

# NetSpend Prevents Fraud Losses with NetEconomy's Solution



## Overview

### The Challenge:

- Ensure full compliance, and exceed wherever possible, all Federal (Patriot Act, BSA) and State regulations to meet NetSpend's goals of maintaining an aggressive and comprehensive program of risk and compliance management.
- Employ the best available measures to protect partner banks, distributors and their customers from the risk of unlawful activity.

### The Solution:

- NetEconomy's Financial Crime Suite implemented by a cross functional team including NetEconomy consultants, internal IT resources, risk management and compliance analysts and investigators.

### The Results:

- Direct cost savings, optimized processes and a greater business insight into risk across the NetSpend environment.
- Through early detection of employee fraud with the NetEconomy system, NetSpend was able to help its partners prevent hundreds of thousands of dollars of losses.

## Case Study

A pioneer in the prepaid card industry, NetSpend was founded seven years ago and has grown to be a national leader, processing over \$4 billion in card payments annually. NetSpend uses NetEconomy's Financial Crime Suite to detect money laundering, fraud and employee fraud with one fully integrated solution. By implementing this platform, NetSpend has not only saved significant dollars, and optimized processes by investing in only one solution that covers three crime areas, but has found, by using the NetEconomy system, significant cases of fraud conducted by employees of its partners. Through early detection of employee fraud with the NetEconomy system, NetSpend was able to help its partners prevent hundreds of thousands of dollars of losses.

"Beginning this project, our initial goal was to ensure that NetSpend adhere to our policies and procedures for monitoring customers to meet and exceed AML/CTF guidelines," said Thomas J. Firnhaber, Director of Compliance of NetSpend. "We are extremely pleased with the results of this implementation, as well as our ability to use one integrated solution across three crime areas."

"In addition, we have quickly reaped a ROI well beyond what we had imagined by detecting employee breaches, saving our partner hundreds of thousands of dollars and while at the same time, ensuring ongoing protection against these threats now and into the future," Tom added.

NetSpend maintains an aggressive and comprehensive program of risk and compliance management to ensure its full compliance, and to exceed wherever possible, all Federal (Patriot Act, BSA) and State regulations. “Working with NetEconomy continues our effort to employ the best available measures to protect our partner banks, distributors and their customers from the risk of unlawful activity. NetEconomy has proven it possesses innovative, flexible and configurable features for us to continue to expand the solution platform as new crime areas or product launches open us to new risks.”

NetSpend initially selected NetEconomy in order to comply with regulatory requirements and to remain vigilant in its fight against financial crime. NetSpend added fraud detection and employee fraud detection as a follow-on phase. Today, NetSpend monitors over 700,000 cardholder transactions per day across the U.S. and all card sales and deposits at over 60,000 distributor locations. The system is exceptionally flexible and can adapt to new scenarios and rules easily, and can scale as the NetSpend business grows exponentially.

### **A Holistic Approach to Financial Crime Management**

NetSpend has embraced the progressive and holistic approach to financial crime management – combining silos and integrating risk areas. With one NetEconomy implementation instead of three, one department could oversee multiple crime areas and risks resulting in direct cost savings, optimized processes and a greater business insight into risk across the NetSpend environment. And, with one solution and technology environment, NetSpend benefits from less expensive technology platform costs, as well as reduced personnel overhead for installing and operating back-office environments – driving down total cost of ownership (TCO) costs.

With NetEconomy’s implementation NetSpend was able to combine systems and aggregate transaction data, delivering cost savings, reduced revenue loss and a greater business insight. With this integrated approach, NetEconomy can also uncover links and associations of suspicious activity broadening NetSpend’s view of risk.

“Today, we have more in-depth knowledge of what the customer does and how our business operates,” Tom said.

In summary, by leveraging one solution, there is direct costs savings – one solution cost instead of three – as well as optimized processes, saved resources, and lowered operational and labor costs. Adding to these innovations and efficiencies is the detection of employee fraud that would have resulted in hundreds of thousands of dollars of lost revenue. NetSpend’s progressive approach for prioritizing and addressing these risks demonstrates a strong commitment to innovation, risk management and fighting financial crime within the prepaid card industry.

