TrueCards Helps Credit Union Block Card Fraud

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Card fraud has slowed to a crawl at Las Vegas-based Clark County Credit Union and CIO Roy Holmstrom is wondering whether he should thank his card-fraud prevention system for the good news.

"Card fraud has dropped through the floor over the past three months," Holmstrom says. "We're getting one or two calls from members per week, which is nothing for a portfolio of 40,000 cards."

The $562-million CU doesn't wait for fraud warnings from VISA. Instead, a card-fraud prevention platform called TrueCards alerts CCCU to potential fraud in its portfolio every morning, says Holmstrom, who also serves as CFO at Clark County CU (CCCU). CCCU deployed TrueCards from Greensboro, N.C.-based Advanced Fraud Solutions more than one year ago.

"Dollar-wise, card fraud is no longer a pain-point for us," Holmstrom says. As of March, CCCU had filed about $7,000 in claims in 2010. Claims were at $271,000 in 2009, down from $499,000 in 2007. Bond claims fell to $86,000 in 2009 from $285,000 in 2007. Recoveries each year ranged from $81,000 to $121,000.

TrueCards imports all card authorizations and postings every night and places alerts on suspicious or unusual transactions-those that fall outside of parameters set by CCCU. VISA CAMS alerts are also loaded into TrueCards, and members' calls about fraud are manually entered.

Each morning, CCCU staff examines a TrueCards "stop, block, and reissue" report to identify any patterns. "Once we have a high degree of confidence that a card may be subject to a common point of compromise, we shut it down," says Holmstrom.

After the credit union shuts down a card, CCCU's instant card-issuance technology automatically replaces the card. The credit union contacts the appropriate members, who can can pick up and set a custom PIN for their new card at a branch the next business day.

"Reissuing cards can be an inconvenience to the member, but members have been very supportive," says Holmstrom. "They realize it's better than having their entire debit card checking balance wiped out."

TrueCards is one part of the credit union's anti-fraud strategy, says Holmstrom. "We issue our own cards; many of our cards are picked up at a branch by our new members; we restrict mailed PINs; we utilize custom blocking rules at VISA and make restrictions such as per-day purchase amounts and cash withdrawal limits." The credit union also uses Fair Isaac's Falcon Fraud Manager neural network to help prevent card fraud.