

FS Fraud Case Study



Alistair Evans
Director,
Engagement Partner
+64 9 363 3573



Martin Ooi
Associate Director,
Data Science Lead
+64 9 367 5877



James Nash
Manager,
Engagement Lead
+64 9 363 3519

A Financial Services (FS) Sector client reached out to KPMG for an **improved Fraud Detection Rate (FDR)** in line with industry standards. **KPMG successfully increased their FDR by 300%** through designing and developing a composite AI Fraud Detection Model in **agile model development cycles**.

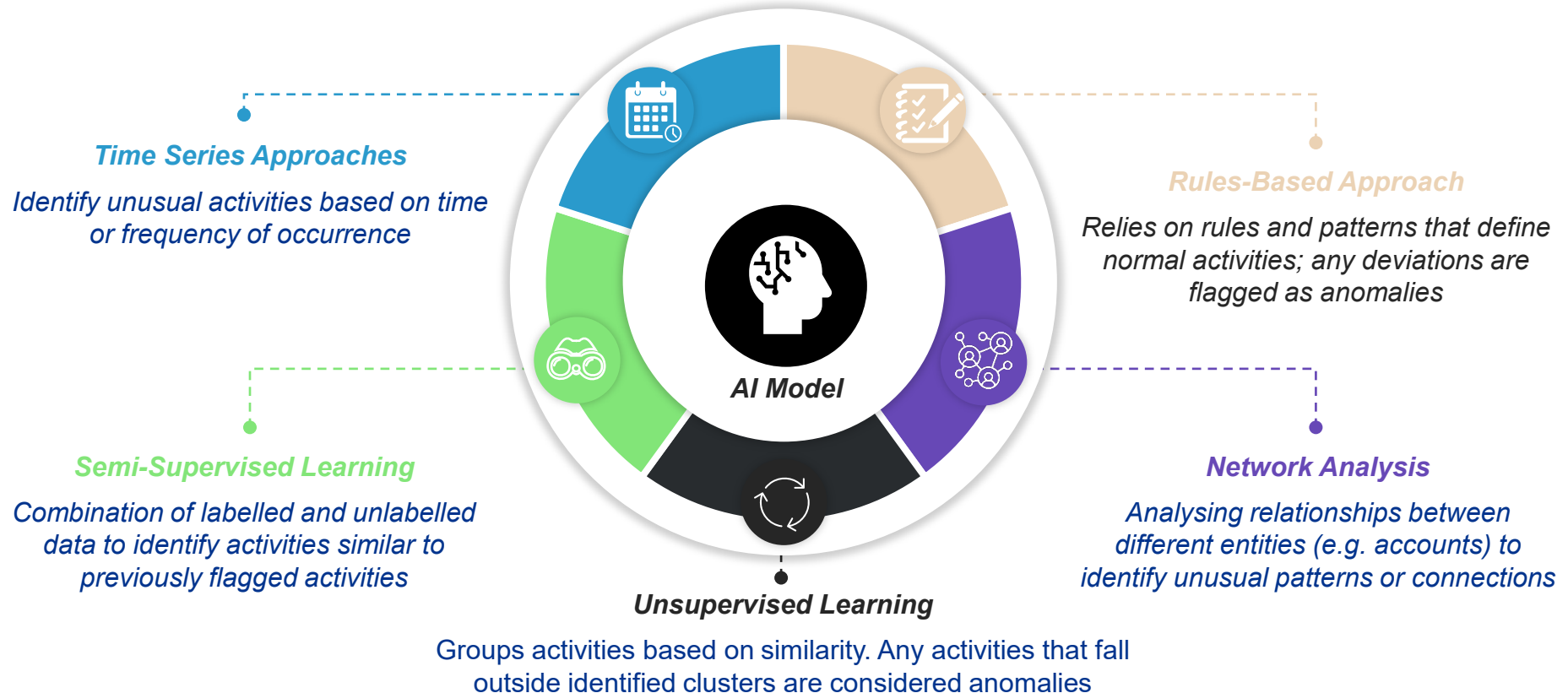
Overall, the project found **three times the yearly customer claims** within the pilot and **uncovered new patterns of fraud/leakage** that were previously undetectable in their claims process.

The key finding was a need for **modernisation** of the clients **auto-accept rules** into a **scoring approach** to balance claim speed with legitimacy risk.

300%
Increase in FDR

3X
Number of Yearly Fraud/Leakage Claims

4
New Patterns of Fraud/Leakage



1 Client FDR was approximately 5%

2 Only unique policies are included

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To replicate the success of this pilot with another FS client, it is advisable to implement a similar structure encompassing the three distinct phases of Setup & Discovery, Modelling Cycles, and Next Steps. Together with regular meetings and touchpoints between the client and KPMG project team we'll ensure that issues are resolved promptly and that the project can quickly adapt to new priorities.

PHASE	Setup & Discovery	Modelling Cycles	Next Steps
DESCRIPTION	<p>Creation and curation of analysis environment involving visualising data and testing initial modelling hypotheses</p>	<p>Four-week agile sprints designed for CI/CD of the composite AI Fraud Detection Model with regular SME feedback for tuning</p>	<p>Transfer of essential assets and evaluation for the incorporation of future AI models aimed at improving efficiency</p>
ACTIVITIES & DELIVERABLES	<ul style="list-style-type: none"> • Create and tailor the analysis environment for modelling and analysis • Getting access to and reading documentation for understanding of client data • Interviewing team leads for a list of SMEs • Generating initial diagnostic graphs and testing data for insights • Initial hypothesising of applicable fraud modelling approaches for prioritising initial model builds 	<ul style="list-style-type: none"> • Creation of prioritised modelling approaches and development of new approaches • Conduct SME interviews and workshops for further insights, modelling ideas and data irregularities • QA sessions to confirm modelling performance • Cycle close presentations summarising findings for key stakeholder engagement and feedback • Previous cycles modelling approaches refreshed, and insights diagnostics as new data is integrated 	<ul style="list-style-type: none"> • Technical and non-technical documentation creation for handover of models • Handover sessions to walk through live examples, documentation and answer remaining questions • Holistic future of claims analysis centred on AI Readiness and presentation to key stakeholders <p style="text-align: center;">AI Readiness</p> <div style="display: flex; justify-content: center; gap: 10px;"> Low Medium High </div>