

# Credit Card Fraud Case Study



## Client

Top 10 Card Issuer

## Challenge

- Find an efficient way of notifying customers of possible credit card fraud in an effort to catch true fraud earlier and decrease write-offs.

## Solution

**Implemented Varolii Interact, which required no IT resources from the card issuer. The solution uses pre-screening logic to contact customers, authenticate them as the right party and offer options to resolve.**

## Results

- 50% reduction in fraud run, saving hundreds of thousands of dollars in potential loss
- Greater penetration into risk queues without increasing the number of inbound calls to agents
- Treated 75% of all accounts without involving an agent

## Top Ten Card Issuer Reduces Average Fraud Run by 50% and Increases Customer Satisfaction

Varolii Interact™ enabled one of the country's largest credit card issuers to immediately double its ROI, while improving customer outreach.

By replacing an unattended dialer system with Varolii Interact a leading credit card issuer now treats low and medium fraud risk queues with far more success. With its new process of automated customer outreach, the company is also helping build and maintain more valuable customer interaction, strengthening customer loyalty and reinforcing its brand.

### The Challenge

For one of the country's largest card issuers, notifying tens of thousands of customers each day of possible credit card fraud meant using an in-house system of dialers in an unattended mode.

Despite the efficiency of the dialer treatment, the automated "blasts" lacked interactivity and offered customers no immediate way to resolve the issue. Instead, the dialer forced the customer to have to write down a phone number, hang up, place the return call, navigate the IVR and wait for an agent.

Because of this lack of interactivity, many customers opted to call Customer Service directly to resolve the issue. These calls created a significant influx of non-productive call volume and failed to isolate customers who were actual victims of fraud. Also, the dialer had no visibility between the queues, so many cardholders would receive duplicate calls, which would confuse them and generate still more inbound calls.

Left on a cardholder's answering machine, these generic messages took days and sometimes weeks to generate returned calls. Further, delays in verifying the transactions as legitimate increased fraud run — the time period from the first fraudulent transaction to the time it's addressed.

### Choosing a Proven Partner

Varolii was in use as an integral treatment solution increasing the efficiency and effectiveness of the institution's collections efforts. Leveraging Varolii's managed service across departments made implementation "painless", according to a company project manager. In fact, integration didn't even require IT department — Varolii handled everything. The fraud group simply had to identify the business rules and the procedures for providing customer data, and Varolii did the rest.

“Varolii has the experience to work with our systems and the expertise and best practices to tune the solution to produce these results. Overall, it’s been a great experience for us.”

Director of Fraud Prevention  
Top 10 Card Issuer

## How it Works

Varolii works with the issuer’s fraud scores, then applies additional pre-screening logic to eliminate duplicate calls. The result? A clean list, based on the issuer’s own criteria.

Varolii then places the calls. Once verified, account holders are then asked to confirm they know the whereabouts of their credit card and to validate recent transactions. If at any point they are unable to complete a step, the cardholder is transferred to an agent for more assistance.

Timing is critical in fraud. Once the call is completed, Varolii instantly updates the bank’s mainframe data system in real time with all results (number of live answers, answering machines, level of interactivity, etc.), in the same manner as an agent. These real-time updates and transfers, with a variety of warm transfer messages depending on the situation, prepare agents to effectively manage any resulting inbound customer transfers, and ensure that the bank’s systems have the latest data.

## Bottom Line

The results were immediate and substantial. Through automation, the issuer gained greater penetration into risk queues without increasing the number of inbound calls to agents. In fact, Varolii treated 75% of all accounts in the group with the fully automated solution – without ever involving an agent.

Even more compelling for the card issuer was cutting its average fraud run by 50%. That alone saves hundreds of thousands of dollars in potential loss.

“Our goal is to keep the fraud run as low as possible,” said the director of the card issuer’s fraud group. “While we have the lowest fraud loss in the industry, trimming a day or two off our low risk group average can mean hundreds of thousands of dollars saved in write-offs. It adds up quickly.”



### About Varolii

Varolii provides on-demand communication software and services that enable organizations to more effectively reach and interact with their customers and employees, getting the best result from every interaction. [www.Varolii.com](http://www.Varolii.com)

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