

case  
study

# Citizens Bank

Citizens Bank Improves Fraud Detection With  
ACI Proactive Risk Manager™



**Citizens Bank was established in Providence, R.I., in 1828 to serve the growing commercial banking needs of Rhode Island's industries. Today, Citizens has more than 1,600 offices in 13 states covering New England, the mid-Atlantic region and the Midwest.**

**With US\$161 billion in assets and processing over 25 million transactions a month, Citizens attributes its accomplishments to smart business strategy, organic growth and a dedication to deliver superior customer service.**

## The Challenge

As electronic payment transactions have surged during the last few years, so has the incidence of debit card fraud. Not only is fraud increasing, but the types of fraud being perpetrated are also becoming more complex and sophisticated.

With fraud patterns constantly evolving, Citizens needed a fraud detection solution that would allow for PIN and signature-based monitoring in addition to rules writing.

## The Solution

To combat the ever-changing nature of fraud, Citizens chose ACI Proactive Risk Manager™ for Debit and Credit Card Fraud Detection. Citizens believed Proactive Risk Manager would produce the greatest results for monitoring and reducing fraud on their debit card transactions, both signature and PIN-based.

Proactive Risk Manager provides Citizens with a complete fraud detection tool for online and offline card environments. The product combines the power of expertly defined rules with a customized neural network model for fast, accurate and flexible response to the evolving nature of issuer card fraud.

Proactive Risk Manager's ability to accurately identify card fraud allows Citizens to immediately recognize fraudulent behavior. Proactive Risk Manager's neural component learns from experience and remembers past patterns, giving the bank a highly effective way to detect potential fraud. The system sends alerts immediately, often within seconds of attempted fraud, allowing reviewers to take defensive action on high-risk transactions to greatly reduce potential losses.

Citizens maximizes Proactive Risk Manager's rules capabilities. "We've really learned how to use the product to our best advantage," said Mark Macheska, head of the card risk management group at Citizens. "When we see a new pattern resulting in fraud, we write a rule, thereby greatly minimizing or preventing further fraudulent transactions from that channel."

"For example," Macheska continued, "A while back, we noticed a pattern in Japan where the fraudsters would use a compromised card to pay for a taxi and ensure that the card worked, then they would use the card for large purchases or go to an ATM and withdraw large amounts of cash. Proactive Risk Manager helped us quickly identify that fraud pattern, and we were able to write a rule so we would receive an alert when one of our cards was used to pay for a taxi in Japan."

## The Results

With Proactive Risk Manager, Citizens has greatly reduced its fraud losses. The bank reviews 2,500 to 3,200 alerts a day with the ability to quickly identify emerging or changing fraud patterns and write and deploy rules on-the-fly, without outside assistance. This enables Citizens to react quickly and proactively to stop new methods of fraud as they emerge.

Proactive Risk Manager's query function allows Citizens to drill down and pinpoint specific locations where fraud is committed repeatedly and to determine if the bank is being targeted by various criminal organizations with new fraud schemes. Once the new schemes are identified, rules can be written, deployed and assigned within a few minutes.

As Citizens continues to improve its fraud detection capabilities and organizational processes, the bank will move to real time rules creation. This will allow Citizens to identify high-risk transactions at the point of sale (POS) and approve, deny or refer the transaction at that time.

Additionally, through ACI's Proactive Risk Manager user group, Citizens has been able to share fraud trends and organizational best practices with other institutions.

"The user group is another benefit of working with ACI," Macheska said. "With the user group, we have the opportunity to discuss product enhancements we'd like to see, as well as share rules with other Proactive Risk Manager users."

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*Mark Macheska  
Head of Card Risk Management Group  
Citizens Bank*