

Oakland County Credit Union Builds Technology Defense Protecting Members from Fraud



- **Located in Waterford, Michigan**
- **\$330 million in assets**
- **31,000 members**



CardNavSM by CO-OP Benefits

- App-based card control and fraud detection
- Ability to turn cards on and off remotely
- Control by transaction type, amount, merchant, location and more
- Real-time, in-app alerts of card activity



FalconTM Fraud Manager Benefits

- 24/7 real-time transaction monitoring
- Member profiles created from extensive cardholder intelligence
- Advanced predictive analytics

Payment card fraud is everywhere. From the busiest urban centers to the quiet suburbs and all points in between, fraudsters ply their trade wherever there are ATMs and other means by which they can steal card information for their own illegal purposes.

Fox News reports that according to the Federal Trade Commission, credit card fraud complaints in 2015 were 41 percent higher than in 2014, the highest fraud rate since before the great recession in 2009. Experts believe the primary driver of this increase is the upcoming completion of the payment card industry's conversion to EMV, which is expected to help reduce fraud.

Located in Waterford, Mich., 36 miles northwest of Detroit, Oakland County Credit Union (31,000 members and \$330 million in assets) is well armed to fight the battle against payment card fraud.

On the front line, it has equipped its members with CardNavSM by CO-OP, the payment card control and management program. Behind CardNav as a second line of defense is FalconTM Fraud Manager, the leading anti-fraud solution and industry standard in payment card detection, employed by the CO-OP Card Member Security Team.

Oakland County CU's experience with both CO-OP services illustrate how innovative products and technologies that can be quickly implemented can lead to credit union growth even in a time of heightened worries over criminality.



Be There. Be More.

CardNav by CO-OP

Launched by CO-OP in late 2014, CardNav offers powerful and immediate card control and fraud alert technology to credit union members. "CardNav is already one of the leading payment card products being promoted by many of our client credit unions and we expect the number to grow as members gain knowledge about CardNav's effectiveness as a guard against fraud," says Michelle Thornton, Director, Product Development, for CO-OP Financial Services.

Cardholders who are signed up for CardNav use it via an easily downloadable smart phone app to monitor and control purchases based on factors that reduce chances of fraud, including:

- Type of merchant for which purchases are approved, such as gas and groceries
- Type of transaction, such as online purchases and dollar amount of purchase
- Authorized use of card by secondary cardholder, such as college student or employee
- Geographic location in which the card is used, such as a college campus

Grace Manuele, CardNav Product Manager, reports that more than 100 CO-OP-client credit unions have signed up for CardNav. "We continue to experience consistent growth with CardNav, especially as consumers become more aware of payment card fraud," said Manuele.

CardNav first came to the attention of Oakland County CU via its President/CEO, Allan McMorris. He recommended to his management team that with the increasing volume of card fraud, it was time to take a deeper look at CardNav.

"Mr. McMorris believed CardNav would provide our members with an effective way to protect them and us from fraud," says Jeff Pascoe, Manager of Oakland County CU's Member Contact Center. "But before we launched, we had to make sure it was the right tool."

After a thorough study of CardNav and its functionality, Oakland County CU decided to move ahead with a soft launch, and then, if all went as expected, a more comprehensive launch to a wider base of members. The launch kicked off on October 1, 2015, targeted at first to its own employees. This test provided input on CardNav operations and any possible glitches that could be resolved before the larger launch, slated for later that month.

Pascoe reports that the feedback from the 70 test employees was 99 percent positive; small operational issues were quickly fixed with CO-OP's help and 100 employees signed up without hesitation.

Convinced that CardNav is an effective anti-fraud tool that its members would embrace, Oakland County CU initiated the second stage of its launch in late October with a full-court press marketing campaign over a two-week period. Revolving around the theme, "Take more control over your card," the high-impact promotion, designed with assistance from CO-OP, included a targeted email to 8,500 members with checking accounts and debit cards, notices in monthly statements and members' newsletters, as well as lobby posters and brochures at its six branches.

Oakland County CU also urged its employees to share the news about CardNav with friends and colleagues to bolster the rollout. The word-of-mouth combined with the marketing produced strong results. More than 1,330 members have signed up for CardNav, representing about 8 percent of the credit union's debit card portfolio, according to Pascoe.

"If we are going to invest in new products and services for our members, we want to be certain that our members are being served and are satisfied," said Pascoe. "We are very happy with CardNav's performance. We give it a solid A."

CO-OP's Manuele cites Oakland County CU as the perfect example of how leading-edge providers effectively market CardNav, with a special emphasis on the importance of keeping employees informed and enthusiastic as they talk to members. "In addition to their established communication channels, word of mouth is still one of the best ways to promote a product or service in smaller circles," said Manuele. "There is nothing like a personal endorsement by someone you know and trust."

According to Pascoe, one Oakland County CU member using CardNav is a young man who reported that his protected card alerted him that an unauthorized \$400 purchase was made with his card number. He immediately blocked his card via CardNav from making any more purchases. It not only saved Oakland County CU money, but made the member a true believer.

With these performance successes under its belt, Oakland County CU is now planning its next big promotional push when it begins issuing EMV cards to its members by the end of 2016. Pascoe points out that the promotions will be incremental, with the first portion of emails and collateral targeted to about 2,000 members, followed later with outreach to an additional 3,000 to 5,000 members.



Be There. Be More.

To add punch to its promotion program, starting in June 2016 Oakland County CU made signing up for CardNav even more attractive by offering a reward promotion to new users.

Pascoe says the promotion has almost doubled the average number of members who have enrolled in the CardNav program since its June launch. "The reward not only motivated our members to sign up for CardNav, it also re-engaged our staff in the campaign by providing them with something new and special to promote with our members," he said.

Falcon Fraud Manager

Of course, an effective fraud prevention strategy for credit unions must be multi-tiered to protect its members and itself against the wiliness of today's fraudsters. Pascoe says that with the pending adoption of EMV, coupled with other reasons such as increasing sophistication of data hackers, Oakland County CU must continue to build even stronger defenses against fraud.

This is where Falcon Fraud Manager that Oakland County CU implemented about five years ago comes into play. Falcon utilizes on a 24/7 basis real-time, advanced analytic techniques that synthesize cardholder intelligence from billions of payment transactions into usable metrics to create member profiles. Based on these data profiles and predictive analyses, Falcon can identify key transaction behaviors and spending patterns for each member's card activity to detect uncharacteristic expenditures—all in a fraction of a second—and enable appropriate action by the CO-OP Card Member Security Team and client credit unions.

Pascoe points to a widely reported data breach of cash registers at the gift shop of the Detroit Zoo, which along with gift shops at eight other zoos, had been hacked by fraudsters in July 2015.

Working with CO-OP, Oakland County CU was able to identify and block 150 payment cards of members that may have been comprised by the breach. Members were notified, new cards were issued, and a potentially costly and difficult situation was stopped in its tracks.

Bill Freer, Manager-Risk for CO-OP, explains that Falcon is a dynamic program with a long track record of success that utilizes its extensive, ever-advancing database to detect, analyze and "score" the seriousness of a potentially fraudulent transaction. A "1" means extremely low probability while a "999" means an extremely high probability that requires immediate action.

The next step is to review a detailed "case" with the suspected fraud, payment card and other info. The cardholder is then contacted either directly by the CO-OP Card Member Security Team or by an automated call service that can review the suspect activity with the cardholder or leave a message to contact the security team if the member is not available. At this juncture, by talking to the cardholder personally, the team can determine if there is a possible fraud incident.

"A higher score doesn't necessarily mean there is fraud, and that's why we have to check with the cardholder to make sure," said Freer. In order to determine whether the suspected transaction activity is indeed fraudulent, CO-OP will contact the cardholder, unless it's in the middle of the night, in which case it will block the card immediately and attempt to contact the member the following morning.

As Oakland County CU has experienced first-hand, fraudsters are busy, so they are not alone. With some 700 CO-OP-client credit unions utilizing Falcon primarily for Signature Debit protection, Freer says that his Card Member Security call center receives between 3,500 and 3,800 contacts a day with as many as 800 of those contacts being some form of actual fraud that needs to be pursued.

"Our work is non-stop and we need to be ready to act at a moment's notice," said Freer.

Oakland County CU's experience also points to the importance of choosing the right payment transaction processor and product mix to ensure that a credit union and its members are protected from fraud. In their case, all of those needs were met by a single provider.

To learn more about CardNav by CO-OP and Falcon Fraud Manager, contact sales@co-opfs.org or call 1-800-782-9042, Option 2.