

KBank X Visa Fraud risk integrated roadmap Scope summary

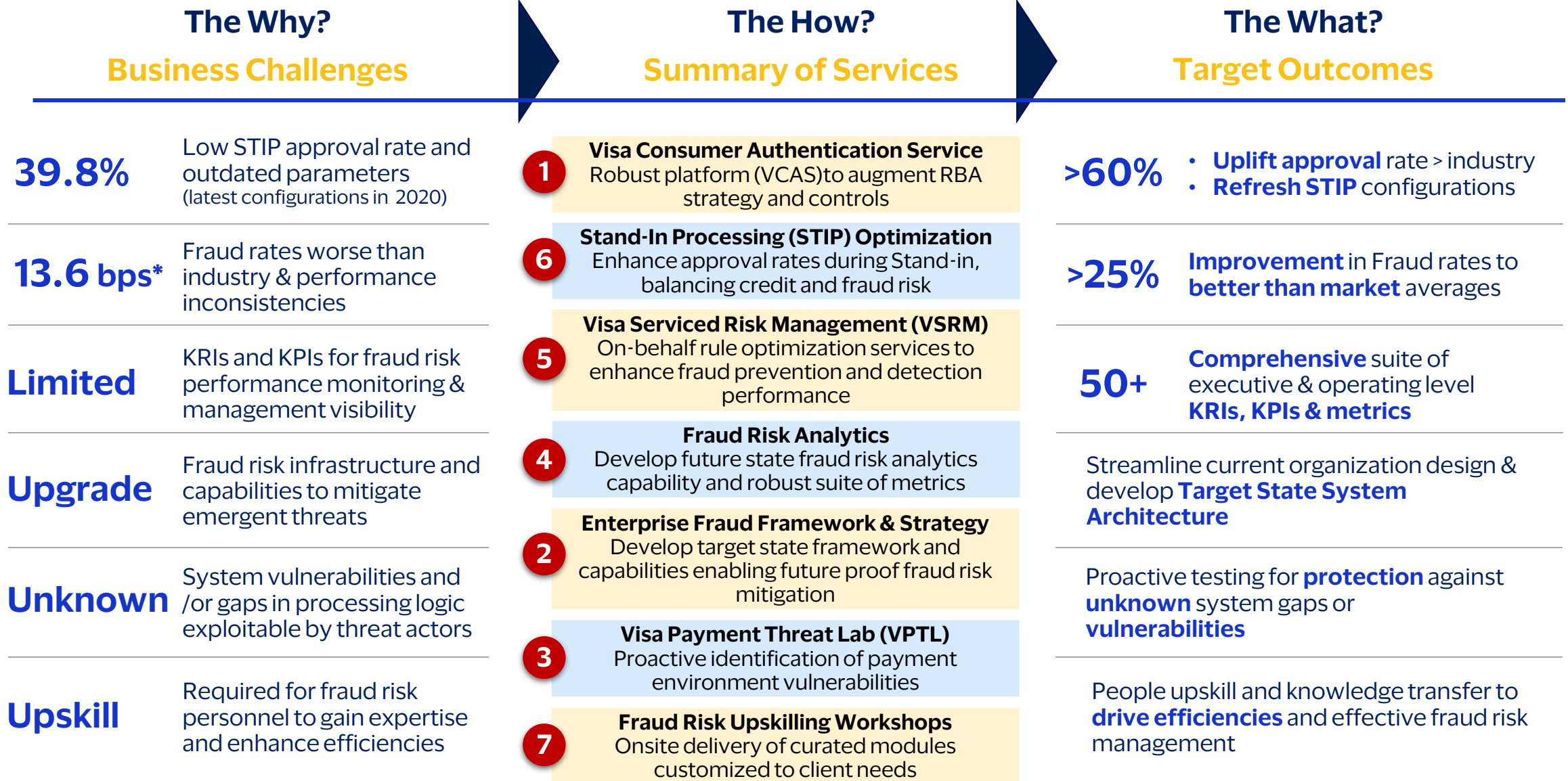
December 2024

VISA

KBank

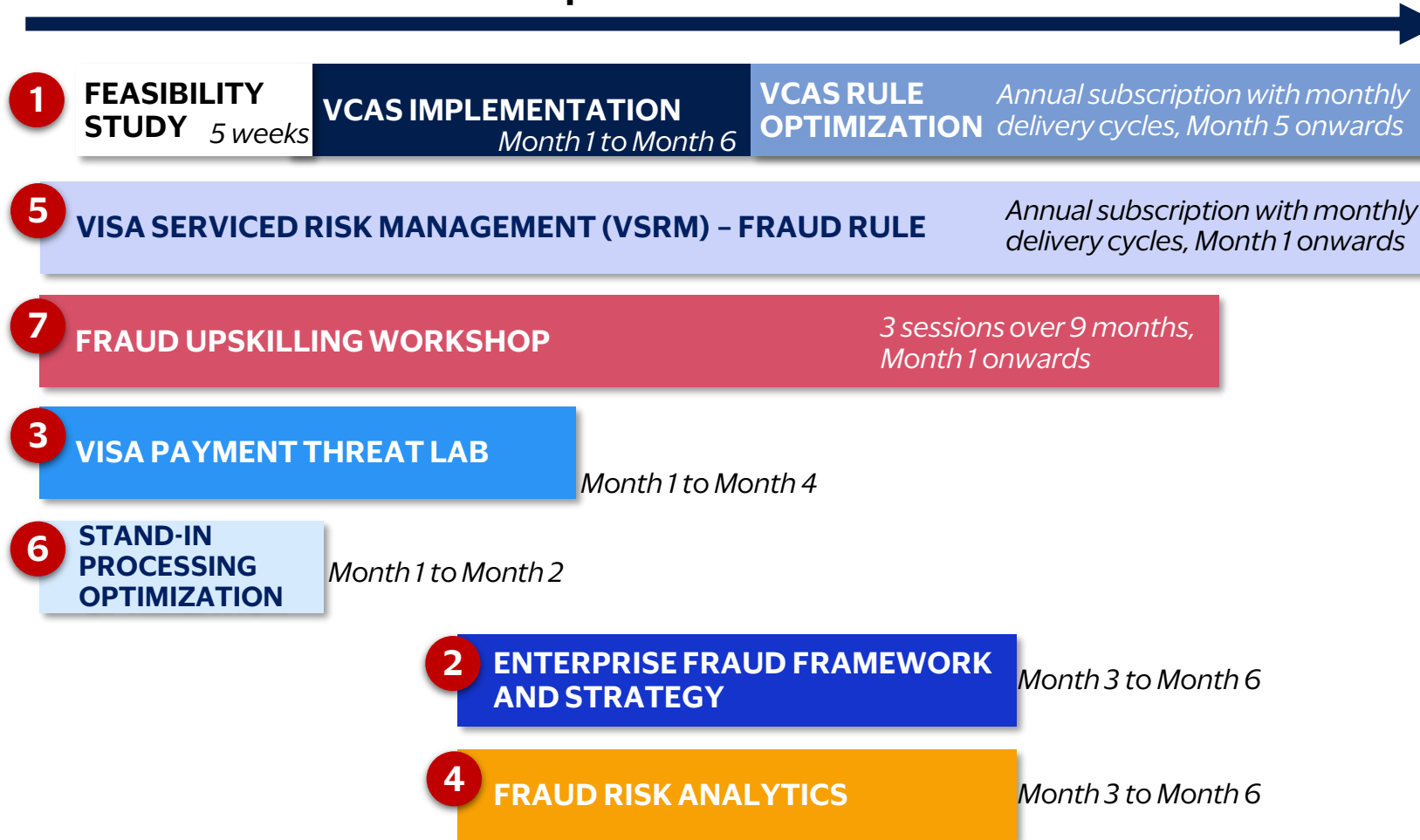


12 Integrated Fraud Risk Management



Proposed Fraud Risk Roadmap and Indicative Timelines

KBank Fraud Risk Roadmap



Key outcome / impact drivers

- ✓ Improve 3DS RBA performances
- ✓ Stabilize and improve fraud rates
- ✓ Build and upskill capability
- ✓ Identify gap from proactive system vulnerability testing
- ✓ Improve downtime approval rates
- ✓ Design of target state system architecture
- ✓ Advanced analytics driven metrics suite

1 VCAS – Solution Advisory Scope of Work

Month 1



VMS Solution Architect/Product Specialist engages K Bank team to define end state architecture and development plan

VCAS Feasibility Study – Project Scope

Visa will provide solution advisory support for KBank in developing the business case for VCAS implementation.

- **Timing:** 5 weeks
- **Expected Start Date:** W/C January 6th 2025
- **Feasibility Report Content:**
 - K Bank current state technology review which provides the context for the development and considers the client's tech stack, messaging standards and data exchanges
 - Detail VCAS solution design mapping the product requirements to the current state architecture. The solution design will specify the new components for development, the integration points for each component, retrofitting requirements for the integration as well as outlining delivery risks and mitigation steps
- **Post Report Workshop**
 - Review of the key items of the feasibility report along with a Q&A session with the K Bank technology team

Support Required:

- Access to K Bank architecture and system diagrams as pertaining to the payment authentication and authorization process
- Access to K Bank product owners and business teams as needed for contextual and technical knowledge transfer

2 Enterprise Fraud Framework and Strategy

Service Offering

Develop target state framework and capabilities leveraging global best practices enabling future proof fraud risk mitigation

Scope of Service

Enterprise Level – Cards, Digital Payments and Acquiring

Maturity Assessment and Execution Guidance

Segment 1 – Driving efficiency through streamlining of organization design and cross leveraging operational teams

Segment 2 – Technology and capabilities review to design Target State Fraud Risk Architecture

Service Impact

Driving Efficiency

Improve fraud detection, increasing efficiency and reducing losses

Target State Architecture

Resilient and flexible architecture for future fraud mitigation

Assist in Prioritizing opportunities

Draw the next step prioritization based on effort and Impact

Delivery Plan

Current State Assessment

Conduct deep dives by fraud risk life-cycle layers

Gap Assessment & Opportunity

Identify key challenges across the lifecycle through workshops, interviews and reviews

Strategic Alignment

Weigh the recommendations that have been identified against implementation effort

Execution Roadmap

Develop an implementation roadmap with clear timelines

3 Visa Payment Threat Lab (VPTL)

No testing ever performed on Visa portfolio

Service Offering

Proactive identification of payment environment vulnerabilities before they can be exploited by criminals

Scope of Service

**Credit Authorisation Host
Credit BINs**
4 Consumer + 1 Business

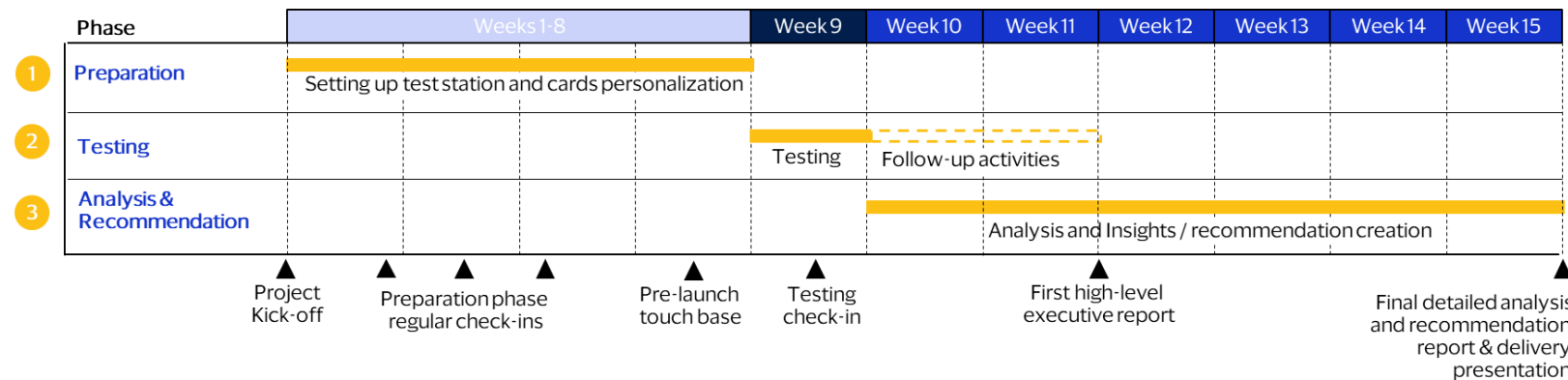
**Debit Authorisation Host
Debit BINs**
4 Consumer + 1 Business

Service Impact

- **Identify potential vulnerabilities** in KBank’s authorization host configurations
- **Prevent and safeguard** against malicious fraud attacks
- **Proactive testing** to strengthen and improve existing **system resiliency and response**
- Minimize authorization **processing errors**
- Minimize potential **losses, exposures & Brand Reputation**

Average **6 to 8** vulnerabilities identified from past testing, ranging from low to high criticality findings

Delivery Plan



4 Fraud Risk Analytics (Metrics 101)

Service Offering

Develop future state fraud risk analytics capability and robust suite of metrics and dashboards leveraging data insights

Scope of Service

Top 20 metrics for management oversight & decision making

30 Tier 2 metrics for operational performance monitoring across **7** selected categories

Library of metric definitions, purpose, **algorithms** and **computation methodology** with recommended **benchmarks**

Onsite support for identification of **accurate data sources**

Service Impact

KRIs, KPIs and Metrics

Comprehensive performance indicators and metrics across the lifecycle

Prediction and Forecasting

Capabilities to initiate proactive intelligence driven actions

Performance Monitoring

Enriched performance tracking and management visibility of fraud risk performance

Delivery Plan

Define

Build

Deliver

Key Coverage Domains

Authorization

Efficiency

Scheme

Effectiveness

Fraud

Authentication

Authorization

KRIs, KPIs and Metrics

Comprehensive suite of performance indicators & metrics across the lifecycle

Deep Risk Analytics Expertise

Advanced analytics, deep domain expertise and SME guidance

Forecasting Techniques

Enable proactive actions based on predictive intelligence

5 Fraud Rule Optimization – Visa Serviced Risk Management (VSRM)

Service Offering

On-behalf rule optimization services to enhance fraud prevention and detection performance across the fraud risk management lifecycle



Scope of Service

Across both **Credit** and **Debit** portfolios

Monthly Subscription rule optimization to ensure performance consistency

Service Impact

Fraud Loss Reduction

Increase fraud detections & reduce fraud exposures

Optimize Rule Performance

Enhance rule performance and reduction of alerts

Increases fraud detections

Focus on coverage for Undetected Frauds

Salient Benefits

PV (\$) value Uplift

Increase Authorization rate by reducing good transaction declines

Reduce downstream Operational cost

Reduced alerts leads to lower cost of fraud operations

Enrich Client Experience

Enhance client journey and experience

Delivery Plan

Fraud Portfolio Analysis

- Fraud trends/TC40 analysis
- Overview of detection performance
- Network insights and benchmarking

Optimization

- Comprehensive rule review
- Customized rule recommendations
- Proactive network-based strategies
- Periodic monitoring & recommend enhancements

Execution

- Analysis and testing to ensure optimal performance of new ruleset
- Support on rule configurations

6 Stand-In Processing (STIP) Optimization

Configurations & settings last updated in 2020

Service Offering

Define optimal STIP processing strategies to enhance approval rates while balancing credit and fraud risk controls

Scope of Service

Credit portfolio only

Analysis, Recommendations and Validation

Delivery Plan

Weeks 1 to 6

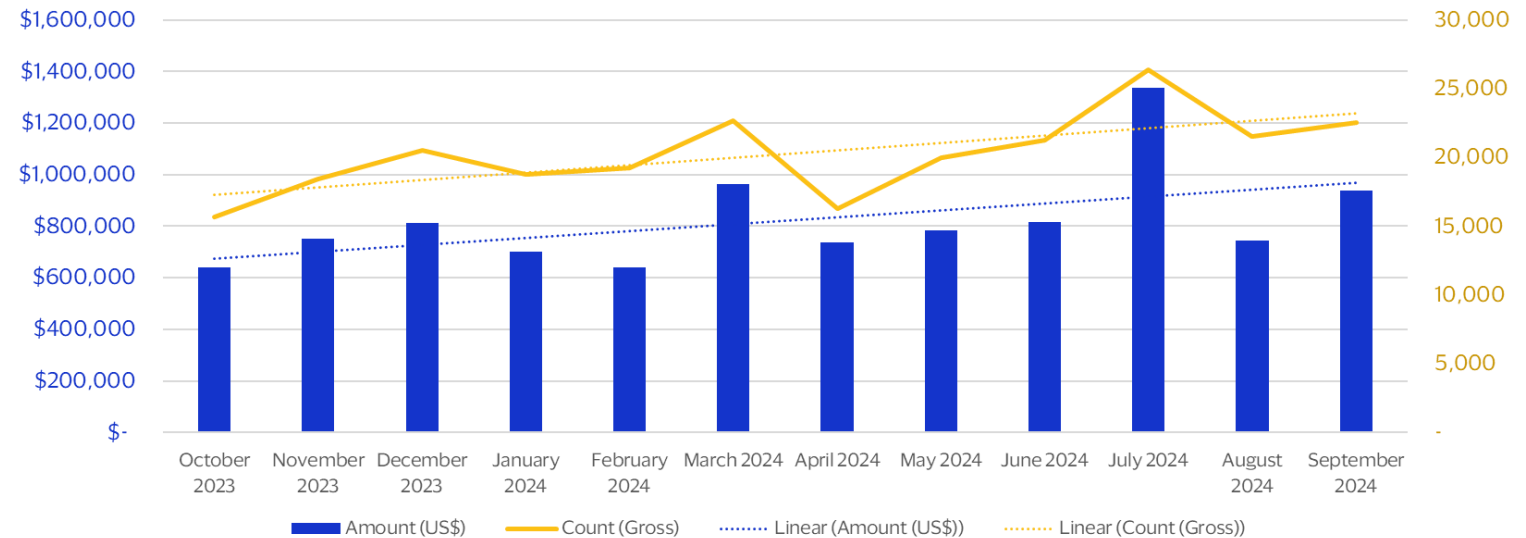
7 to 8

Diagnostic findings and recommended solutions

Implementation Support

Service Impact

Issuer Unavailable Transactions (Oct'23 to Sep'24)



\$4.5Mn

Transaction Volume during Issuer Host **downtime** in last 1 year ending Sep'24

39.8%

Approval Rate (\$), which is **16.3%** below market

243k

Number of transactions **processed in STIP** during the same period

665

Average STIP transaction **daily** in last 1 year ending Sep'24

7 Fraud Upskilling Workshops – People Upskill

Service Offering

Onsite delivery of curated modules customized to client needs ranging across the end-to-end fraud risk management lifecycle

Scope of Service

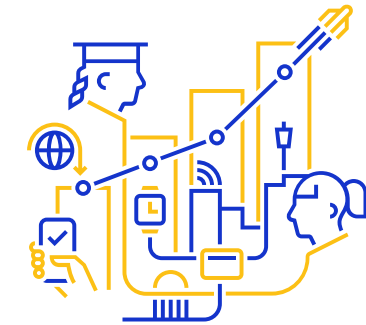
3 workshop sessions to be conducted

Across the span of 9 months

Knowledge exchange and upskilling, resolving day-to-day operational issues, procedural enhancements and providing guidance

Service Impact

- **Knowledge Augmentation**
Enhance staff member skillset and knowledge
- **In-depth Topical Awareness**
Visibility and awareness of emerging themes
- **Global Best Practices**
Insights on Best-In-Class risk mitigation practices



Delivery Plan

Agenda (Session 1)

Authorization Overview

Agenda (Session 2)

Authorization Performance and Monitoring

Agenda (Session 3)

Dispute Management Lifecycle and Optimization (Optional)



- Discussions on new themes/topics
- Assist with certain operational processes queries
- Conduct of refresher training for new/existing staff members

Next steps

1. Align on workstream timeline, project start dates sequencing and Kbank project team
2. Prepare for workstream kickoffs by Jan 2025

