

Case study

VISA PROTECT AUTHENTICATION INTELLIGENCE (VPAI)

Spar Nord integrates cutting edge technology to ensure customer security





Spar Nord is a prominent Danish bank that has established itself as a key player in the financial services sector, offering a comprehensive range of banking solutions including personal banking, business banking, and investment services.

With a strong commitment to innovation and a customer-centric approach, Spar Nord integrated Visa Protect Account Intelligence (VPAI) to ensure fast transactions for cardholders, boosting conversion rates while enhancing high-risk detection accuracy.

Understanding the impact of fraud in online transactions

 **75%**
of Europeans bought goods or services online.¹

 **3-4_x**
higher fraud rates online than in person.²

 **93%**
of Card-Not-Present transactions are authorised, compared to 99% for Card-Present transactions.³

1. E-commerce in the EU, of European internet users aged 16-74 who are internet users in 2023
[https://www.consilium.europa.eu/en/infographics/e-commerce/#:-:text=3%20in%204%20people%20buy,22%20percentage%20points%20\(pp\).](https://www.consilium.europa.eu/en/infographics/e-commerce/#:-:text=3%20in%204%20people%20buy,22%20percentage%20points%20(pp).)

2. VisaNet Data, 2023. VisaNet data in India from Jun '21 to Nov '22. Decline Impact Analysis: Pre-Period: Rolling 3-month period between Jun '21 to May '22: Analysis Period: Rolling 1-month after Pre-period: Post Period: Net Approval Rate (using authorization deduplicated records) in comparison with card-present transactions, from Global Risk Team, Enterprise Risk – EU dashboards

3. VisaNet Data, 2024.



Leveraging machine learning for a more secure and seamless experience



Online shopping has become increasingly prevalent. While 75% of Europeans bought goods or services online, the fraud rates were measured to be 3 to 4 times higher compared to in person transactions. Additionally, Card-Not-Present authorisation rates are 93% while Card-Present authorisation rates are 99%.



Despite the increasing prevalence of digital payments, higher instances of fraud and lower authorisation rates hinder these methods from delivering the seamless experience typically found in face-to-face transactions.

To ensure a more seamless authentication, Spar Nord decided to partner with Visa and integrate VPAI.

Leveraging machine learning, VPAI analyses authentication data like cardholder identity, device information, and spending behaviours in real time to provide agile fraud protection for EMV® 3-D Secure (EMV 3DS) transactions.

VPAI provides a host of benefits for the ecosystem

VPAI empowers issuers to make better authentication decisions, improving the end-to-end experience for the payment ecosystem.



Cardholder

- ✓ More frictionless payment experiences
- ✓ Increased security confidence
- ✓ Fewer false declines



Issuer

- ✓ Improved fraud-to-sales ratio
- ✓ Reduced cardholder challenges
- ✓ Fewer customer service cases



Merchant

- ✓ Lower abandonment
- ✓ Higher sales
- ✓ Less fraud

The impact

Within nine months of activating VPAI, Spar Nord saw a 30% reduction in abandonment rates and almost halved the challenge rate, achieving a 45% reduction without any increase in the rate of fraud.⁴

This has led to a higher volume of transactions processed by Spar Nord, positively impacting the bank's share of wallet.



Today, Spar Nord relies exclusively on VPAI for its authentication decisioning, replacing a previous solution.

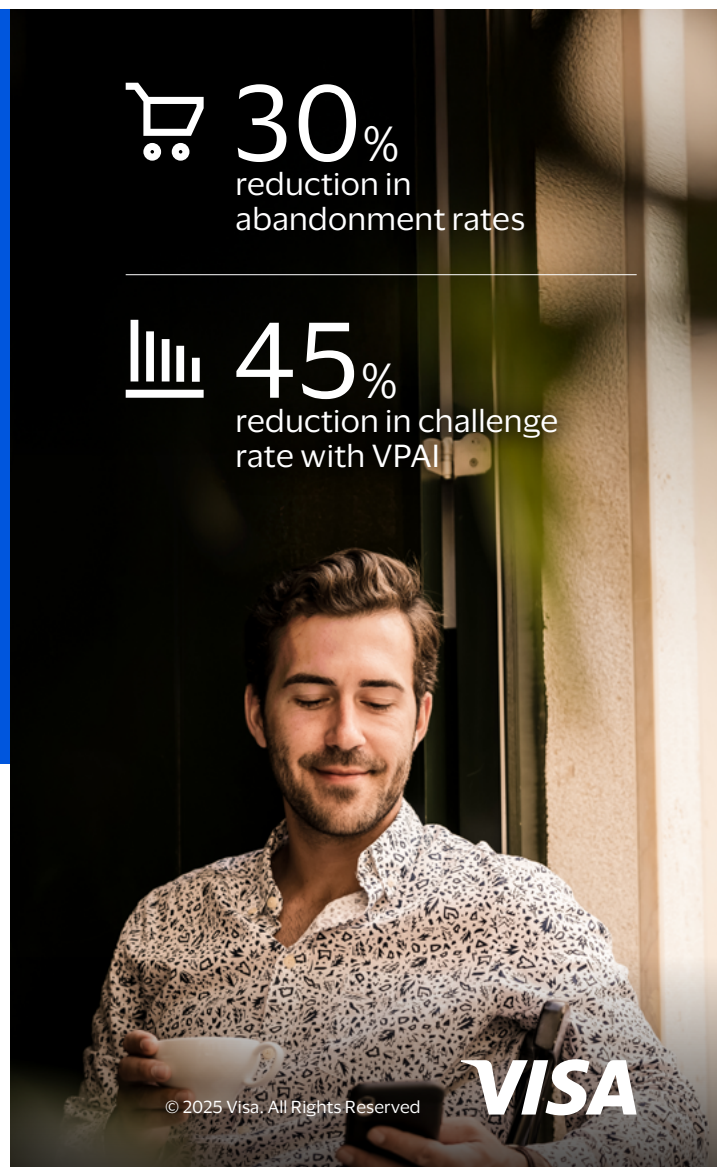


30%
reduction in
abandonment rates



45%
reduction in challenge
rate with VPAI

| | Q1 2024 | Q4 2024 |
|--|--------------------|---------|
|  Challenge rate | 99,6% | 55,2% |
|  Abandonment rate | 13,7% ⁴ | 9,6% |



“ By implementing VPAI, our goal was to create a seamless cardholder experience while maintaining a solid approach to fraud rates. After VPAI was implemented, there was a marked improvement in transaction flow for cardholders, accompanied by a significant reduction in abandonment rates. This led to an increase in completed transactions without any corresponding rise in fraud rates. Given these positive outcomes, we are investigating how to expand the use of VPAI. ”

— Jesper Leth Dammand, Head of Cards & Payments, Spar Nord

Looking ahead

Industry-leading scale and 30+ years of AI expertise empowers Visa to drive forward risk services for the entire payments ecosystem.⁵

Visa has used more than three decades of AI expertise to develop VPAI, delivering a highly scalable solution driven by advanced AI models. The solution is also informed by 65 years of experience in managing large-scale, network-level risks, and can incorporate additional data from third-party sources. Visa's ongoing investment in advanced AI and machine learning helps drive continuous innovation in VPAI.

Offering powerful flexibility and deep global transaction insights, VPAI sets a high standard for network security. We look forward to continuing to help protect the people and businesses in Europe from becoming victims of fraud, regardless of where they bank.

5. <https://usa.visa.com/visa-everywhere/blog/bdp/2023/09/13/30-years-of-1694624229357.html>

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