

# Root Cause Analysis for Credit card Fraud

Before understanding root cause of credit card fraud, we need to understand the different phases and types of fraud may take place.

There are five major phases in the life cycle of a credit card. These are as follows:

1. Onboarding the customer
2. Issuing account details
3. Managing customers
4. Maintaining customer accounts
5. Collecting or recovering due payments

The different types of fraud that can occur across these phases are as follows:

1. Application frauds during onboarding
2. Mail thefts while issuing account details
3. Transaction frauds during customer management
4. Identity takeovers during account maintenance

Generally, the banks allow customers to make transactions with their physical cards, via online channels as well as through mobile channels. When customers apply for a new physical card, they would be provided details of the corresponding new digital card as well – i.e., if the physical card changes, then the digital details change as well. The bank records transactions from all four customers. In the next segment you will learn about the most common fraud 'transaction fraud'.

In most of the cases of transaction fraud, banks generally have a lot of information regarding each transaction. The major categories of such information are as follows:

- Basic details about the customer and their card
- Transaction details
- Merchant details
- Online/travel-specific details