THE NETELLER GROUP

CHALLENGE

One of NETELLER's core competencies is the ability to provide positive proof of identity of online individuals in an effort to eliminate identity theft and fraud. The company has implemented a sophisticated identification system to accurately identify its online customer base, allowing customers to transact in a secure environment.

As a part of a customer acquisition, NETELLER performs a Know-Your-Customer (KYC) identity verification process when a new account is established. The KYC process takes personal information—such as an applicant's name, address, social security number and country of residence—and verifies this data with external data providers ("data brokers") to ensure the account holder is indeed who he or she claims to be. Data brokers (like credit reporting bureaus) can help validate bits of information provided by the applicant, such as confirming an address. The more brokers that are aggregated into the system, the better the chance of a positive verification. If the applicant is not known by the data brokers, a NETELLER analyst must manually attempt to verify the information. This slows the rate of new account approvals, which in turn limits how many new revenue-producing customers can be approved daily.

NETELLER's system used a combination of legacy code and neural networks to analyze and determine fraud detection and eligibility. But their rapid rate of growth was outpacing technical turnaround times. As speed and accuracy of data verification is mission critical for NETELLER, they needed a way to more quickly integrate new data brokers – which were taking up to six months each to roll into their system. As well, they needed to better leverage those data sources to help make valid account approval decisions on a maximum number of customers.

The NETELLER team recognized that a flexible business rules system could help them optimize verification and approval, and more quickly bring in new data brokers to contribute to the process. Each new broker that is added to the system brings with it a different set of rules, and must also merge with the existing process that leads to a verification decision. They also wanted a system that would allow them to consistently monitor the quality of the data returned by the brokers, which they rate by accuracy and coverage. This would help them to plug and unplug data brokers based on performance. And, as these were business decisions, it was important that the business users be able to quickly construct and modify simple rules without initiating a lengthy code development effort.

CHOICES

NETELLER already had rules in their systems, but they were hard coded in various layers of their application infrastructure – from legacy systems all the way to their

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SOLUTION

Progress® Corticon® Business Rules Management System

BENEFIT

Measurable ROI in just three months: operational agility, IT efficiencies, and revenue growth

presentation layer. "Our business rules were technology driven," said Andy Scott, Chief Security Officer. "There was a huge degree of abstraction between business understanding and IT interpretation." Scott and his team saw this project as an opportunity to create synergy and shared vision between the business users and IT organization. However the system had to accommodate the needs of both teams.

The company explored several rule systems, including PegaSystems and Haley. They selected a solution powered by the Progress® Corticon® Business Rules Management System because it responded directly to their needs to provide easy and efficient access to rules. The spreadsheet interface gives their non-technical business analysts an environment they are comfortable in, while at the same time ensuring accuracy and integrity of the rules. Additionally, iProcess Decisions demonstrated flexibility and speed of rule deployment that could accommodate the rapid pace of change in the NETELLER business.

SOLUTION

The Progress Corticon-powered rules solution was implemented in just a few weeks. Applicants enter their personal information into a Web form. This information is transferred by a third-party integration software application to the rules engine, which determines which data sources will be consulted to verify identity. The customer-supplied personal information is then sent to the appropriate external sources. The responses from these external sources are passed back to the rules engine, which resolves the information across all contributing data sources and makes a yes/no identity decision.

In addition to a more streamlined verification process, NETELLER now has a consistent framework for adding new data brokers, which can scale as needed. Once a new data source has been integrated, IT hands over control of the integration project to business analysts, who can quickly modify the identity verification logic to meet their needs. Based on the returned results, NETELLER continually monitors and compares the responses between data brokers and adjusts their accuracy/coverage ratings accordingly. In this way, the company can constantly and dynamically update the effectiveness of their data sources.

RESULTS

The rapid pace and growth of the NETELLER business demanded change, and NETELLER's technology choices have paid off handsomely. "We would have had to make these changes with or without a rules engine," said Scott. "If we had chosen to implement within the constraints of our current system, we wouldn't have started seeing results for 12-18 months. Our new system began generating measurable ROI in just three months. It has already had a tremendous impact on our business."

OPERATIONAL AGILITY

One of the key benefits of the new infrastructure is the ability to quickly and easily respond to changes in the business. For example, if they see a spike in customer activity in a particular region they can add new brokers within a day, slipping them into the framework without impacting the rest of the system. "In one case, we identified a data source in Norway that could accurately verify the identity of our Scandinavian customers," said Padraig O'Cinneide, Project Manager for NETELLER. "After the integration was complete, an analyst brought the service online in several hours."

IT EFFICIENCIES

Implementation of a new rule has been reduced from a minimum of three months to only 24 hours – including testing and deployment. Under the old system, rule changes meant an extended development effort. The implications of changing an existing rule set had to be

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carefully considered because rules impacted all of their applications. Sometimes the benefits of updating rules were outweighed by the time required to implement them. "Now we are not only updating rules within 24 hours, but we have also been able to take on business rules for other parts of the system," said Scott. "We can better prepare data going into the rule system to get the results we want."

REVENUE GROWTH

Today, the average identity verification transaction takes between four and ten seconds, with most of the time spent accessing the data sources. And with the growing number of available external data sources, more accounts can be automatically verified. This enables the company to prudently extend credit to a larger number of people, while at the same time managing risk. The company is also able to verify and approve individuals that would not have previously made it into the system, specifically those customers that want to enter at a lower commitment level. By implementing just one rule set to allow verification and approval of these customers, NETELLER has seen a revenue increase of $1.5 million per month.

"Our new system gives us a huge amount of flexibility, and greater confidence in the accuracy of our results," said Scott. "We are now able to verify more applicants and approve more customers at a higher level, which translates directly to more business with more people."

FUTURE DIRECTION

The ability of the identity verification system to quickly respond to business needs has demonstrated the strong potential for rules across the company. Another key application area is fraud detection. NETELLER is working on a fraud service that will spot when a transaction exceeds a credit limit and analyze the customer profile to determine if the transaction is out of the ordinary, providing another layer of protection from online scams.

This and other applications are made possible because NETELLER's business rule system is easy enough for business users to interact with, agile enough for IT to maintain and approve changes, and flexible enough to help them move quickly from innovation to implementation. All of these benefits should help NETELLER maintain their lead as the world's largest independent online money transfer business.

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ABOUT THE NETELLER GROUP

The NETELLER Group operates an online money transfer service that uses and extends the existing international banking structure to provide a secure means of transferring funds worldwide. A NETELLER account acts as a virtual wallet that enables customers to load, withdraw and transfer funds by purchasing e-money. E-money can be instantly transferred to or from any merchant that supports NETELLER's online payments system for goods and services, or between individual customers in peer-to-peer exchanges. With more than $7 billion in electronic transactions for 2.5 million customers and 3,400 supporting merchants, NETELLER is now recognized as the world's largest independent online money transfer business.

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