

# Texas Dow Improves Fraud Prevention and Better Protects Members with Visa DPS Managed Real-Time Decisioning



## Challenge

As the largest credit union on the Gulf Coast of Texas and one of the top 100 in the United States, Texas Dow Employee Credit Union (TDECU) is always looking for ways to improve operations and better serve its more than 130,000 members. Compared to the industry, TDECU has always had a very low fraud rate, but in 2010, following a breach in a national merchant's customer database, the institution saw a spike in fraud on member credit and debit cards. Instead of a .016% fraud rate, TDECU saw a peak of .23% fraud, which when considered in the context of its average of 1.5 million transactions per month, had significant impact on the credit union and its members.

## Solution

To quickly respond to this increase in fraud, TDECU began looking at a variety of fraud solutions. Based on the ease of implementation and integration with existing systems, as well as the intelligence of the solution, TDECU chose Visa DPS Falcon Managed Real-Time Decisioning (Visa DPS MRT). In evaluating the solution, Ronald Wright, Vice President of Credit Cards and Payment Systems, had three primary criteria - stopping the fraud, a low-cost implementation and no member impact.

As TDECU's processor, Visa DPS was able to leverage knowledge it had of TDECU's business to enable a fast, 72-hour implementation which resulted in almost immediate reduction in the fraud the credit union was experiencing.

The implementation required no effort on the part of the institution's staff, aside from some education for call center employees.

While Visa DPS MRT offers three different levels of prevention, TDECU decided to implement at Tier 1 (least aggressive), to ensure it minimized impact to members in the event of false positives. To further increase cardholder comfort, the credit union worked with Visa DPS to allow cardholders to call the main TDECU phone number when responding to voicemail messages about a potential fraud. When the member calls back, they enter the extension and the call is automatically transferred to the Visa DPS call center.



## Results

After implementing Visa DPS MRT in June 2010, TDECU saw immediate reduction in fraud rates. From its peak of .23%, fraud lowered to .065% in July and even further to .016% in August. In the first three months of implementation, MRT is estimated to have saved the credit union over \$47,000. To date, the solution has delivered an estimated ROI of 1200%.

One of the most important features of MRT for TDECU was the real-time nature of the product. The ability to notify members when a case is opened was important to the credit union because of its concern about member impact and the potential for false positives. Originally, TDECU anticipated receiving concerned calls from members when they were notified of a declined transaction. As it turned out, TDECU members actually appreciate having the additional level of security in place, and the organization has been able to turn this into a valuable marketing message for its card programs.

As TDECU has become more familiar with the neural network capabilities of the solution and the resulting incidence of false positives, the company has taken a more aggressive fraud prevention stance. In March of 2011, TDECU raised its protection to the most aggressive monitoring strategy (Tier 3), reducing fraud to .008%. Since that time, the organization has continued to experience a very low false positive rate, which impacts only .000452 of transactions. According to Wright, "As the system learned the habits of our individual cardholders, our FPRs went down, so it made sense to protect our members' assets by increasing the level." For TDECU, Visa DPS MRT is a solution that has made great business sense and delivered measurable bottom-line benefit.

For more information about how Visa DPS MRT can help reduce your fraud risk, contact your Visa Account Executive or Visa DPS at (866) 416-3731.

"Visa DPS is more than a vendor for TDECU. They are truly a partner. With Visa DPS Managed Real-Time Decisioning they were able to quickly solve a key concern for us and transform fraud detection from a business challenge into a valuable marketing advantage."

**RONALD WRIGHT**  
Vice President of Credit Cards and  
Payment Systems - TDECU