How a Nordic bank increased the number of fraud reclaims from 10% to 80%

salv

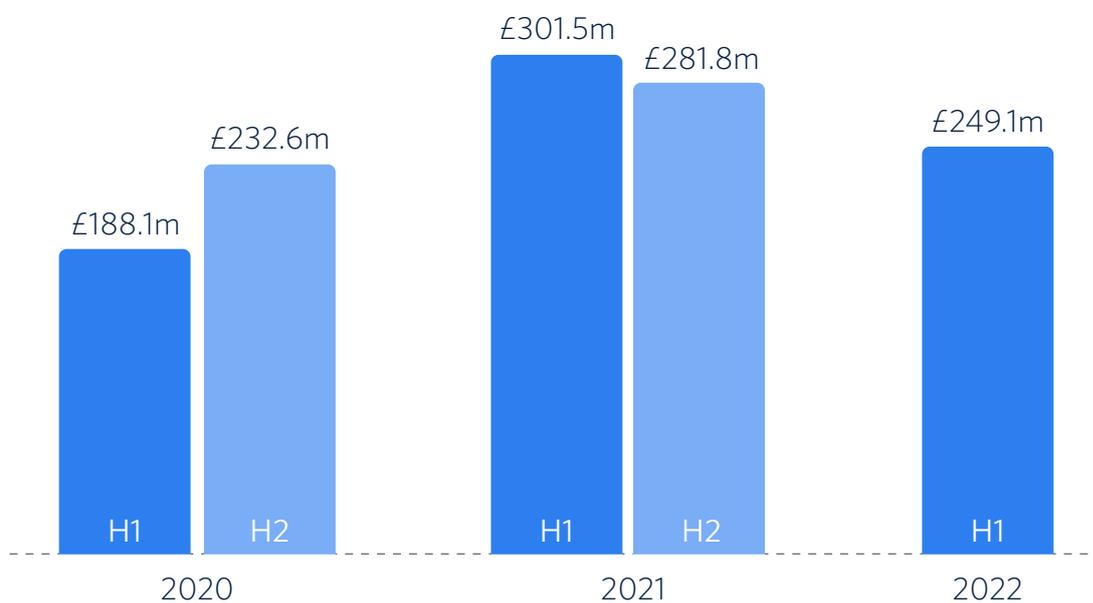# How does APP fraud impact the banking industry?

Authorised Push Payment (APP) Fraud is the largest type of payment fraud, both in volume and value of losses. Despite a 17% decrease in the first half of 2022, APP fraud is still more than 30% higher compared to the same period in 2020 and is "set to boom in 2023".

As APP fraud rates continue to rise, challenger banks take the hardest hit. First reported by Sifted, the UK's Financial Ombudsman Service (FOS) revealed that fraud complaints against Monzo, Revolut and Starling had reached a three-year high.

The existing fraud prevention workflows focus on dealing with the consequences of APP fraud rather than detecting it in real-time. It may be difficult, but not impossible.

Total APP fraud losses over the years

Source: UK Finance

Bar chart of Total APP fraud losses:
- 2020 H1: £188.1m
- 2020 H2: £232.6m
- 2021 H1: £301.5m
- 2021 H2: £281.8m
- 2022 H1: £249.1m

What makes it harder to handle APP fraud?

Even if you are able to track suspicious logins to some extent (e.g. a customer signing in from a new country), chances are it happens too quickly to stop the money from leaving the customer's account.
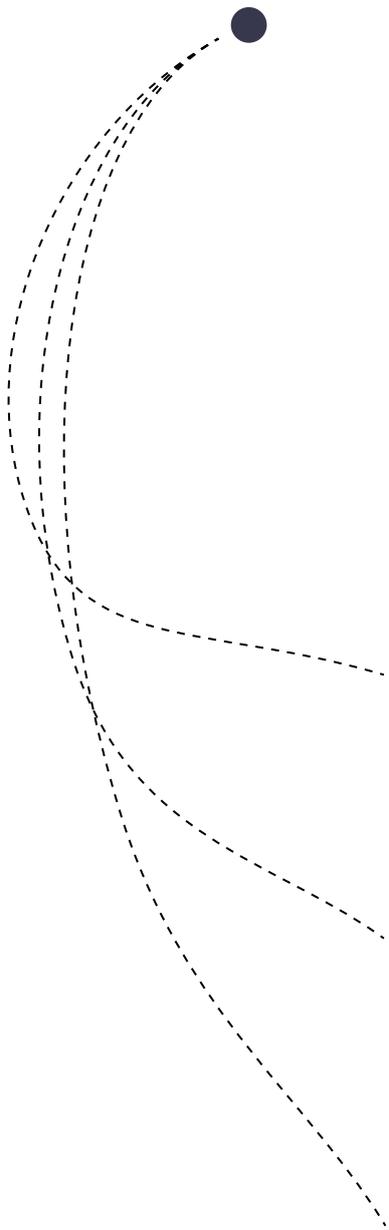
It's not easy to detect

Most of the APP fraud happens in the customer's internet bank and is either initiated by them or on their behalf.

Communication can be sloppy

In APP fraud, the speed of response is critical. Most of the time, communication is managed via email or SWIFT.

Low reclaim rates

According to UK Finance in 2022, the rate of successful fraud reclaims in the UK was 4%.

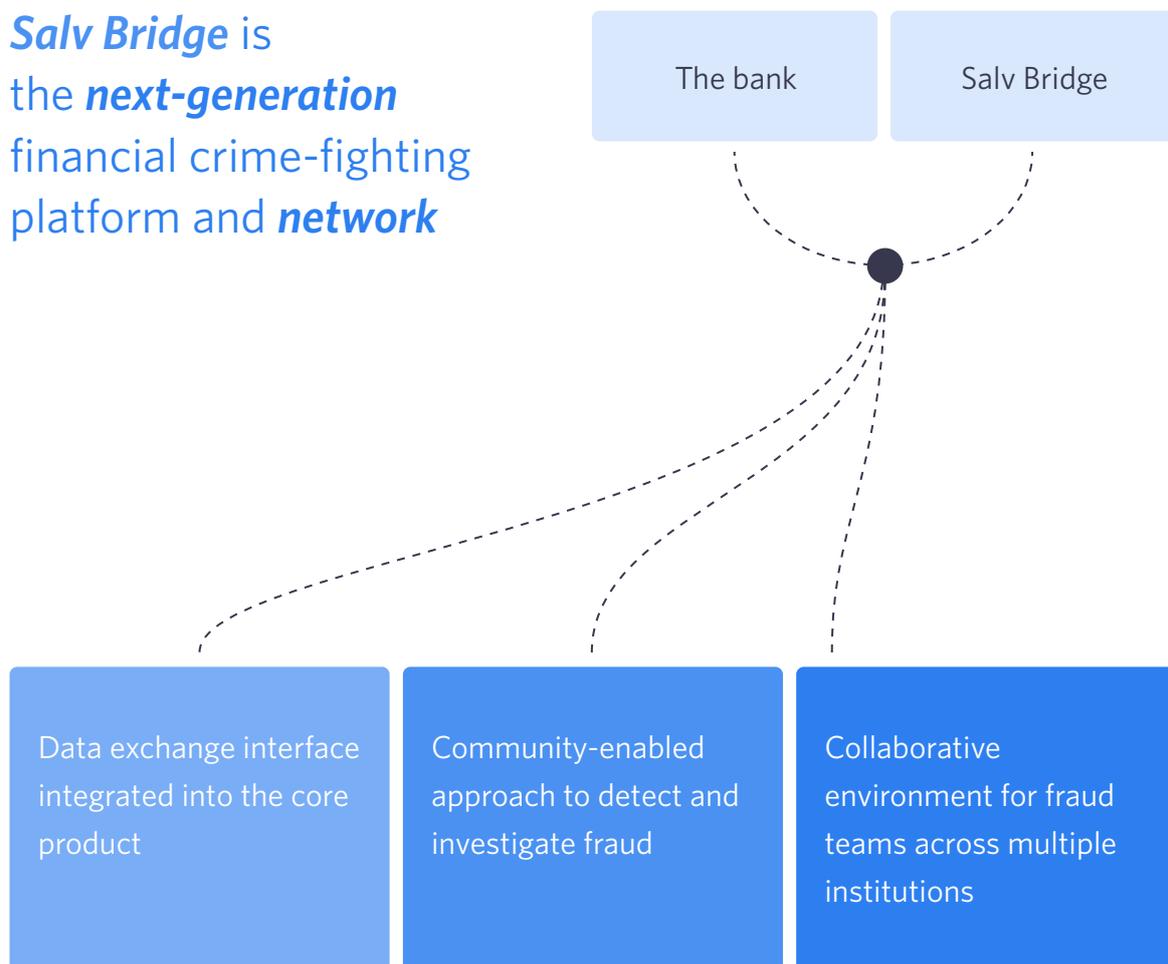# How did a Nordic bank improve the handling of APP fraud?

Changing the pattern begins with clear communication.

One of our largest customers, a well-established bank in the Nordics, has been using Salv Bridge for nearly two years, which allowed them to gradually

increase the rate of *fraud reclaims* from 10% to **80%**

The speed and quality of communication are among the main factors behind the bank's repeated success in handling APP fraud.

Salv Bridge is the ***next-generation*** financial crime-fighting platform and ***network***

The bank

Salv Bridge

Data exchange interface integrated into the core product

Community-enabled approach to detect and investigate fraud

Collaborative environment for fraud teams across multiple institutions

What does the bank's APP fraud workflow look like?

The typical workflow starts with detecting a suspicious login. What happens then?

● When encountered with a new pattern, an investigator creates a rule to automate the process – an average of **_3-5 fraud cases are captured_** per day.

● In most cases, investigators can block the user **_immediately_** after the login.

● If the user manages to log in and transfer the money, the investigator can stop the payment by communicating with the receiving institution – the bank saves around **_10 000€ in a week_** (outgoing requests).

● At this point, the investigator reaches out to the receiving institution to reclaim the money – in 2022, funds were **_reclaimed in 80% of cases._**

Salv Bridge creates pathways for efficient and compliant transfer of information that the bank wouldn't have otherwise had, and serves as an **early warning system**.

With Salv Bridge, the bank can access all potential fraud data (and nothing more than that) in a **more human-oriented way**.

Success stories from the banking industry

Salv Bridge creates direct channels of communication between the fraud teams across multiple institutions. The banks can detect and suspend fraudulent transactions before they are processed, and in other cases, improve the fraud reclaim rates – thanks to the platform's expanding functionality.

"

The interface is easy to use and intuitive. Salv Bridge has helped us develop a daily working process of exchanging information between our partners."

Allan Parik, SEB Estonia, CEO

S|E|B

"

Banks know what the problems are, but Salv worked out how to really solve them. And it's not just in money laundering and terrorist financing, it's also been useful in fraud prevention."

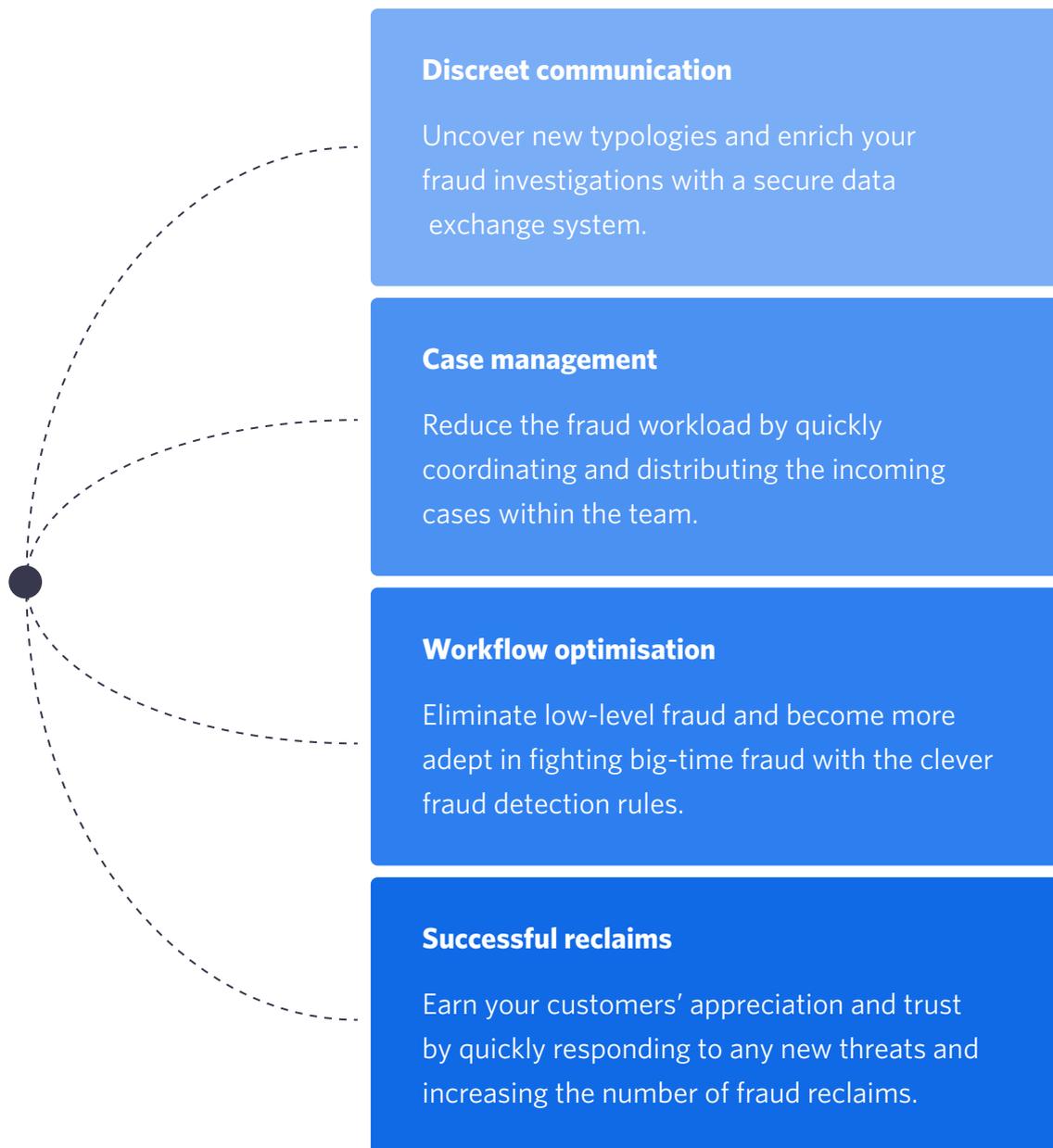Olavi Lepp, Swedbank Estonia, CEO

Swedbank

"

In the area of fraud prevention, speed is a key aspect – and this tool really helps us communicate with each other and find the necessary information we need to stop these actions from completing."

Kadri Kiisel, LHV, CEO

LHV

Value for financial services and technology providers

The configuration of Salv Bridge allows you to test and validate the platform until you can measure the value:

Discreet communication

Uncover new typologies and enrich your fraud investigations with a secure data exchange system.

Case management

Reduce the fraud workload by quickly coordinating and distributing the incoming cases within the team.

Workflow optimisation

Eliminate low-level fraud and become more adept in fighting big-time fraud with the clever fraud detection rules.

Successful reclaims

Earn your customers' appreciation and trust by quickly responding to any new threats and increasing the number of fraud reclaims.

Salv Bridge can complement (or even replace) your fraud detection workflow.

Conclusion

While the criminals are developing all sorts of tricks that make it harder to spot or isolate fraud, the anti-fraud software is evolving and becoming more accessible and cost-effective.

You can enable better communication, increase the number of successful reclaims, and create more value than either company could alone. Whether you are looking to enhance your fraud detection workflow, or replace it completely, the technology that makes it possible is already there.

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Contact us to learn more about Salv Bridge

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Beat financial crime.