Case Study

**BNY Mellon’s Pershing**

Global Financial Solutions Provider Enhances Fraud Protection for Clients

Pershing wanted to ramp-up its same-day ACH screening capabilities to further protect clients from fraud, so they turned to Fiserv. Combining the Financial Crime Risk Management Platform from Fiserv with capabilities from iovation, Fiserv created a unique solution to fit the company's requirements.

Pershing, a brokerage and subsidiary of BNY Mellon providing services to advisors, broker-dealers, family offices, hedge and '40 Act fund managers, gives investors direct access to the marketplace. Rather than requiring an introducing broker-dealer or middleman, the company’s NetXInvestor® platform gives investors the freedom to make trades themselves from anywhere, anytime.

Direct access is a differentiator for Pershing, but it also introduces potential security risks for the global firm that need to be managed. To maintain client trust and secure over $1.9 trillion in client assets, Pershing decided to expand its fraud prevention practices.

"We wanted to add IP address and geolocation to our fraud prevention," explained Brian Weaver, vice president of compliance technology for Pershing. “End users want direct access to the market, but they have to feel secure doing it. We needed a robust solution."

**Searching for a Solution**

Weaver interviewed several financial services providers, but none of them offered the technical services he was looking for. Only Fiserv was willing to
bring in a partner to fully meet the company’s comprehensive needs.

Fiserv recommended pairing its Financial Crime Risk Management Platform with iovation, a TransUnion company that provides device reputation insights. Its global consortium offers financial institutions real-time information services to analyze potential risks based on a wide range of device-related factors such as account access frequency, history and location.

Weaver believed combining the unique protection capabilities in iovation with Fiserv expertise in fraud detection would lead to a cutting-edge solution – and a competitive advantage.

**New Business Monitoring Scenarios**

With the new solution, data from same-day ACH payments is sent via an API to iovation, where it is enriched with device IP address and geolocation (country). Data is then routed to the Financial Crime Risk Management Platform for fraud screening, which determines whether a payment should be processed or flagged.

The platform uses analytics and risk-scoring models to flag and prioritize transactions for review. Using historical fraud patterns, the platform automatically evaluates and scores each payment’s total fraud risk. Advanced inference techniques are used to compare transactions against the individual customer’s transaction patterns as well as normal behavior for a comparable peer group.

Some of the monitoring scenarios developed for Pershing involve multiple ACH instructions from multiple IP addresses, single IP address with multiple ACH instructions or for multiple accounts, increases in ACH payments that draw down accounts, and so forth.

If fraud is suspected, all of the data needed to investigate a suspicious payment is accessible in one click into the platform.

The result gives Pershing a big-picture view of ACH transactions across its transaction platforms and mobile app.

“It works well,” Weaver said. “The design is intuitive and the workflow is streamlined.”

Weaver said the additional layer of security is a value-add for Pershing customers. “Clients are more interested in working with us when they hear about our security,” Weaver explained. “We are ahead of the curve.”

**Advice to Others**

Weaver encourages other companies to spend time upfront getting their data and architecture in shape before implementing a similar project. Like most firms, Pershing had legacy systems and platforms that needed to be rolled into one. “Know your data,” Weaver said. “Garbage in will become garbage out.”

Weaver also included business and technical leaders in every planning call so the two sides of Pershing could stay aligned.
A+ Service

Weaver is keen to recognize outstanding service from his vendors.

“Our professional services consultant was straightforward and professional from the beginning,” he said. “Fiserv was spot on, responsive and quick. I give Fiserv an A+.”

Challenge

As a differentiating service, Pershing gives investors direct access to the marketplace through its NetXInvestor platform. While convenient for clients, the approach created a potential security vulnerability. Pershing wanted more robust surveillance tools to monitor transactions and prevent fraud.

Solution

Pershing combined the expertise of two providers to enrich its same-day ACH payment data. Device- and location-specific details are added to transaction-level data before goes to the Financial Crime Risk Management Platform for screening. Using advanced inference techniques and business scenarios set by Pershing, suspicious transactions are automatically flagged for review.

Proof Points

- Helps identify fraud faster and more accurately
- Accelerates investigations through automatic alerts and risk rankings
- Minimizes security risks while still providing direct access to the market and a positive client experience
- Recognizes security as a differentiator in a world of faster payment services that is constantly transforming