

## **Newcastle Building Society reveal challenges facing compliance in the prepaid card market.**

*Dan Clappison, Head of Card Solutions at Newcastle Building Society, addresses specialists*

**It's important to put effective procedures in place early on in the card-issuing process...** according to Dan Clappison, Head of Card Solutions at Newcastle Building Society. He went on to say that despite the pushes from marketing and co-branders to launch card schemes quickly, the compliance procedures were not only a requirement and risk mitigation strategy, but a necessary component when launching cards. Initially, the main risks with launching card schemes centred around attempts to load prepaid cards using lost, stolen and intercepted credit and debit cards but measures were put in place to combat this problem in the early stages.

Following the initial launch, the application process was reviewed and a number of fraudulent applications were identified. These needed to be removed from the system, and the process refined to filter out similar applications in future. Newcastle Building Society approached GB Group to come up with a solution. Newcastle Building Society approached GB Group to come up with a solution, URU was already being used for ID verification in the prepaid cards market and the ability of the system to be able to put customers through the process smoothly without compromising compliance fit perfectly with our business requirements. The solution was rigorous and did not impact on the time taken to verify customers; it needed to be a solution that would match customers to the appropriate level, but would not impact on cost. The URU™ system was implemented and the results were outstanding. Any cases where cardholders failed to pass the URU checks were investigated, and where appropriate the cards were simply cancelled. The Society now uses a combination of the URU verification system and other checks to ensure that applications are effectively vetted. With the robust controls in place, stringent Know Your Customer checks prevent a lot of problems from the outset.

As a pioneer in the prepaid market Newcastle Building Society was invited to address senior fraud, risk and compliance specialists from UK financial institutions at the British Bankers' Association Payments Fraud Conference in London on the 5 June 2007. The conference brought together over 60 senior specialists to discuss the chip and PIN landscape, the emerging threats to this market and ways to combat these threats in detail.

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### **About GB Group**

GB Group has a 17 year history in providing clients with applications that allow them to turn raw customer data into meaningful business information. Its unique matching technology has been extended over the last three years to incorporate identity checking functionality and GB Group is now the leading provider of global identity verification solutions for UK and international citizens. Its ID3® suite of products, including the award-winning UK application, URU™ can verify up to ½ billion people world-wide, including the major developed nations of North America, Western Europe and Australia...

### **About Newcastle Building Society**

Newcastle Building Society is the biggest building society based in the North East and one of the strongest mutual building societies in the country. With assets under management of over £4bn we are certainly large enough to cope but small enough to care deeply about the needs of our members.

The Newcastle Building Society is committed to remaining mutual and by doing so we feel we are better placed to continue to provide our investors with the quality of service expected from one of the country's strongest building societies.

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