Fraud identification, response & mitigation

@ FANDANGO® REWARDS

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Agenda...

- Fandango Rewards?
- The fraud threat
- Counter measures
- Best practices
- Q&A
Fandango Rewards?
Corporate hierarchy...

COMCAST
CMCSA
NASDAQ

NBCUniversal

FANDANGO®
we love movies!

FANDANGO® REWARDS

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LFPA Fall Conference, 2019, #LoyaltyFraud
What we do...

• Fandango Rewards works with our clients to design, develop, launch and operate custom reward and incentive programs.

• We offer digital rewards & retailer eGift cards, virtual Visa® rewards, movie tickets, downloadable & streaming movies, TV shows, music, games, apps, eBooks and more.

• In 2018, we issued 100+ million consumer rewards for 700+ clients including Frito-Lay, Kimberly Clark, McDonald’s, Coca-Cola, General Mills, Unilever, Microsoft, Walmart and Target.
Sampling of our clients...
How it works...

Code based offers

1. Consumer makes a qualifying purchase & receives a unique reward code.
2. Consumer activates code on Fandango Rewards website.
3. Consumer receives “virtual” reward.
4. Consumer redeems reward at on-line merchant.

Receipt submission offers

1. Consumer makes a qualifying purchase.
2. Consumer scans receipt and submits for validation.
3. Consumer is notified & visits FR website to obtain reward.
5. Consumer redeems reward at on-line merchant.

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The fraud threat
Rewards =
Know your enemy...

Sun Tzu, The Art of War
Fraudster psychographic profile...

- Fraudsters are members of a “cheating” community where sharing is encouraged and bragging rights are a motivating factor.
- Fraudsters are continually seeking new attack vectors – they are methodical, clever and adaptive.
- Fraudsters are lazy – once they defeat controls, they typically do not expend additional effort.
- Fraudsters are attracted to high value rewards, programs that can be easily exploited and rewards that can easily be monetized.
- Fraudsters tend to feel entitled – this sense of entitlement is impacted by the offer terms clarity/enforceability and how well the terms are communicated.
Counter measures
F.I.R.M.

Fraud Identification Response & Mitigation

Enforce Evaluate Refine
F.I.R.M.
Enforcement Framework...

Consumer visits site

Fraud

Accertify

“Trusted”

Limits

“Qualified”

Reward released to Consumer!

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What if fraudsters don’t behave?
Evaluate & Refine...

• We review rewards activity on a daily basis to ensure our controls are working.

• Focus on exceptions – eg. people stopped by our fraud/limits controls, invalid email addresses, fictitious names, etc.

• Investigate suspicious activity, identify patterns & useful data attributes.

• Refine fraud rules to target specific behavior/attribute profiles.
Best practices
Best practices...

✓ Design flexibility into your fraud mitigation framework.
✓ Continually refine & extend your capabilities.
✓ Automate but don’t eliminate the human factor.
✓ Periodically verify that your fraud controls still work.
✓ Keep your stakeholders engaged & informed.
✓ Remain vigilant & keep your eye on the ball.
Thank You!

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