

CASE STUDY

BPCE Payment Services Strengthens Fraud Detection with Switch to EverC

SIZE

455,000 merchants,
23 million cards
managed

LOCATION

Paris, France

PARENT COMPANY

Groupe BPCE (second
largest banking group
in France)

CUSTOMER SINCE

2021

Challenges

Increasing complexity of illegal activities among malicious actors

Processing payments for a growing number of e-commerce merchants with higher risk profiles

Need for greater accuracy and speed in detecting redflags in merchant activity

Results

EverC's machine-learning capabilities allow vendors to screen continuously, catching problems early

Fewer fines, thanks to greater ease of detection for transaction laundering and other illicit activities

Ability to accept more prospective merchants, having the confidence that problematic behaviors are likely to be uncovered

Enhanced reputation and profile for the risk management function

Ongoing partnership with EverC allows new threats to be addressed quickly and without angst

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Thomas Roth, head of fraud and risk management at BPCE Payment Services

The Challenge

Paris-based BPCE Payment Services manages more than 20 percent of all payment processing activities in France, with merchants in more than 40 countries. Along with this phenomenal success came new and burgeoning challenges, chief among them an explosion in the population of ecommerce merchants that pose a higher risk of fraud and a host of compliance headaches.

Out of its “deep commitment to risk management,” BPCE Payment Services was eager to explore innovative ways to detect malicious actors in “a very fluid ecosystem,” says Younès Sakat, a BPCE director heading a team of risk management experts. Sakat also knew that his company needed a more robust solution to respond to the mounting pressures of “an ever-more demanding regulatory environment.”

Thomas Roth, head of fraud and risk management at BPCE Payment Services, agrees. “Our main challenge is a speed challenge,” he says. “It’s a race against time

with fraudsters. They are numerous, they are obstinate, and they are fast. It is up to us to thwart their attacks.”

One of the most effective ways to combat fraud, according to Roth, is to monitor customers’ habits and the flow of money into and out of merchant accounts and across the Internet. “Any change in profile,” he says, “can be a sign of risk for anti-fraud teams.”

Until late 2021, BPCE Payment Services was using the same SaaS vendor as 80-90 percent of other banks in France, but the results were not sufficiently accurate. Failure to detect fraud put the payment provider at risk of regulatory actions, as well as fines by MasterCard and Visa. It also meant that BPCE sometimes turned away promising merchants because the risk team could not confidently tell whether or not a prospect posed a fraud threat.

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Younès Sakat, a BPCE director heading a team
of risk management experts.

An ML-Based Solution

Like most large payment processors, BPCE relied on Europe's dominant SaaS vendor to help detect fraudulent activities. However, until late 2021, when BPCE began working with EverC, the results had not kept up with the growing schemes perpetrated by malicious actors.

One thing that impressed BPCE about EverC was its machine-learning models that could filter and collect information on the Internet about various merchants and their activities.

“The machine-learning technologies used by EverC are proven, and can quickly detect weak signals, which generate alerts in advance and offer our anti-fraud department an efficient service,” says Roth. He notes that the best solutions anticipate problems, something EverC's system can do.

While the quality of EverC's technology was appealing, what clinched the decision to switch vendors was test driving EverC's AI-driven MerchantView solution. The results of this test-drive were “excellent,” says Sakat. “We were able to test the quality of detection and it was significantly improved.”

Another important aspect of EverC's solution is its ability to monitor merchant activity on an ongoing basis. Sakat praises EverC for giving his organization “a complete dashboard and... the autonomy to be able to manage a fleet of merchants.”

On the other hand, an enormous hurdle for risk managers is that even as the ability to monitor and detect fraud improves, the fraudsters are launching novel types of attacks.

One growing risk for payment processors, for instance, is transaction laundering. Here, an unscrupulous merchant is granted a payment license by a bank to sell something legitimate and then connects to sites that use that banking license for illegal activities.

EverC, which ranks number one in terms of detecting transaction laundering industry-wide, uses artificial intelligence to uncover a particular merchant's connection to web sites other than its own. By pinpointing possible transaction laundering, EverC helps BPCE Payment Services avoid problems. It also lessens the possibility that the payment processor will wind up paying Visa and MasterCard hefty fines when incidents of transaction laundering are eventually uncovered.

In its first year with EverC, BCPE Payment Services has been delighted by the quality of the results presented to them.

Not only is EverC weeding out more bad actors, but BPCE Payment Services can accept a higher percentage of merchant applicants because it is confident in its screening abilities. No payment processor wants to turn away merchants unnecessarily, and so EverC is instrumental in helping its payment processors achieve future growth goals.

“What I appreciate in the relationship with EverC is [the opportunity to have] regular meetings where **we can give feedback, which is then [used]** to improve the functionality of the tool,”

Évelyne Andrianarison, acquirer fraud analyst at BPCE.

The Results and What Lies Ahead

Anytime a company changes software providers, there are a number of question marks surrounding onboarding and how the relationship between the two companies will work

BPCE Payment Services’ risk management employees are enthusiastic about the MerchantView dashboard.

“The tool is really simple and very intuitive and I use it almost daily,” says Évelyne Andrianarison, acquirer fraud analyst at BPCE.

Unlike competitors, EverC prides itself on going beyond simply providing a software product by engaging with clients to improve the offering as new needs arise.

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As one example, BCPE Payment Services recently recognized a growing problem with MCC mismatching. Here, merchants register to sell products from one business line and then use their MCC code to sell an altogether different category of goods, one that may be prohibited from sale in a particular location.

With BPCE acting as design partner, EverC built a system that could detect MCC mismatching.

Sakat expressed his pleasure with how closely his company works with EverC by underscoring the compatibility “between the company’s DNA and ours.”

“Looking ahead, I see a strengthening of our collaboration,” says Sakat. “We have the ambition to develop ecommerce even more, and so I think we still have a lot to accomplish together.”

“We are grateful to have found a partner who really meets our challenges,” concluded Roth.

EverC: securing ecommerce growth with trust and confidence

Get in touch to learn more info@everc.com