



Protecting Loyalty Programs with a Holistic Fraud Strategy

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Speakers



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Agenda

- About Southwest Airlines
- What business problem were we trying to solve?
- Where did we start?
- What value did we create?
- What were the outcomes?
- What problems remain?

About Southwest Airlines Rapid Rewards®

Southwest Airlines in 2023¹

- 131 destinations served
- 171.4 million enplaned passengers
- \$26.1 billion in operating revenues

Rapid Rewards® Loyalty Benefits²

- Rapid Rewards Points never expire
- Unlimited reward seats and no blackout dates
- Exclusive discounts and offers

THIS IS YOUR OFFICIAL MEMBERSHIP CARD.

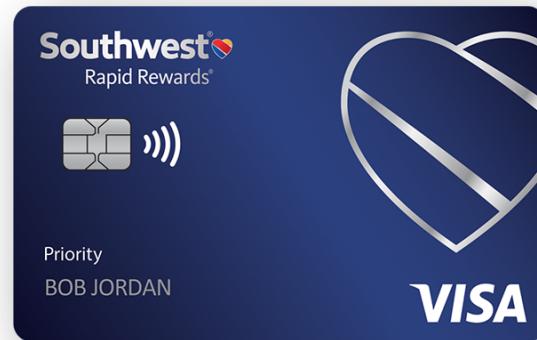


Put it in your wallet now and present it to earn free flights. To reserve a Southwest Airlines flight, call your travel agent or the toll-free reservations number printed on the back of your new COMPANY CLUB membership card.

1987



1996



2024

¹As stated in Southwest Airlines [Fourth Quarter Earnings and Full Year 2023 Results](#)

²All Rapid Rewards rules and regulations apply and can be found at [Southwest.com/rrterms](#)

What business problem were we trying to solve?



Our Payments Fraud and Loyalty Teams had to work across many organizational silos to bring attention to evolving Digital Fraud

- 5% of all online transactions in 2023 were suspected Digital Fraud (TransUnion)
- Global value of Loyalty program balances may exceed USD 28.65 billion by 2030 (Fortune Business Insights)
- Fraud loss in the airline industry accounts for 1.2% of digital revenue (IATA.org)



Fraud in the travel industry is not a new problem

THE POINTS GUY

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Frequent Flyer Fraud - Are You A Victim?

Brian Kelly

Jan. 31, 2013 • 4 min read

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The New York Times

Why Rewards for Loyal Spenders Are 'a Honey Pot for Hackers'

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Daniel Najera's Hilton Honors account was hacked, with all 80,000 points spent at Amazon. "It kind of makes you wonder whether you still want to do this, whether it's safe," he said of the loyalty program. Brittany Greeson for The New York Times

By **Tiffany Hsu**
May 11, 2019

BBC

Holiday swindlers: The rise of digital travel scams

23 November 2022 | Share

By Rafael Barifouse and Oana Marocico
BBC World Service

Maria decided to leave Australia for a post-pandemic skiing holiday in the Alps

Digital travel scams are a growing "systemic and global" problem, according to the World Tourism Organization, a branch of the UN. Dozens of Brazilian women have been finding this out the hard way, after paying for luxury holidays from a man whose Instagram account sparkles with opulent hotels and exotic locations.

BUSINESS INSIDER

TRAVEL

A couple got stuck in Maui after a scammer posed as Southwest, canceled their flights, and used the credits to book another trip

Joshua Zitser Aug 17, 2023, 7:56 AM CDT

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YUKI IWAMURA/AFP via Getty Images

- A couple wanted to escape Maui after the wildfires started.
- They searched Google for a number for Southwest and called to change their flight to an earlier one.

2013

2019

2022

2023

But the problem is constantly evolving

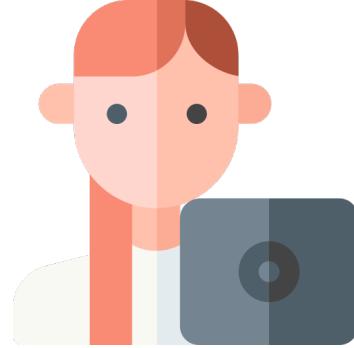


Consider more than direct revenue loss



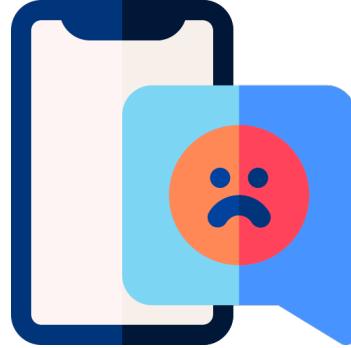
Call Center Agent

Initial
Interaction



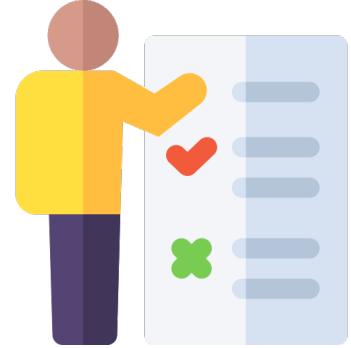
Fraud Analyst

Asset Recovery



Customer

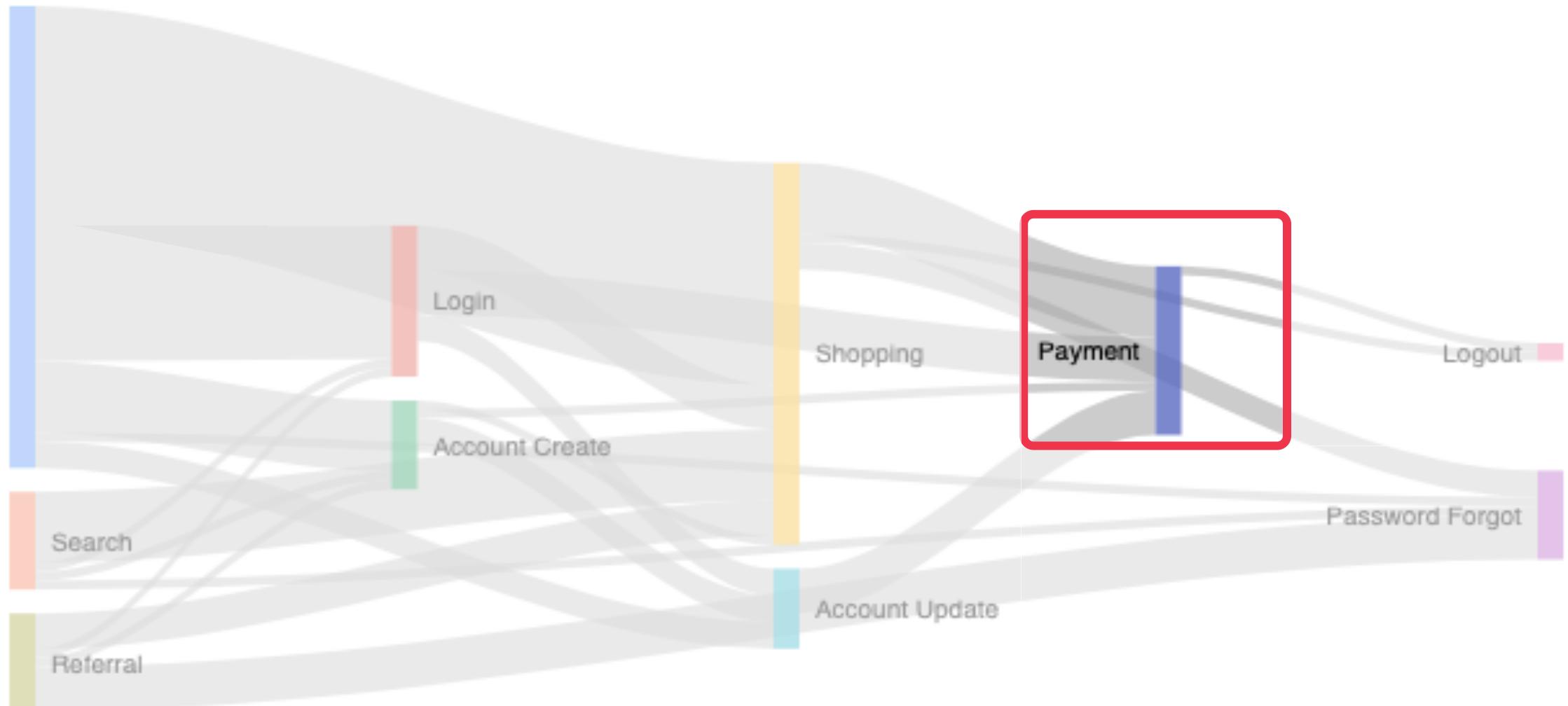
Brand
Reputation



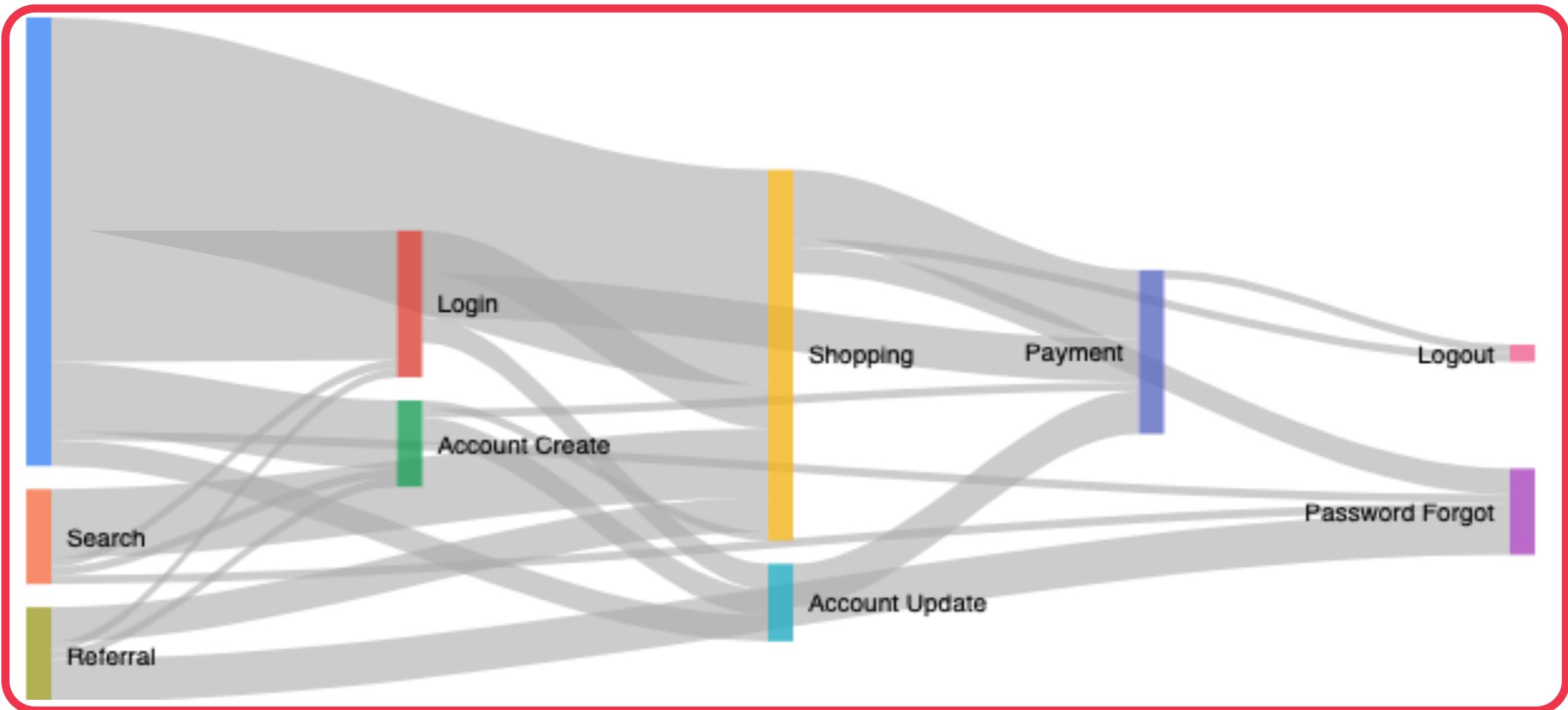
Regulatory
Agencies

Penalties

Where did we start?



Where did we start?



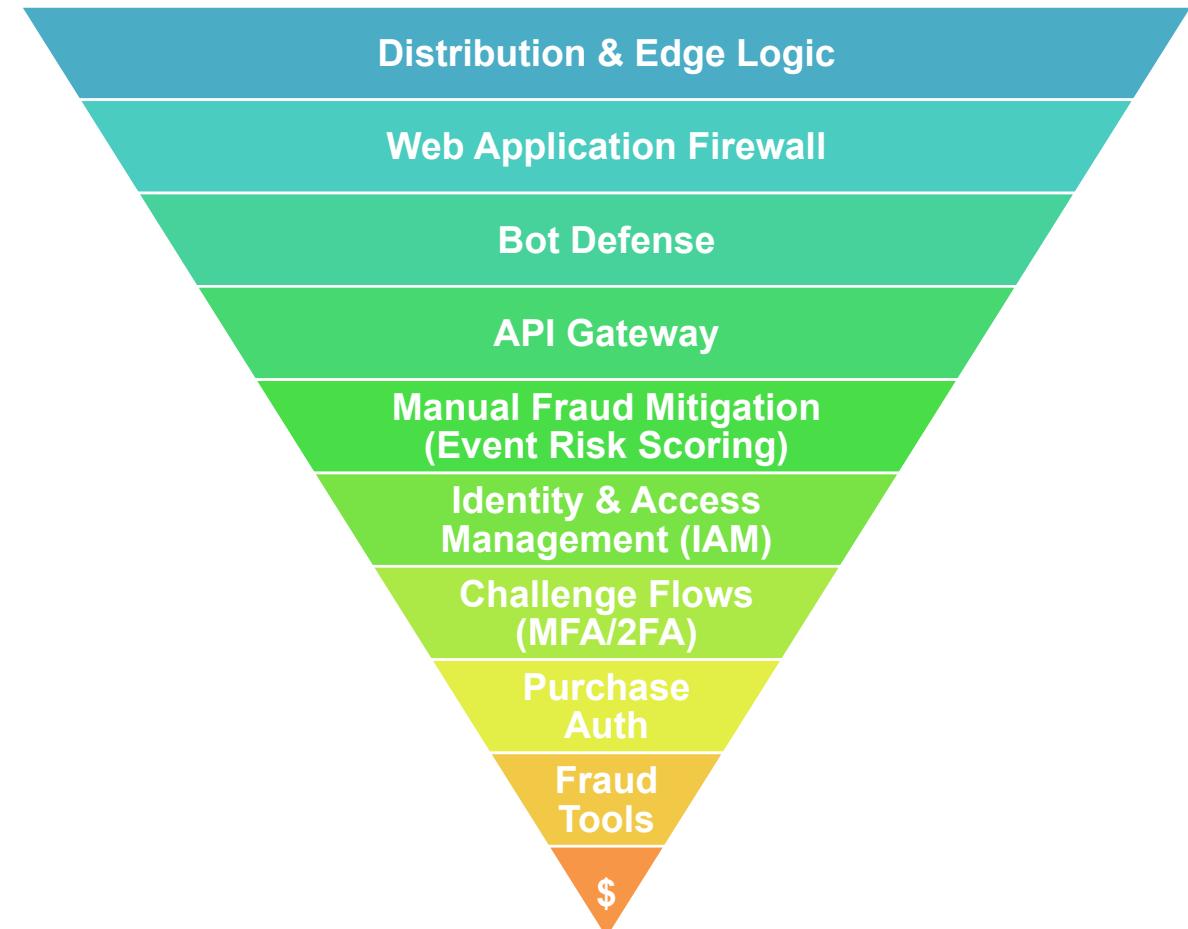
What value did we create?

- ✓ Decreased fraudulent activity during the holiday period
- ✓ Improved Credit card processing efficiency
- ✓ Credential stuffing & bot detection
- ✓ Loyalty & data breaches prevention
- ✓ Millions of fake accounts flagged
- ✓ Equipped the Fraud team with real-time data
- ✓ Enabled web traffic analysis and reporting
- ✓ Improved conversion rates and user experience through AI-powered personalization
- ✓ Enhanced security features that won awards



What were the outcomes?

- A Digital Operations & Security Team focused on deriving maximum value from each control layer
- Streamlined communication between Fraud, Loyalty, Customer, Technology and Cybersecurity organizations
- Improved security posture and earlier risk detection in our Digital Platforms
- A holistic fraud mitigation strategy leveraging observability and DevSecOps principles



The “Fraud Funnel”

What I need help with...



Learning how other organizations are dealing with the evolving fraud landscape and articulating the fraud business case

- What level of risk and fraud loss is acceptable?
- Do you have a fraud team in your organization?
- Are Technology, Cybersecurity and Fraud practitioners collaborating well in your company?
- How do you connect Cybersecurity improvements to tangible business value?
- Let's Chat!

