



NetGuardians

CASE STUDY

AARGAUISCHE
KANTONALBANK
SWITZERLAND

The Swiss bank wanted a new fraud-mitigation system that provides effective transaction analysis at volume.

Within seven months, NG|Screeener had analyzed more than five million transactions yet blocked 10 times fewer payments than its former system and achieved a better fraud detection rate.

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René Burger

Head of payment projects

Aargauische Kantonalbank



The Requirement


Aargauische Kantonalbank (AKB) is a Swiss bank based in Aarau with 31 branches and total assets of nearly CHF23bn. The majority of its payments are made within Switzerland, with only a small percentage involving foreign countries.

Its previous fraud-mitigation processes were a mixture of in-house-developed IT systems and rules that were applied to analyze outgoing transactions.

The fixed rules were based on assessment of probable risk. Although the system delivered good results, it was complicated for users and required significant work to collect all the necessary data.

AKB wanted to simplify the process and make it faster. It also wanted the new system to monitor transactions across all channels – some 120,000 on a high-volume day, with some being batch-processed and others processed in real time.

Another important requirement for the new fraud solution was a close integration with Avaloq, the core banking system in use at AKB.





The Solution

During the summer of 2017, René Burger, AKB's head of payment projects, was invited to a NetGuardians Event that showcased its fraud-mitigation software NG|Screener. He saw how, using machine learning and artificial intelligence, the solution built up dynamic profiles of 'normal' behavior and used analytics to compare each transaction against this, giving it a risk score.

” I could see that this tool collected and displayed clearly information that we were collecting manually in the past. I could also see that it was possible to navigate easily and quickly through all the important information. The system is like the internet – you can search and find quickly, Burger says.

It was what I had been thinking about, he says.

I thought it could integrate well into our existing system, but I didn't know for sure.

At that time, NetGuardians had yet to implement NG|Screener on to an Avaloq platform. Burger was keen to know how it would perform before he committed and so when Swisscom, the bank's information technology service provider and later its implementation partner, offered a proof of concept, he accepted.

Working with Swisscom and NetGuardians, he and his team collected the necessary information from all the various payment channels and databases, aggregated it and started the proof of concept in September.

” By the end of the year I realized the system was very powerful, he says.

Implementation started in June 2018 and was completed by early November 2018.

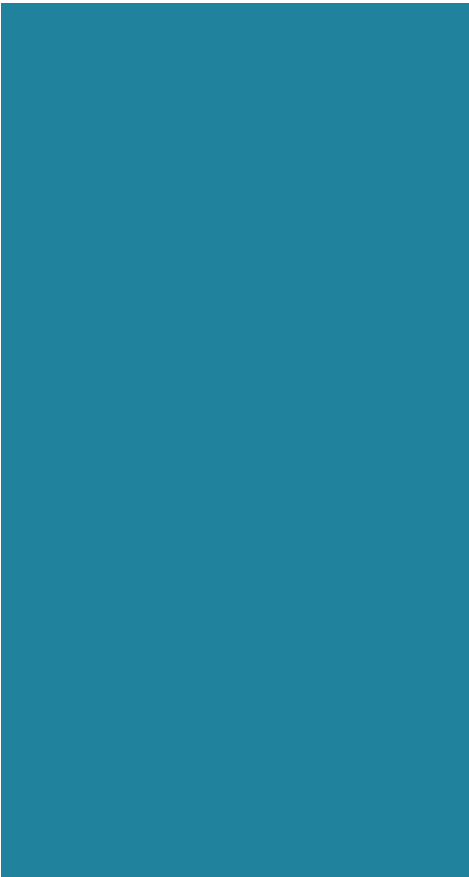
” Although it was the first time NG|Screener was implemented on Avaloq, it went very well. We had a good idea of how it could be implemented thanks to the proof of concept. Swisscom and NetGuardians understand the payments business. They understood the processes required and knew our thinking and how we work, our databases and how NG|Screener could work for us, he says.

Implementation was smooth. We gave feedback at each stage of our test environment and they listened and adapted.



The Results

Once implementation was complete, AKB waited a few weeks before activating NGIScreener so it coincided with a maintenance window in early December 2018. Although some at the bank queried activating it during such a busy period – in the run-up to Christmas – Burger saw it as the perfect opportunity.



” We were still using the old system, so we had back-up and I wanted to see how Net-Guardians would work under pressure, in a high-volume month, he says.

Within seven months, NGIScreener had analyzed more than five million transactions yet blocked 10 times fewer payments than its former system and achieved a better fraud detection rate.



At the beginning we worked really hard on the models to make sure they were secure right from the start. Seven months on and we're doing really well, Burger says, adding that users like the system and their feedback has been good.

Burger is happy that NetGuardians' solution could fulfil he's expectation. Scalable and powerful it helps AKB to protecting its business and maintaining its reputation.

They adapted really quickly to the new way of working with NGIScreener dashboards, he says.

Context

7

Live since 7-months

50000000

Number of bank transactions analyzed since live:
+5 million payments

100%

NetGuardians' machine learning risk platform
100% - Analysis of all payments

Result

90%

90% reduction in the number of false positives compared to the previous rule-based control environment

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