CREDIT UNION TIMES

Franklin Mint FCU Puts Case-Management Software on the Fraud Beat

By MARC RAPPORT
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BROOMALL, Pa. — Busting fraud may soon be a profit center at Franklin Mint Federal Credit Union.

The $423 million CU has deployed Aithent Fraud Prevention & Investigation software, a browser-based solution for keeping track of anti-money laundering and suspicious activity reports, bad checks and credit card fraud and spotting trends before they become widespread.

Laymen Grant, the credit union's security officer and manager of audits, decided to go with the solution after concluding that "the culture of relying on insurance carriers to take care of fraud loss really isn't acceptable."

"Think about it. If you have a $25,000 deductible and you're only making about a 1% return, you have to generate something like $2.5 million in new business to make up for that loss," Grant said.

"We're a credit union, a nonprofit. My position is we should have zero tolerance for fraud," he said.

Keeping track of problem accounts and transactions was a manual process when Grant, a certified fraud examiner, arrived at Franklin Mint about three years ago.

"I knew there had to be a better mousetrap," he said. "We needed a better way to keep track of what's out there,
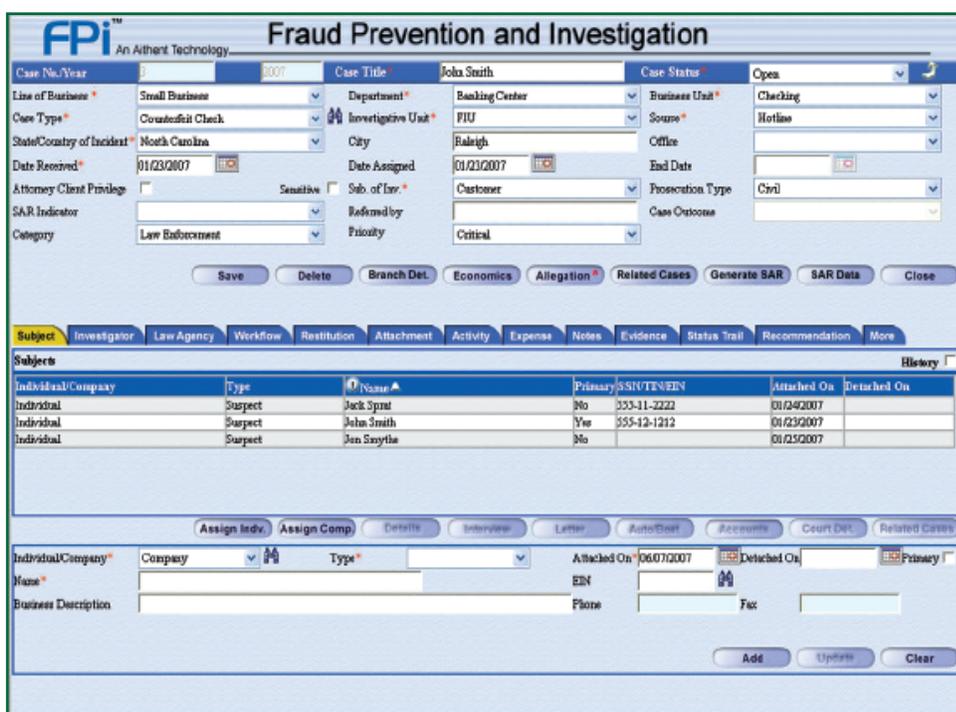
The software automatically keeps track of problem accounts and transactions.

what's with law enforcement and in the court systems, what's linked together, and how they're linked together."

Growing compliance and regulatory requirements from the PATRIOT and Bank Secrecy Act and FINCEN just added to the need for an automated solution for tracking and reporting, Grant said.

The Aithent FPI solution brings an enterprise approach to dealing with financial fraud of all kinds, the company said.

"As a collaborative solution, FPI works within the investigative units and across an organization's divisions, including senior management, corporate ethics and compliance groups to improve and optimize the investigative process," said Adria Rosett, investigative process architect at Aithent.

While Franklin Mint FCU is only the second credit union to use the FPI solution, it joins heavy-hitters such as Chase Bank, Bank of Boston and Met Life as Aithent customers, the company said.

"We took the same functionality and scaled it so that a one- or two-person shop could buy it and use it as effective-

ly as a 500 person shop," said Doug Feder, executive vice president of the New York City-based provider of specialized case-management software to financial services, government, insurance and health care clients.

Aithent FPI interfaces with third-party reporting systems such as Fair Isaac's and Yellow Hammer as well as general ledgers and core banking systems, Feder said. The software's graphic link analysis is used to spot trends and generate alerts, noting such occurrences as Social Security numbers connected to more than one name.

At Franklin Mint FCU, Grant downloads information from his in-house FPI system (it's also available as an ASP) into Excel sheets and is looking at "tapping into our core processing system ultimately."

The system keeps track of restitution payments and produces dunning letters and uses populated fields to save entry time, as well as helps spot activity that can indicate problems both inside and outside the credit union.

"There are so many players involved now, things can be happening that you would never know about unless we're in contact with other institutions this way," Grant said.

He said his summer intern has been put to work inputting old records to help the system get up to date, "then we'll put the current stuff in and have everything updated.

"Within six months the system will have paid for itself, and after that it's all clear sailing. We'll be getting more money back than it's costing us."

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