

Fraud Case Study



Alistair Evans
Director,
Engagement Partner



James Nash
Manager,
Data Delivery Lead

A client reached out to KPMG for an **improved Fraud Detection Rate (FDR)** in line with their industry's 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.

1 Client FDR was approximately 5%

2 Only unique policies are included

300%

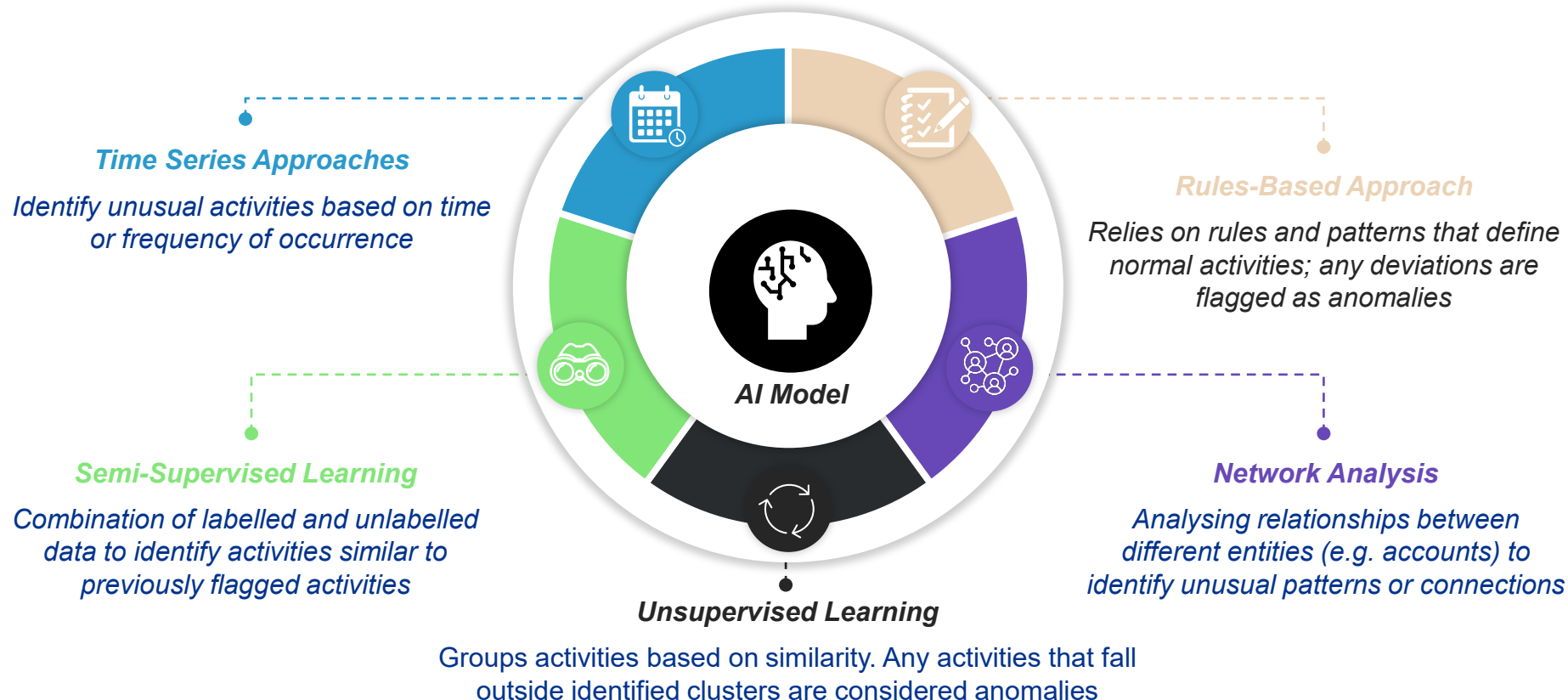
Increase in FDR

3X

Number of Yearly Fraud/Leakage Claims

4

New Patterns of Fraud/Leakage



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To replicate the success of this pilot with another 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	Creation and curation of analysis environment involving visualising data and testing initial modelling hypotheses	Four-week agile sprints designed for CI/CD of the composite AI Fraud Detection Model with regular SME feedback for tuning	Transfer of essential assets and evaluation for the incorporation of future AI models aimed at improving efficiency
ACTIVITIES & DELIVERABLES	<ul style="list-style-type: none">Create and tailor the analysis environment for modelling and analysisGetting access to and reading documentation for understanding of client dataInterviewing team leads for a list of SMEsGenerating initial diagnostic graphs and testing data for insightsInitial 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 approachesConduct SME interviews and workshops for further insights, modelling ideas and data irregularitiesQA sessions to confirm modelling performanceCycle close presentations summarising findings for key stakeholder engagement and feedbackPrevious 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 modelsHandover sessions to walk through live examples, documentation and answer remaining questionsHolistic future of claims analysis centred on AI Readiness and presentation to key stakeholders <div>AI Readiness<div><div>Low</div><div>Medium</div><div>High</div></div></div>