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Fraud and identity verification consulting case study — maximize bookings and reduce operational costs by using the right data

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What we will cover in this session

- Business drivers in fraud operations include

  ► Fraud losses

  ► Operational costs

  ► Lost bookings / opportunities

  ► Compliance consistency

- Innovative approach for Wells Fargo Card Operations and Experian to address all four business drivers

- Results are extremely positive
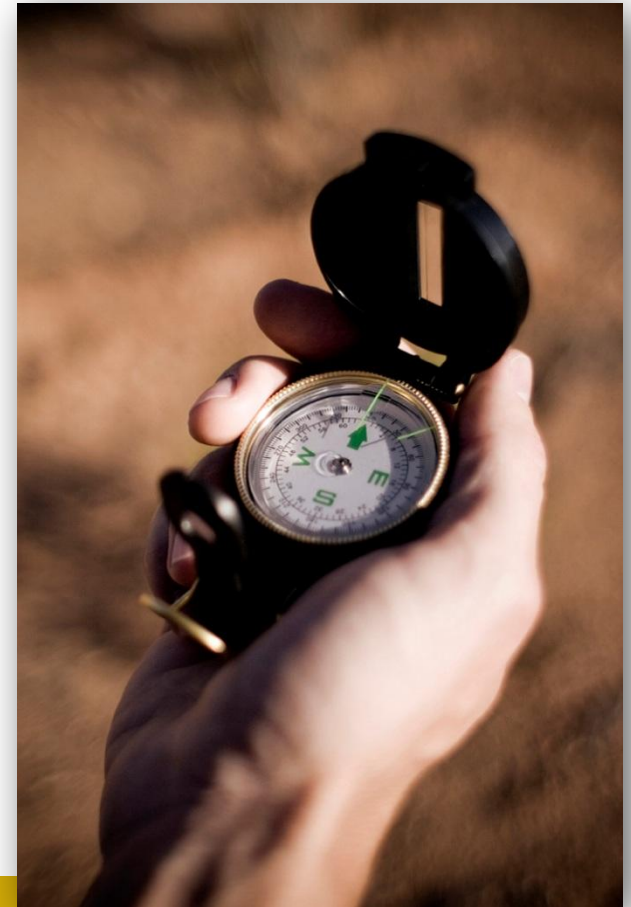
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Agenda

- Wells Fargo Card operations problem definition

- Experian Global Consulting objectives

- Study methodology

- Results and value

- Questions / discussion

Customer problem definition

Customer wished to reduce review requirements and expense for applicants pended for verification

- Approximately 10% of applicants were being manually reviewed for ID verification

  ▸ Customer used approximately 15 rules to drive cases to review

  ▸ Since multiple rules could be triggered on a single application, it was difficult for the customer to identify

    • Which conditions created the most cases

    • How those conditions could be resolved more efficiently

What we did not expect to find was a number of good applicants that were lost in the verification process

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Experian Global Consulting objectives

Experian Global Consulting Practice (GCP) was engaged to:

- Evaluate workflow and manual processes

- Understand queue structure and data availability for analysis and research

- Design a data set to identify conditions that drove verification volume and expense

- Propose options to reduce review volumes

Experian Global Consulting methodology

Phase One – Data gathering (combination of on-site and off-site effort)

- Establish knowledge of current case-creation rules

- Understand queue definitions, segmentations and prioritization

- Review manual evaluation procedures / understand cost associated with review (both full-time employees and data related)

- Understand data availability for analysis and research

Experian Global Consulting methodology

Phase Two – Analysis design

- Propose segmentation of queued applications to for specific analysis and treatment

- Design data set to identify conditions that drove verification volume and expense

  - ► Ensure all "reviewable" conditions are captured

  - ► Ensure sample of "reviewed and declined" apps were included

  - ► Ensure that portfolio-tags were available to better assess financial impacts

Experian Global Consulting methodology

Phase Three – Data analysis and presentation

- Grouped queued applications as

  - ► ID verification only – required some combination of name, address, Social Security number, date of birth verification, but did not hit any of the customer's fraud-related review conditions

  - ► Fraud verification – did hit a fraud-related review condition and may or may not have also required ID verification

Experian Global Consulting methodology

Phase Three – Data analysis and presentation

- ID verification only – compared to Experian Precise ID^{SM} data to determine if conditions could be cleared without manual intervention

- Fraud verification apps

  - Leveraged ID verification comparison to Precise ID^{SM} data when needed

  - Applications that ONLY had a fraud alert were scored with Precise ID^{SM} in an effort to identify false positives captured by the customer's fraud rules

Experian Global Consulting methodology

Phase Three – Data analysis and presentation

- All reviewed applicants were scored and analyzed to determine if the score could identify applicants that were UNLIKELY to complete the verification process

  - ► For these applicants, the recommendation was to remove them from the manual process and send them the verification letter to reduce costs for applicants who were unlikely to be booked

Results

## Reduced manual verification by 40%

- Applications that required verification for ID discrepancies are removed from underwriting workflow and auto-approved

Incremental New Account Increase of 15%

- These are credit-worthy applicants

  ▸ Were not verified by existing automated decision process

  ▸ Were not verified through manual review

  ▸ Received verification letter and did not respond

- Booked and simultaneously removed from manual review

  ▸ No additional marketing costs for the customer since these additional accounts come from the existing application stream
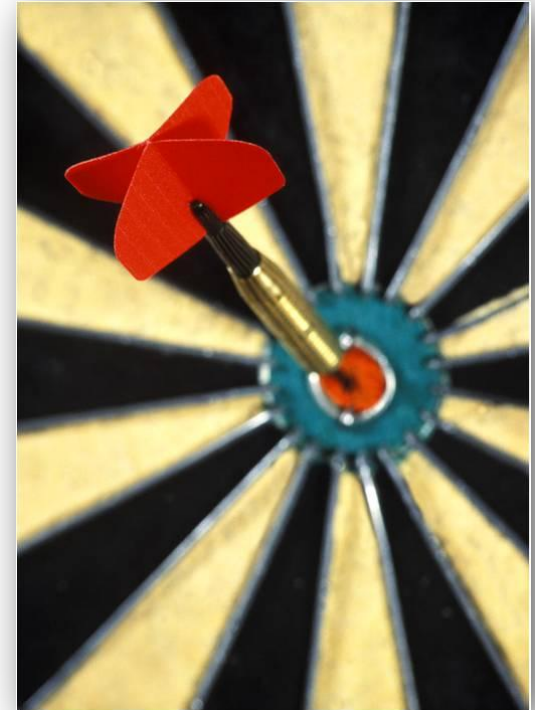
Additional value delivered
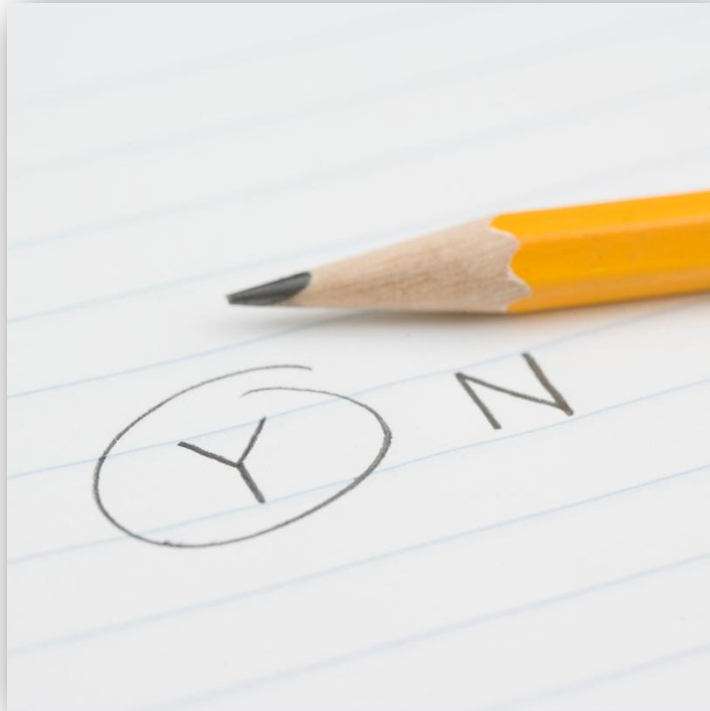
Customized, hosted decisions developed by Experian

- In order to simplify integration, Experian will house the customer's ID verification criteria, and output a simple pass / fail response

- The response fits into an existing interface that the client maintains with Experian's Precise ID^{SM} platform

- These hosted decisions can be used elsewhere in the client enterprise where the same ID verification criteria exist

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Additional value delivered

Automating the capture of Customer Identification Program (CIP) elements so they can be viewed point-in-time

- Meets critical compliance need
  - ► Audit is not reliant on analyst's subjective documentation
- Cases can be researched, supporting details are visible

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For additional information, please contact:

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