Customer:
Lloyds Banking Group

Industry:
Financial Services

The Story:
Lloyds Bank is reducing fraudulent transactions using O_2 Smart Digits – Fraud Management Solutions which allow rapid detection and communication of activity, giving customers a safe and secure environment to carry out their business. Lloyds says "O_2 was the first to deliver these solutions and the other networks have followed, encouraged by O_2's success."

in a nutshell

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Lloyds Banking Group

Providing customers with a safe and secure environment to carry out their business

O₂

About Lloyds Banking Group:

Lloyds Banking Group is a leading provider of current accounts, savings, loans, mortgages and insurance. Its focus is to be the best bank for customers by improving customer service and earning trust and loyalty from making customers central to everything it does. With a strong staple of brands like Lloyds Bank, Halifax and Bank of Scotland, the Retail division serves millions of customers through one of the largest branch and fee-free ATM networks in the UK, and a comprehensive digital, telephony and mobile service.

The bank's strategy through to 2017 has three priorities: creating the best customer experience, becoming simpler and more efficient, and delivering sustainable growth. It has vowed to transform its digital capability, providing customers with simpler, seamless interactions across online, mobile and in-branch, and improving the efficiency of products and services. It has 6 million active mobile banking customers, making Lloyds the largest mobile bank in the UK.

Dive in depth

The Challenge:

Any organisation that handles customers' financial data faces a constant, ever-changing threat from fraud. The greatest challenge is to maintain robust processes that can resist fraud but – crucially – do not unnecessarily slow down the customer's transactions.

When any bank's customer makes a transaction such as a payment to a new account, or resetting a password, the bank will send an authorisation code to the customer's phone to ensure it is a genuine transaction. A fraudulent sim swap allows criminals to intercept a phone call or an authorisation code sent via text message. The code then reaches the fraudster instead of the legitimate owner, and the fraudster will exploit this. Since the original sim has been deactivated, the customer is unaware of the fraudulent transactions.

"This kind of fraud is a real challenge to our industry," says Ryan Gosling, Business Manager, Fraud & Security, Lloyds Banking Group. "It accounts for around 20% of fraud losses.

So when we authorise a payment we need to know very quickly if that mobile number has had a sim swap. We need to confirm – ideally instantaneously – whether there is any unusual activity on the number with the mobile operator."

As part of its commitment to make transactions simpler, Lloyds Bank was looking for a way to make this verification process more robust against fraud without unduly hindering the transaction for the customer, particularly as around 40% of its mobile users are O_2 customers.

in depth

Dive

The Solution:

"When we wanted to update our processes to keep ahead of fraud and improve data privacy, O₂ were the first to proactively pick up with us and work collaboratively to deliver the new product," recalls Ryan Gosling.

"They have always been proactive so together we were able to put a new solution in place quickly.

Working with O₂, we came up with the Smart Digits service. It allows us to know when a sim swap or call divert has been set up and we can make a decision on whether the transaction can proceed. Getting the product right means we can stop fraud and let genuine transactions go through. We're using both sim-swap and call-divert detection services for all our opted-in customers. O₂ was the first to deliver these and the other networks have followed, encouraged by O₂'s success.

We've seen a satisfactory reduction in sim-swap and call-divert fraud. It's gained a lot of attention internally because we have developed the service for other product ideas and found other ways to keep our customers secure. And it's a great proof point that we're innovating to create the best possible customer experience."
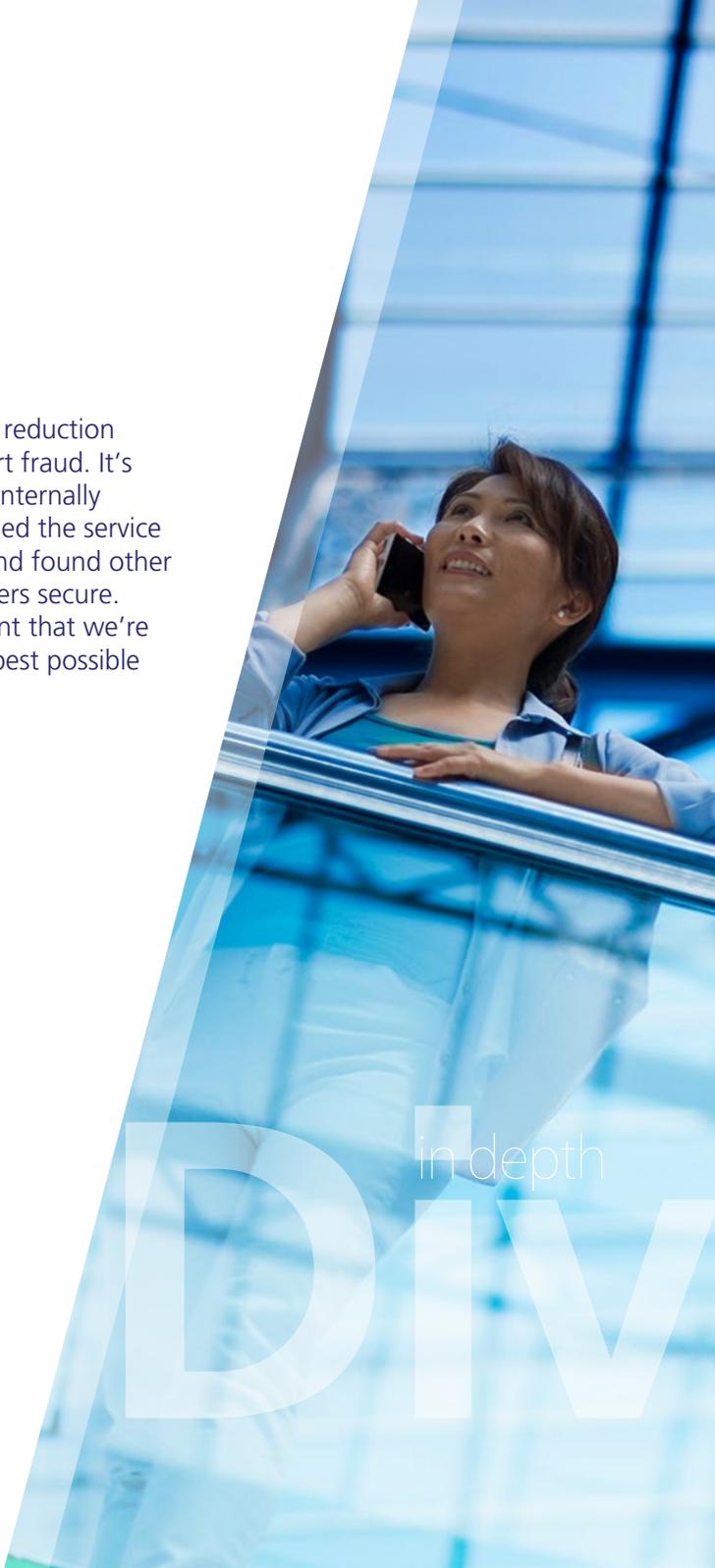
In depth
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can help your organisation, just contact your Account Manager
or call us on 0800 955 5590. You can also visit o2.co.uk/enterprise

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