

Fight Fraud By Better Understanding Your Financial Data



Thought Leadership From MX

Fraudulent transactions in the financial industry have been increasing as consumer behavior continues to shift towards a digital-first mindset. According to a report by PwC's Global Economic Crime and Fraud Survey 2020, "respondents reported losses of a whopping \$42 billion over the past 24 months."

This is especially worrisome in the age of open banking and open finance. While consumers have come to expect a sophisticated and simple digital experience from their financial apps, the more financial data that is openly shared, the greater the risk of fraud. As fintechs and other organizations continue to increase financial data sharing in order to provide better customer experiences, data security has taken a central role in ensuring that consumers' information is kept safe all along the digital financial journey.

How understanding your financial data helps combat fraud

Consumer financial data is extremely valuable, so needless to say, hackers will not stop. At the same time, financial data sharing is critical for fintechs to compete effectively. With in-person shopping experiences at a decline and online e-commerce transactions on the rise, fintechs and other organizations need to find a secure way to deliver on their customers' demands while minimizing risk.

This is exactly where financial data enhancement comes in. What financial data enhancement means in simple terms is a way to understand and make sense of the transactional data flowing into your fintech or organization. The quicker you can understand transactions, the faster you can identify and act on anything that seems out of place. There are three ways to keep consumers' financial data secure: empower your customers with the right tools, make your data easily understandable, and select vendors with the highest security standards for financial data sharing.

Empower your customers with the right tools

One way to help reduce fraud is by giving your customers tools that make it easy for them to see what's going on with their finances. If your customers can't understand their financial transactions, they're more likely to miss what could be potential fraud. By enhancing your financial data with a legible and interpretable transaction feed, your customers can tell if any transactions seem suspicious at a glance.

MX can help you augment financial data with categories, merchant logos, and location, so your customers can quickly see where charges were made. If a location or merchant is unrecognizable, your customers can quickly block the transaction from going through, reducing fraudulent charges instantly. Another way to empower your customers is with intelligent, AI-driven insights. By proactively surfacing easily understandable transactions such as subscriptions and recurring charges that might otherwise go unnoticed, your customers can quickly see if anything is out of place.

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Make your financial data easily understandable

Similarly to powering your customer-facing tools with enhanced financial data, you can do the same with internal tools. With MX Financial Data Enhancement, you can easily analyze spending patterns and purchasing behavior, helping you spot outliers in your customers' transactional activity. For example, if one of your customers never purchases anything at a certain store, then suddenly has various charges from that location, you can flag that behavior as suspicious and verify it with your customer before charges go through.

Similarly, you can use enhanced financial data to quickly see if your customer had two purchases at two separate locations within a short period of time, and have them verify which purchase is accurate. Not only does enhanced financial data help you limit suspicious activities before allowing them to be processed, but it also reduces support calls, and helps you protect your customers proactively.

Work with vendors with high-security standards

Lastly, one of the best ways to reduce fraud is by working with trusted partners who have proven and tested security standards. As open finance continues to gain ground, the vetting process will become more critical to the security of financial data.

At MX, not only do we have the most advanced and intelligent financial data enhancement capabilities — with more field categorizations (from account types, merchant logos, location data, and much more) and the highest data cleansing and categorization in the market — we're also the preferred partner for more than 200 million+ users and 2,000 financial institutions and fintech companies when it comes to our security standards. Our processes and standards have been thoroughly vetted time and time again as we add more relationships to our portfolio. That's why many of the top financial institutions and fintechs trust us with their financial data — because we take security seriously.

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