

Informatica Solution for Continuous Monitoring for Card Programs

Persistent Corporate Card Loss Controls

CHALLENGE:

Identify high-risk corporate card transactions accurately and efficiently to mitigate financial loss and increase policy compliance.

Solution:

Complete and immediate detection of policy violations and suspicious corporate card use. Continual analysis of all transactions with consistency and precision to complement and strengthen existing manual audits.

Results:

24/7 loss control encompassing all transactions and users, 40% reduction in transaction review costs, and greater program efficiency.

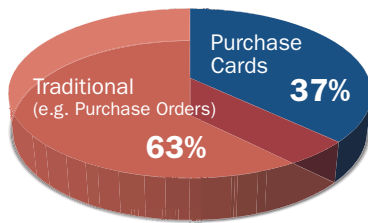
Challenge

Maverick spending and non-compliant corporate card use are a challenge to detect manually. Yet, manual detection is today's status quo. Corporate card managers possess inadequate solutions to detect non-compliant card use as transactions occur. The current state of the art in loss controls depends upon manual, periodic analysis techniques such as random sampling, line-by-line analysis of scheduled reports, and ad hoc data queries.

Manual analysis is time-consuming, labor-intensive, error-prone, and costly. It also hinders responsiveness by leaving card program managers with no tools to alert them as policy violations and potential maverick spending occur. Examples of such spending include:

- Split purchases
- Unusual weekend or holiday purchases
- High transaction velocity
- Using closed accounts
- Approved forced overrides
- Purchases from banned merchants
- After hours purchases
- Unauthorized purchases
- Transactions after employee termination

Today, random sampling and periodic transaction reviews identify only a subset of the simplest card policy violations that take place, allowing financial losses to continue undetected and unrecovered. Without a comprehensive analysis solution, these losses accumulate over months or years. Remediation may occur if a manager discovers suspicious spending while reviewing a report. As card programs grow, it becomes increasingly difficult to review all transactions, identify non-compliance, and mitigate financial loss.



P-Card Expansion Opportunity

Opportunity

Today, only 37 percent of corporate purchases under \$2,500 are being made with Purchasing Cards (P-Cards).¹ With continuous analysis of all P-Card purchases, the Informatica® solution for Continuous Monitoring for Card Programs increases confidence to expand card programs and maximize the benefits of card programs.

Recently, the National Association of Purchasing Card Professionals (NAPCP) identified several areas for card program expansion:

- **Payment for Services:** Increasing card spend on services such as consulting and contractor services.
- **P-Card for Travel:** Allowing certain cardholders to use their cards as payment methods for travel-related expenses.
- **Types of Purchases:** Using P-Cards for large ticket items, capital expenses, and meeting expenses.
- **Cardholder Base:** Expand card distribution to parts of the organization currently not using cards.

Implementing these recommendations presents new challenges to program growth. Expanding a card program means allocating additional resources for auditing transactions to ensure compliance. Rulepoint overcomes these challenges through greater program control, efficiency, and optimization.

Solution

As intelligence experts, Informatica has delivered real-time intelligence solutions to the financial, military, and national security communities for many years, addressing critical challenges such as anti-money laundering, port security, battlespace operations, and counterterrorism.

Based on our work with financial institutions, we have developed nearly 100 monitoring “rules” designed to recognize maverick spending and suspicious transactions. Through a web-based, self-service model, Informatica® Rulepoint® makes it easy to select and modify a custom package of loss control rules. Rulepoint consistently and continually applies these rules across all transactions and card users. Program managers can prioritize the alerts they receive based upon pre-defined risk levels. Cardholders and program managers are able to receive instant notification of possible policy non-compliance. (Fig. 1)

Rulepoint can be configured to retrieve related information from other data sources (e.g., TMC data) so that alerts include additional context. For example, if a cardholder is scheduled to be in Los Angeles for two days of meetings, and card transactions occur with merchants in Las Vegas in that time frame, a location-based loss control rule will instantly alert a program manager with transaction details. The alert can also provide related intelligence—including the user’s travel itinerary, expense report data, and a map of recent purchase locations—allowing the manager to resolve any card misuse quickly and decisively.

Rulepoint captures a deep understanding of intelligence processes such as monitoring diverse data sources inside and outside an organization, identifying events of interest in real time, and delivering actionable intelligence to program managers, executives, and card issuers.

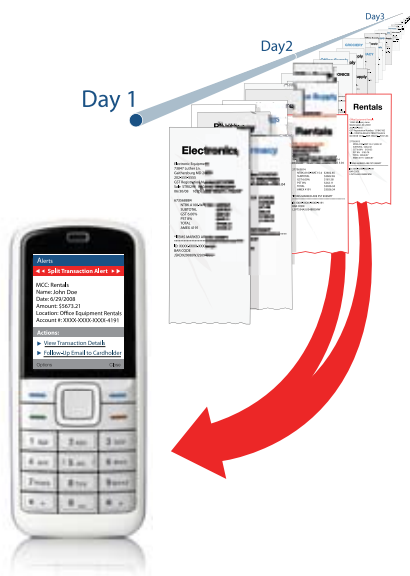


Fig. 1 Instant Detection and Notification of Non-Compliance

Results

Rulepoint unlocks the opportunity to expedite card program adoption and raise spending allowances. By automating and eliminating many error-prone audit and analysis procedures, program audit costs decrease while consistency and timeliness increase. Rulepoint delivers these benefits through persistent analysis of all card use.

Rulepoint equips card programs with agility, whether for purchasing, travel, or fleet charges. Fortune 100 bank issuers have found Rulepoint to be uniquely comprehensive and cost-effective compared to alternative solutions on the market, including those offered by the card associations. Rulepoint is association-agnostic and supports dual-issuer environments.

Rulepoint is rapidly deployed to support a few users or thousands of users, and it is easily integrated with legacy reporting and data mining applications or embedded into existing offerings. Rulepoint is one of Informatica's proven complex event processing (CEP) solutions that provide instant intelligence vertically within business units and horizontally across other areas of the organization, such as treasury services, risk management, global trade, internal and external fraud, anti-money laundering, and other operational domains. Through a combined horizontal and vertical approach, Informatica powers the intelligent enterprise.

Improved Program Efficiency & Cost

Card program managers are typically dependent upon routine custom report generation, manual analysis, and a time-intensive review process to ensure policy compliance. The manual review process comprises approximately 12% of the total cost to process a single transaction.

Rulepoint provides long-term economies of scale. Its automated analysis capabilities **reduce existing manual review efforts by up to 40%** (Fig. 2).

Rulepoint nearly doubles productivity, eliminating a traditionally high barrier to P-Card program expansion by minimizing the associated FTEs for the transaction review process. This reduction in review time results in an estimated **40% cost savings per transaction** from the current manual P-Card review process (Fig. 3).

For example, a \$50MM annual card program with an average of 178,000 transactions per year will save over **\$174,000 per year** as a result of Rulepoint's automated, comprehensive review capabilities.

Increased Policy Compliance

Following up on repeated reports of credit card abuse at various federal agencies, the Government Accountability Office (GAO) examined spending controls. The GAO report indicated that over 40% of purchases, or \$5.8 billion in transactions, did not adhere to established audit procedures. Though many of these purchases were not fraudulent, such non-compliance creates higher administrative costs due to unnecessary administrator follow-up, unrealized rebates, and the loss of collective buying power. By automatically identifying non-compliant transactions, Rulepoint improves policy adherence and helps eliminate loss, waste, and inefficiency. Rulepoint is a virtual auditor that automatically and immediately identifies non-compliant spending.

Additionally, Rulepoint integrates with 3rd party systems to flag transactions and trigger downstream business processes (e.g., ERP, GL, AP, etc.).

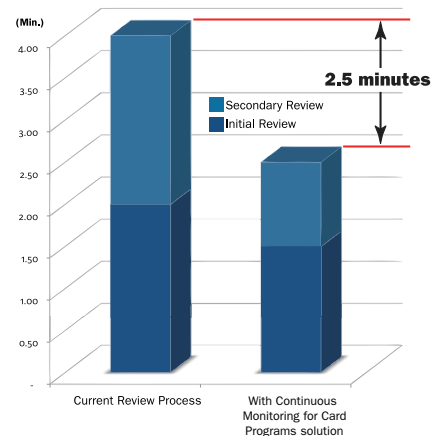


Fig. 2 Time Savings Per Transaction Analyzed

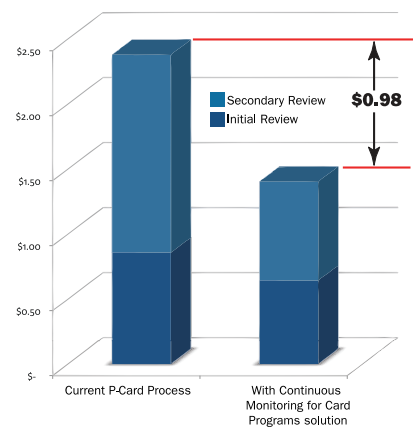


Fig. 3 Cost Savings Per Transaction Analyzed

Getting Started

Rulepoint brings deep intelligence capabilities to establish a new performance standard in corporate card analysis and loss controls. Delivery options include everything from pilot programs to highly customized enterprise deployments. Our solution experts are eager to work with you to assess your program requirements, select appropriate loss control rules, and define final success criteria.

The Intelligent Enterprise Vision

Informatica's solution for Continuous Monitoring for Card Programs is one of many CEP solutions designed to make an enterprise more agile, aware, and intelligent through these fundamental principles:

Instant Intelligence for Right-Time Responses

Shrink the time gap between analysis and action by delivering real-time intelligence to users anywhere in the organization.

Maximize the Value of Each Action

Apply persistent analysis to multiple data sources to improve precision and consistency in decision making.

Increase Enterprise Agility

Deliver up-to-the-minute awareness through intelligent alerting, enabling organizations to exceed customer expectations and outmaneuver the competition.

Adapt Quickly to the Velocity of Change

Optimize analysis in real time without technical support, allowing users to hone their risk/reward assessments as policies, procedures, and market realities evolve.

Identify Emerging Opportunities and Threats

Interconnect enterprise intelligence functions to reveal hidden risks and opportunities before others can see them and respond—a game-changing advantage.

LEARN MORE

Learn more about the Informatica Platform. Visit us at www.informatica.com or call +1 650-385-5000 (1-800-653-3871 in the U.S.).

ABOUT INFORMATICA

Informatica Corporation (NASDAQ: INFA) is the world's number one independent provider of data integration software. Organizations around the world gain a competitive advantage in today's global information economy with timely, relevant and trustworthy data for their top business imperatives. More than 4,000 enterprises worldwide rely on Informatica to access, integrate and trust their information assets held in the traditional enterprise, off premise and in the Cloud.



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