

IDC MarketScape: Worldwide Enterprise Fraud Solutions 2024 Vendor Assessment

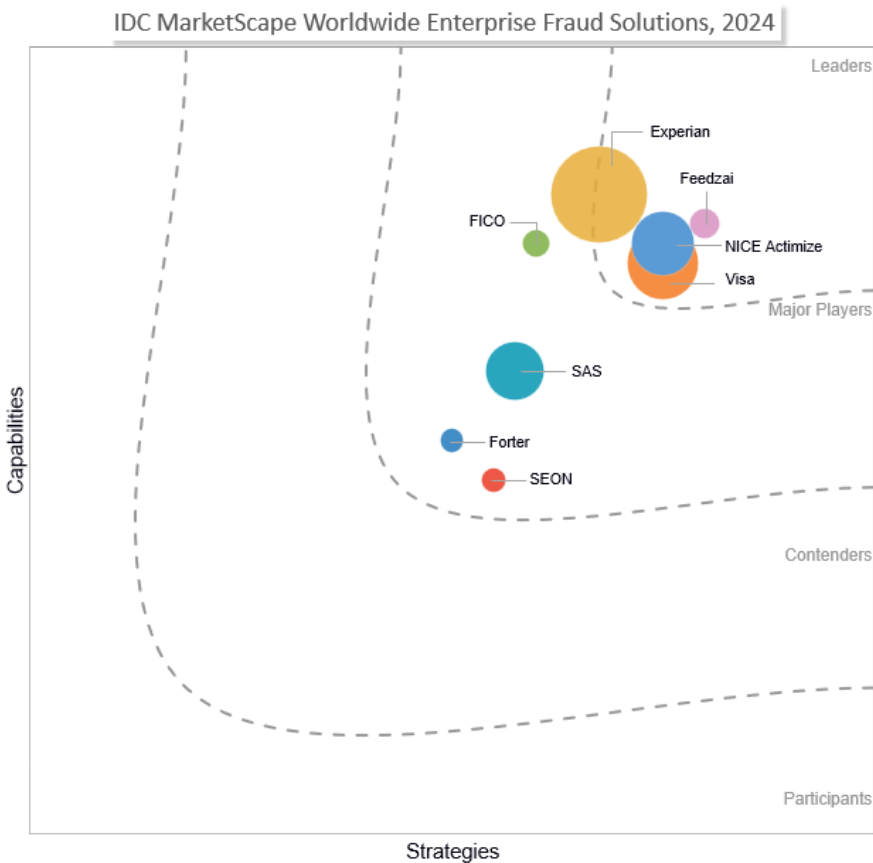
Sean O'Malley

THIS IDC MARKETSCAPE EXCERPT FEATURES EXPERIAN

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Enterprise Fraud Solutions Vendor Assessment



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Enterprise Fraud Solutions 2024 Vendor Assessment (Doc # US51939124). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The marketplace for fraud risk management solutions has been growing in recent years, as the payments types and payment methods have expanded due to growing numbers of online retailers and financial technology companies that are involved in the payments process. Along with an expanding number of companies that are exposed to fraud risk, there are also significant enhancements in technological capabilities, particularly with respect to cloud computing, which has experienced a significant increase in implementation and use, particularly within the financial services industry. This combination of factors is driving some significant changes in the fraud risk vendor solution marketplace.

Some newer fraud solutions have been developed with an eye toward the online payments' world, and many are taking advantage of the increased computing power that is available to both expand the data sets being used to identify potential fraud incidents and enhance the models designed to detect, mitigate, and prevent fraud.

While fraud incidents have always existed, the increasing use of no-contact, online, and remote financial transactions and customer onboarding has increased fraud loss amounts during the COVID-19 era and continue today. The U.S. Federal Trade Commission (FTC) tracks and reports on fraud scam incidents and loss amounts each year. The dollar losses associated with those fraud scam losses reported by the FTC continues to increase, rising to \$10 billion in losses reported by fraud scam victims in 2023. Many businesses and financial institutions also report that fraud losses, from all fraud types (not just fraud scam losses), are continuing to increase, motivating many of them to seek fraud risk management solutions that can help contain, and hopefully reduce, fraud loss amounts and fraud incidents.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

Vendor inclusion criteria includes the following three criteria:

- Vendor offers either a standalone fraud solution or a fraud solution that is included with additional functionality but must include the capability of identifying suspected fraud incidents (either through fraud rules, typologies, and fraud models or through artificial intelligence [AI]), providing case management for the dispositioning of the suspected fraud incident (or alert), and reporting capabilities for the purposes of management oversight.
- Vendor must offer the fraud solution to banks (or credit unions) in at least one global region (Europe, United States [or North America], Asia/Pacific, or Latin America).
- Vendor must have at least 10 active client implementations of their fraud solution.

ADVICE FOR TECHNOLOGY BUYERS

With regard to the marketplace for fraud solutions, there are several good vendor alternatives to consider; however, some of the important considerations from a functional perspective deal with the types of financial products that each vendor might focus on. There are certain fraud solutions that are more appropriate for the types of fraud experienced with credit cards, others that focus more on online payments and online merchants, and others that are used for a broader range of financial products and financial institution types. It depends on the buyer's needs, based on the potential fraud types and financial products that are most relevant to their business, to select which fraud solution is best suited to help identify, mitigate, and prevent fraud losses experienced by the business based on their fraud risk profile.

Other considerations include whether the detection and prevention of potential fraud in real time, and prior to the completion of a financial transaction, is a necessity or priority. Many solutions are increasingly moving toward real-time fraud detection and prevention, but it's important to evaluate each vendor's capabilities in this area in the evaluation and vendor selection process.

For those technology buyers requiring the broadest range of financial product coverage and would benefit those most from assistance designed to aid the technology buyer in the model development and model enhancement process, perhaps it would be wise to consider a fraud solution that has both artificial intelligence and machine learning (ML) capabilities. These capabilities can provide significant assistance to the buyer in terms of expanding data sets used in the fraud risk model development process and reducing the time and effort involved in making enhancements to the fraud risk models used in production.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Experian

Experian is positioned in the Leaders category for the 2024 IDC MarketScape for enterprise fraud solutions. The company was started as part of Credit Data Corporation, which was purchased by TRW in 1968 and then spun off by TRW as Experian in 1996. Experian is a credit rating agency, alongside competitors Equifax and TransUnion. Its CrossCore fraud solution was evaluated for this IDC MarketScape document.

Strengths

Experian's CrossCore product is designed to help mitigate fraud while maintaining a positive customer experience with an integrated set of identity protection and fraud prevention solutions. CrossCore is a cloud-based platform and workflow orchestration engine that gives clients the ability to apply user-selected data and fraud mitigation tools with data orchestration. It is capable of providing advanced analytics using machine learning, based on a combination of Experian's proprietary and partner data to return a decision. Experian has credit data on over 1.5 billion consumers and over 200 million businesses.

In addition to evaluating the transactional data for potential fraud, Experian's CrossCore solution includes identity-authentication tools. The solution uses identity data, device intelligence, email and phone intelligence, alternative identity data, biometrics, behavioral biometrics, one-time passwords, and document verification to confirm identities and aid with identity protection, including synthetic identity protection. Experian utilizes multiple data partnerships in its fraud solution, which often can help provide a more comprehensive understanding of fraud risks and exposures.

CrossCore is designed to address multiple fraud typologies, including the following: account opening, account takeover, bust-out fraud, commercial entity fraud, first- and third-party fraud, authorized push payment (APP) fraud, money laundering, and mule accounts.

Challenges

Experian, as a credit rating agency, is focused primarily on credit-based decisions, which influences the focus of the CrossCore fraud solution. While it mitigates fraud at account opening and account takeover, CrossCore's transaction risk scoring focuses primarily on credit and debit card transactions at the point of sale for online merchants and banks (rather than bank account transactions).

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

The MarketScape graph is designed to illustrate where each fraud risk vendor, based on input from customers, ranks relative to each other with respect to strategy and capabilities. Customer input used in this MarketScape was provided by customers selected by the fraud risk solution vendor and provided to IDC in a structured discussion where each customer was asked their opinion and rating with respect to several aspects of the fraud vendor solution that were then used in the scoring of the vendor capabilities.

Keep in mind that the market share, which influences the size of the circle for each vendor on the MarketScape graph, is based on the revenue of each vendor. Since fraud risk solution-specific revenue were not publicly available for all vendors, for some vendors, the company revenue was used to represent market share. This means that the graphic representation of market share by vendor is not necessarily representative of their specific market share in the fraud risk vendor space.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

For this research, IDC defines this market as solutions designed to identify (often through the use of fraud rules, typologies, fraud models, or artificial intelligence), provide case management, resolve,

LEARN MORE

Related Research

- *IDC FutureScape: Worldwide Banking 2024 Predictions* (IDC #US51290623, October 2023)

Synopsis

This IDC study analyzes and evaluates several of the leading fraud risk management solution providers on the basis of their strategy and capabilities. Vendor strategy has been evaluated based on factors influencing the business strategy being pursued by each vendor and the perception of each vendor's customers with respect to their opinion of how successful that strategy is in addressing the fraud risk management concerns of each customer. Vendor capabilities have been analyzed based on those factors deemed to be influencing each vendor's fraud risk management solution capabilities. Customer opinion with respect to vendor capabilities has been considered with respect to the ratings provided to each fraud risk management solution vendor in the capabilities evaluation process.

"As fraud risk losses continue to increase, the pursuit of fraud risk management solutions designed to identify, mitigate, and prevent fraud incidents and losses is a topic with increasing focus within financial services." – Sean O'Malley, research director, IDC Financial Insights: Worldwide Compliance, Fraud and Risk Analytics Strategies

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

Global Headquarters

140 Kendrick Street
Building B
Needham, MA 02494
USA
508.872.8200
Twitter: @IDC
blogs.idc.com
www.idc.com

Copyright and Trademark Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights. IDC and IDC MarketScape are trademarks of International Data Group, Inc.

Copyright 2024 IDC. Reproduction is forbidden unless authorized. All rights reserved.

