

# North Dallas Bank Uses FraudLink™ to Improve Customer Service

*\$3.5 Million in Fraud Prevention in 2003 Benefits Both Bank and Customers*

*In 2003, despite having earned a reputation as a hard-to-defraud bank since installing FraudLink™ in 2002, North Dallas Bank still uncovered \$3.5 million in potential fraud exposure through the software.*

"If you want businesses to bank with you these days, you had better be able to help them with their fraud prevention," says Greg Niemeyer, executive vice president of North Dallas Bank. "Otherwise, you are asking them to bear too much risk."

North Dallas Bank uses Carreker Corporation's FraudLink™, a PC-based system for detecting fraud among checks presented in inclearings and at the teller lines. According to Niemeyer, there's a lot more to the fraud prevention equation than catching and rejecting the odd bad check. There's the customer service aspect, too.

North Dallas Bank is an \$850 million bank based in the heart of the prosperous section of North Dallas, with just three additional banking centers, but all in fast-growing affluent suburbs. They cater to small businesses and their owners and principals – "cater" being the operative word. They strive to deliver exceptional customer service, including a high level of personal attention.

It seems to be working. Word of mouth among their customers is so positive that the bank rarely advertises, relying instead on referrals. No doubt the customer satisfaction is fed by employee satisfaction: the average tenure of a bank employee is around ten years, with many staying twenty, thirty and even forty years.

Says Niemeyer, "We have deliberately created an expectation of especially high service. That plays both ways. Our customers expect us to treat them as trusted depositors and not subject them to a lot of overt security measures. They also expect us to be extra alert for potential frauds they might be exposed to."

### **Protecting the Bank's Bottom Line**

With FraudLink™, the bank can be comfortable waiving certain procedures for its best customers because the software offers a safety net if anything unusual arises in a customer's deposit. The software can flag an item and protect the bank from a potential loss. In 2003, despite having earned a reputation as a hard-to-defraud bank since installing FraudLink™ in 2002, North Dallas Bank still uncovered \$3.5 million in potential fraud exposure.

Fraud is a huge and growing problem for community banks in general. Not only is technology resulting in new ways to commit check fraud, but, according to the American Banker Association, community banks are suffering a disproportionate amount of fraud, as larger banks have typically invested more and earlier in hardening their security.

### **Protecting Customers and Helping Them Protect Themselves**

But even more important is the way FraudLink helps the bank help customers by detecting fraudulent items in time for the bank to call the customer and prevent a snowballing effect. If a check sets off the software because it is out of check number sequence, or has been reported stolen, or is stale-dated, or some other abnormality, the bank is quick to alert the customer.

*"What we bought was a piece of software for detecting check fraud. What we got was a competitive advantage in serving customers, an ever-expanding training tool for our employees, and millions of dollars in avoided losses."*

FraudLink PC™ is a cost effective, easily installed software system that allows community and mid-sized financial institutions to mitigate check and electronic fraud as effectively as the leading banks. Through powerful check, deposit and e-check fraud detection capabilities, it delivers maximum fraud protection in a single, PC-based solution.

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Says Kirk Dixon, senior vice president of the bank's Deposit Operations and Cash Management Services, "What customers go through when they get victimized by check fraud can be overwhelming. Dozens of calls to stores, creditors, and so on. But when the software alerts us early to what might be just one bad item now, we can quickly step in, alert the customer, help them close their account, open a new one, take care of their affidavits they will need, and prevent the problem from becoming unmanageable. Not all banks would do that – after all, the bank would probably not be liable. But if you want to earn the kind of customer loyalty we enjoy, it's just second nature to do that, and we couldn't do it without the software."

### **Improving Productivity**

Adds Kelly Green, the bank's assistant vice president with direct responsibility for fraud prevention, "Before we had an automated way of detecting potentially fraudulent items, we might have to wait two weeks or more before the problem came to our attention. We would have a distressed customer calling us and coming in for us to sign fifteen, twenty affidavits as they tried to unravel and correct the problem. Now, when we can nail the fraud on day one, it's one affidavit, and it's us calling the customer and creating good will. Any time you can allocate your resources toward building customer loyalty instead of fixing a bad problem, you're doing the right thing."

Green points out the FraudLink has also changed the whole way the bank looks at fraud and consequently the way they train employees to prevent fraud. "If you're using the system right, you are learning every day what frauds you might face and how employees can help prevent them. Whether it's an endorsement issue, stolen and "washed" checks, a 'pumped up' account, or any growing number of fraud attempts, the system tells us what we need to be teaching employees to stay ahead of the bad guys."

### **A Business Case about Business, Not Just Write-Offs**

In summing up the bank's experience with FraudLink, Niemeyer reflects on how his view of fraud has changed in the past two years.

"Your first motivation is more like, what if...? Our actual fraud write-offs were not material, but what if somebody did perpetrate a really big fraud on us? How would we catch it? How soon?"

"But now, after a year or so of good experience with FraudLink, I look back and see that we weren't factoring in all the business opportunities we missed because we were worried about risk we couldn't identify. We weren't factoring in the customer gratitude when they receive a call from us that basically says, we're looking out for you and probably saving you a bundle of money and trouble."

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