firm was doing what was required of it by the government to comply with existing data privacy laws.

The firm partnered with Informatica to discover and classify its customers' personal data—including debit card numbers, driver's license information, and national IDs—that resided within its systems, and then put the safeguards in place to protect it. Leveraging Informatica's Data Privacy Management with Informatica's Enterprise Data Catalog, they created a searchable dashboard of sensitive information, facilitating audits and maintenance and ensuring client data was safe and secure.

## Next Steps

For over 25 years, Informatica has helped financial services companies leverage data as a strategic business asset with trusted, governed, relevant, and accessible data to improve customer experience, increase wallet share, operationalize data governance for risk management and regulatory compliance, combat fraud and financial crimes, and accelerate time to value from past and future mergers and acquisitions.

Learn more at [www.informatica.com/financialservices](http://www.informatica.com/financialservices).



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