

# Sports Betting Fraud Prevention: Unibet Adds Automated Withdrawal Analysis

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David Gaudio, October 6, 2021



Sports betting or sports wagering is a burgeoning industry in the United States. Since 2018, many states have passed legislation allowing online gambling for sporting events to proliferate in the US. This has opened an opportunity for established online sports betting providers to expand into new markets. Unibet (<https://in.unibet.com/#/home>) is one such company. Their US division began operating in New Jersey in May 2019, then expanded into Pennsylvania, then expanded to four more states (Indiana, Virginia, Iowa, and West Virginia).

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A common challenge as the online sports betting market evolves has been introducing automation to monitor fraud and anti-money laundering (AML) activity at scale. Unibet found themselves in a dynamic of manual review that would become unsustainable as their footprint in the US expanded.

Every year, new states consider legislation to legalize sports betting, so Unibet had to find a technology solution to streamline their fraud prevention activities. In this blog, we'll explore how Unibet leveraged OneSpan Risk Analytics to solve their operational challenges and gain a competitive edge over other betting sites in the market. By automating low-risk transactions, Unibet is increasing customer satisfaction for their customers through faster payouts and freeing up time and resources to focus on actual suspicious or fraudulent transactions. This initiative will also lead to increased satisfaction and engagement from the team as Unibet eliminates the tedium of analyzing low-risk requests.

## Fraud Prevention Through Blunt Force

Mark McLaughlin, Play Sustainability Operations Manager at Unibet, has a complex role in the organization. He is responsible for fostering an environment for safe and sustainable gambling, to build long-term relationships with Unibet's customers. His team therefore focuses on controlling the elements that could compromise the customer relationship, such as fraud, scammers, and irresponsible gambling.

One of his team's primary functions is to review customer withdrawal and payout requests. When customers collect winnings on a bet in their digital wallet, they have the option to withdraw those funds and deposit them into their bank account via the payment processor of their choice, such as PayPal. At that point, the customer would receive a notification from Unibet indicating that their request is under review. The request is then placed in a queue with other pending withdrawals.

The Unibet analyst on McLaughlin's team must then open the withdrawal request and look for a variety of standard risk factors. From there, the analyst may decide to step up the authentication and request supporting documentation or information from the customer to ensure the request is legitimate.

Generally, the analyst's role in this process resembles the functions of fraud analysts and AML investigators at banks, credit unions, and other financial institutions. The key difference is that Unibet had limited automation or filtering. Every withdrawal request, no matter the amount of money or level of risk, had to be manually reviewed before it could be approved and the funds delivered to the customers' bank accounts.

This process had three key challenges that McLaughlin sought to address with technology: scalability, customer experience, and job satisfaction.

## Scalability of Manual Processes for Sports Betting Operators

As Unibet entered into more states and gained in popularity, the Player Sustainability department soon required more personnel to address the rapidly increasing volume. Within a year, McLaughlin was hiring his 14th analyst.

“Something that was just so clear to me was that this isn’t sustainable,” said McLaughlin. With more states open to sports betting, the manual process could not be scaled. The only solution at hand was to “throw more bodies at the problem”, but even additional personnel was a temporary solution. Projections based on growing volume and average completed case rate for analysts calculated that in three years’ time, the team would need to grow to 36 members.

However, with automation, they projected a team half that size would be able to handle the same caseload of potential sports betting fraud for years to come.

## Customer Experience

In the previous process, funds were immediately distributed to customers once an analyst approved the withdrawal request. This meant that the key bottleneck in the process was the review itself. In many instances, McLaughlin found that his team was adding friction for customers and impacting the customer experience. He explained, “While it’s nice to have eyes on everything, to a hammer everything is a nail, and so to a fraud analyst, everything is suspicious. So, at times we can inadvertently create friction for customers.”

Furthermore, this presented a competitive opportunity for Unibet in the sports gambling market. Speed is key as the legislative pace quickens and customers are regularly introduced to new market entrants. By delivering faster payouts, without compromising quality or accuracy, Unibet could differentiate itself in this growing market without opening the door to fraudsters.

## Job Satisfaction

Manually reviewing each and every withdrawal request is a tedious task for an analyst. Mark estimates that up to 90% of the withdrawals are low-risk, simple transactions that do not require further analysis, so a large part of the analyst’s workday would be opening and closing files with

little actual analysis. This role does little to encourage job satisfaction and contributed to high turnover rates. Unibet aims to automate 90% of requests to free up time for their analysts to focus on the small number of requests that are suspicious.

## Rules-based Analysis from OneSpan Risk Analytics

OneSpan Risk Analytics offered Unibet a way to automate the withdrawal process for that 90% of low-risk transactions, using customized rule sets for the analysis. Unibet relied on industry experience, best practices, and their partnership with OneSpan to create custom rulesets for detecting high risk activity.

Furthermore, OneSpan also has pre-built rule sets based on industry best practices for fraud departments at financial institutions. For the sports betting industry, this provided an excellent starting point, and between these two strategies, Unibet determined what factors indicated a high risk request compared to a low one. As the solution gathers more data, these rules can be better calibrated to further refine the process and zero-in on sports betting scams and gambling fraud.

Beyond just the reduction of case load, Unibet also intends to use charge-back requests as a KPI. When a banking customer is defrauded of funds, their bank would request a charge-back from Unibet to restore the rightful funds to the rightful user. As Risk Analytics is put into use, the number of charge-back requests should decline as the analysts have more time to devote to each individual case. Further, as the analysts prioritize the high-impact fraud, less of this fraud will get through, and the overall impact and fraud exposure will decrease.

## Rollout and Next Steps

In collaboration with Unibet's platform provider, Pala Interactive, with whom OneSpan's professional service team partnered to develop and deploy Risk Analytics. "[Development] has been a painless process for me. Kudos to OneSpan for being super well-prepared for all the calls and keeping the project moving ahead of an ambitious timeline. We're looking at football season in just over a month and hoping to automate soon after." The project was first launched in July 2021, and the team is on track to fully deploy the solution in the second half of October.

The excitement of the sports betting industry is in its potential. The market is rapidly expanding with each new state that legalizes the practice. In that dynamic, Unibet is eager to grow and expand to new states and attract new customers. Elements of Risk Analytics such as machine learning position Unibet for success as the department continues to grow and further automation becomes necessary. Furthermore, Unibet looks forward to creating more advanced suspicious activity reports for law enforcement officers and thereby fostering a better working relationship with regulators.

With the NFL season almost upon us and the MLB World Series in October, Unibet with the help of Risk Analytics is ready to play ball.

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