

Directors' Forum Case Study – Member Verification at a Credit Union

The Company

A midsize credit union in Western Canada

The Challenge

The Company faced persistent challenges from family fraudsters calling into their call center to impersonate relatives and gain control of their money and accounts. Their existing security questions were not adequate for several reasons:

- The fraudsters leveraged their close relationship to their targets to gain a very close knowledge of their targets, meaning they knew the answers to many common security questions (such as “what is your mother’s maiden name” or “what was your first pet’s name”)
- In some cases, the fraudsters were able to leverage their relationship to the target to gain information about the types of accounts the target had, their creation dates, and other key details in order to answer questions about when an account was created or what lines of business a target had open with the Company
- The fraudsters also often had physical access to a target’s statements or mail, so they could identify a target’s billing address or other account details

The Initial Response

The Company initially addressed this by increasing the complexity of their security questions. However, this proved inadequate for the Company’s needs:

- The Company’s verification process for callers became much longer and more tedious
- Time to verify ballooned to ten minutes or more in many cases, frustrating legitimate callers
- Family fraud was not meaningfully affected, as the fraudsters still got through regularly, even with more complex questions

As a result, the following challenges remained, requiring the Company to search for a better solution:

- Member satisfaction had decreased as a result of the lengthy verification and longer waits for assistance when calling the call center
- Family fraud, and the associated costs, remained at high levels

The Requirements

- Solution must be accessible
- Solution must improve call handle times
- Solution must be more secure than the initial response of security questions
- Solution must be easy to implement, with low impact to operations
- Verification methods used must meet OSFI and NIST compliance standards