



## Market Insight Report Reprint

# Cleafy sees demand for integrated fraud management for financial services

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Many organizations' digital transformation efforts have been accelerated by COVID-19, leading to a focus on having the necessary anti-fraud controls. European vendor Cleafy is exploring this opportunity as it pursues North American clients and increased investment in a new SaaS offering.

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## Introduction

Financial services organizations were looking to streamline their fraud management efforts as part of digital transformation efforts before COVID-19. The surge in use of the digital channel in response to the pandemic, coupled with changes to attack patterns, only accelerates this need. Anti-fraud vendor Cleafy has a presence in Europe – notably Italy, Iberia and Eastern Europe – and is now looking to grow its presence in the Americas, as it focuses on SaaS delivery.

### THE 451 TAKE

Anti-fraud continues to represent a key need for many organizations, particularly as customers slowly migrate to newer, hopefully more resilient, technology environments. At that point in time, fraudsters will focus on attacking the applications themselves via taking over user accounts or sessions. Cleafy aims to combine different aspects of anti-fraud, including user, device, transaction and behavior analytics, in an orchestration offering that can be easily consumed by its mostly financial services customers. The key challenge for Cleafy is how to achieve a broader foothold in the North American market, which is already served by many larger anti-fraud vendors.

## Details

In a recent company update, Cleafy indicated that it has continued its expansion plans. This strategy emphasizes further efforts to pursue North American opportunities while maintaining its presence in EMEA and Latin America. The company indicates that it has met its 2020 targets for revenue and customer growth: It currently services about 65 customers, mostly financial institutions in Italy, Iberia and Central Europe. It has reported both net new logos and expansion into additional use cases for existing customers.

The company indicates that there has been an increased interest in its SaaS offering, particularly on account of pressures emanating from digital transformation efforts, which were themselves accelerated by the COVID-19 pandemic. While using on-premises software is still a preference for some institutions, there has been increased acceptance of SaaS delivery, particularly as financial institutions themselves further adopt cloud-based environments.

Cleafy supports AWS, Azure and GCP. The company is also a Google Technology Partner and is working toward Google Marketplace Certification. Additional partnerships include Accenture, Moviri, Telefonica and NTT Data. Cleafy SaaS is currently available on the Google Cloud Platform in EMEA, and in support of data residency considerations that may affect service delivery, the company plans to expand its SaaS offering to North America in 2021.

Cleafy provides anti-fraud capabilities through continuous monitoring of user sessions via instrumentation of client-facing web or mobile applications, coupled with an integrated back-end risk engine that detects threats and can then trigger alerting and response. The instrumentation package in JavaScript is obfuscated and can be delivered from the client infrastructure itself or through a content-delivery network. The code reports data related to device characteristics, network, session, user behavior and executed application source code. A passive SDK is provided for mobile app integration.

The back-end process analyzes data from this telemetry with other available present and past data, identifying anomalies in the context of comparing it with threat intelligence that Cleafy either generated or has access to, including malware detection. The company indicates that it uses an integrated risk engine that leverages different levels of transaction scoring and tagging to analyze distinct aspects, such as transactional integrity (modification to transaction parameters), application integrity (modification to application behaviors on the remote endpoint), device integrity (to detect jailbroken or emulated devices) and overall session behavior. Customers can also add custom tags to inject their own intelligence into the process. Cleafy indicates that it can then trigger alerts and actions that can be sent via SIEM, web hooks or API calls.

According to Cleafy, the primary use cases for the platform include preventing account takeover via phishing and social engineering, malware attacks, SIM swapping, transaction tampering, payment fraud, and credential hijacking.

Looking ahead, the company is planning for a major SaaS-first release later in 2021 that will include support for a new mobile SDK, with separate code bases for Android and iOS environments, and a behavioral biometric capability. The new SaaS-centric release will also require additional compliance efforts as the company pursues numerous external certifications, including PCI-DSS, different ISO standards and SOC2.

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