

# Fraud Advisory Board

Spring 2017 Meeting Recap



# Attendees

## Members and guests

NAME	COMPANY
Michael Truitt	Alliance Data
Danny Buttafogo	Bank of America
Tony Gray	Leidos/CMS
Cathy Smoyer	Mountain America Credit Union
Steve Luyckx	Open Dealer Exchange
Becky Griffin	Chase
Stefan Schubert (guest)	Chase
Tim Webb	Citi
Lan Luangsouphom	Clarity Services
David Minsk	PNC Bank
Rick Cooney	Synchrony
Dustin Lehnig	Wells Fargo

# Attendees

## Experian team

NAME
Matt Ehrlich
Keir Breitenfeld
John Sarreal
Mike Gross
Kevin Chen
Jon Jones
Adam Fingersh
Janet Bailey
Steve Platt

# Fraud Advisory Board Meeting

## Agenda

Time	Topic
12:00	Lunch available outside FAB meeting room
12:15	Welcome, introductions, and kick-off
12:45	Synthetic ID Fraud Model: Overview and discussion
1:30	CrossCore discussion Proposition feedback Partners update
2:30	Experian Fraud & Identity Roadmap update
3:00	Meeting ends

# Welcome

## Fraud Advisory Board: Mission and expectations



Mission: Bring Experian and its key clients together to gain a better understanding of today's business challenges, advance product development to mutual benefit, and address industry-wide issues and opportunities.

### Expectations

- Communication
- Collaboration
- Commitment



# Synthetic ID Fraud Model

Note: slides from this section (with the exception of the Model & Performance Summary ) were removed due to the sensitive nature and upcoming product launch

Please contact Experian directly for an individualized presentation

# Synthetic ID Fraud Model

## Model & Performance Summary

- Experian's Data Lab mined credit and identity data to create a new & unique set of modeling attributes to model for highly suspicious behavior
- Focused on the subset of charge-off behaviors that
  - Lie outside of Vantage Score prediction
  - Reflect "BustOut" behavior as an indication of intent
  - Generate artifacts through "connectivity" across the bureau
- Analyzed snapshots of consumer-level data over a two-year period
  - 24 month performance window
  - Defined the accounts that met the performance conditions and possessed the attributes as "score eligible"
- Evaluation focused on accounts opened within 90 days prior to each data snapshot
  - Mimic performance on new accounts
  - Limit the noise from bad accounts involving legitimate customers facing adverse circumstances



# Synthetic ID Fraud Model

## Notes: Board feedback and questions

*Topic: Introduction of Experian's new Synthetic ID risk model*

- Generally positive reception to model prototype, with most attendees interested to know more and review data specific to their company, as available
- **Feedback**
  - Would like to better understand some of the score factors in the model; eventually need to know more about need the facts and data underneath the score
- **Adverse Action**
  - Is it a must have or nice to have? Some said must have, others nice to have. Result: very nice to have.
  - Given low false positive rate, would prefer to decline; saves work effort if declination allowed. Experian discussed the challenge in supporting adverse action.
  - Alternatives: SSA letter or other outsort process that requires effort – SIDs don't come back.
- **Discussion on preventative efforts – how to keep out of the “system”**
  - Experian has lobbying efforts under way with SSA and other areas to make it easier for lenders and financial services to get definitive information on identity (SSNs, etc.)
  - Portfolio evaluation will help with identifying existing risk on the books

### Synthetic ID Fraud Model Model & Performance Summary

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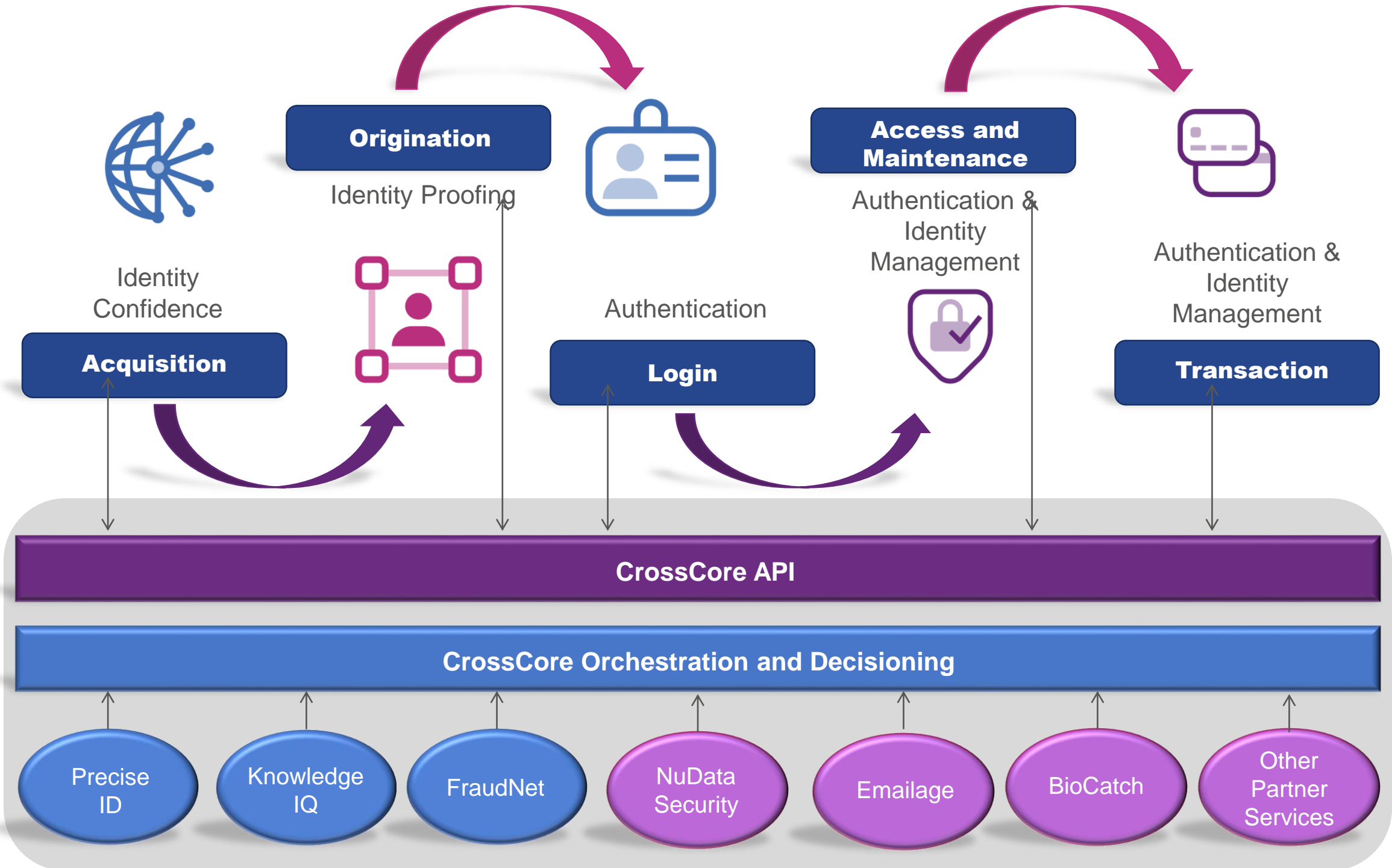


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# CrossCore – Global Product Access Portal



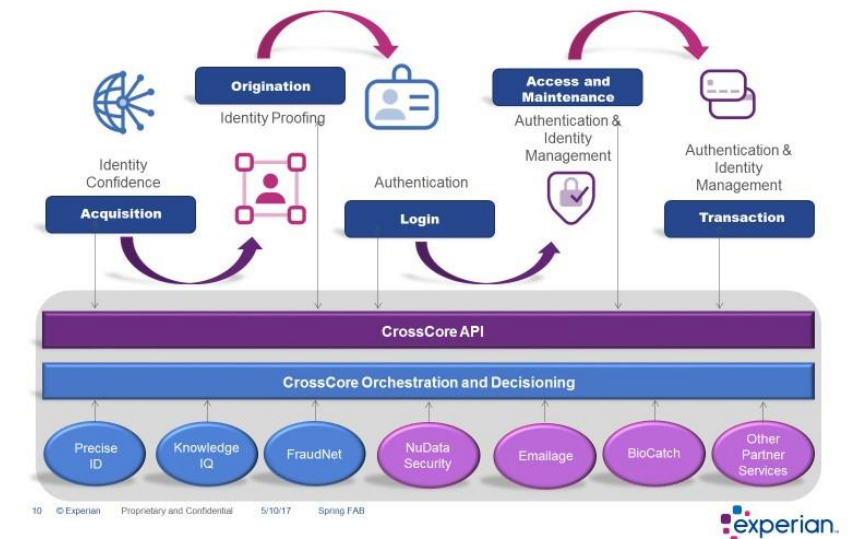
# CrossCore Discussion

## Notes: Board feedback and questions

*Topic: Many of you have told us you see the value that CrossCore provides. Help us understand any barriers to adoption you may face in your organization*

- **One challenge is access to data.** Will I lose the bells and whistles of the full partner response if I use CrossCore?
- Answer: No. The group discussed that they would not lose the full response. CrossCore offers and preserves all of the partner data and it is up to you if you want to consume or just use in decisioning.
- **Another challenge is speed.** The response time at point of sale is very quick; in digital channel, there is more time but speed still important.
- Experian take away: develop channel use cases with sample SLA expectations, including backing service SLAs to allow evaluation for each channel.
- **Members do see value of one to many integrations via CrossCore:** with true name fraud, EMV shift, etc., vectors and tools for detecting are rapidly changing. But there is less appetite to integrate at the organization level.
- **IT investment is another challenge:** even with CrossCore's friendly tech, there are always large costs and effort to plumb new things in; "when something new is needed, it is a big challenge to get it approved".
- It's not just the new way to connect. Have to sell it internally on overall value. It could help if Experian provided a technical level of effort (LOE) to help fight the perception that CrossCore is large in scope












CrossCore – Global Product Access Portal



***Members do see value in the CrossCore platform – the business case is speed to market, opportunity cost to develop in house, fraud rates and growth.***

***Experian can help by adding context to the level of effort for clients to build and manage something similar.***

# CrossCore Partners

Partner	Services
	A leading threat intelligence firm with the ability to flag fraudulent connections in real time
	Email addresses-based risk scoring combined with machine learning algorithms
	Provides businesses with global identity verification data (phone, email, address and IP verification)
	Leading provider of e-commerce card-not-present chargeback services
	Behavioral biometrics to monitor account opening applications for fraud
	Layered biometrics, including account opening application session monitoring, device identity, and biometric analytics
	Fingerprint, voice and facial recognition biometrics
	Network level fraud threat analytics with a focus on mobile platform fraud
	Verifies whether government-issued identity documents uploaded by customers are authentic
	Leverages mobile and location data to help identify and verify customers and transactions
	Evaluates digital identity and fraud risk using a combination of social media and off-line data

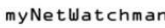











# CrossCore Discussion

## Notes: Board feedback and questions

### Topic: CrossCore partners

- We should market our partnership strategy and process as it is a core value as well to clients. Ex. compliance and our FIVA process, InfoSec, legal
- Smaller FinTech or start-up companies often don't have the insurance or Info Sec requirements that our companies require.
- Need to show our combined results around incremental lift/improvement for fraud detection, false positive reduction, etc.
  - We have the right partner categories, but may not have the preferred vendor for some clients.
- Client still needs to have engagement and transparency with partner even if contracted with us
  - Procurement and legal still wants that view.
  - We need to position options...in that clients can still contract directly with partners if their policy requires this...and then access the partner via CrossCore.
- A couple clients are interested in access to Early Warning Services through CrossCore

### CrossCore Partners

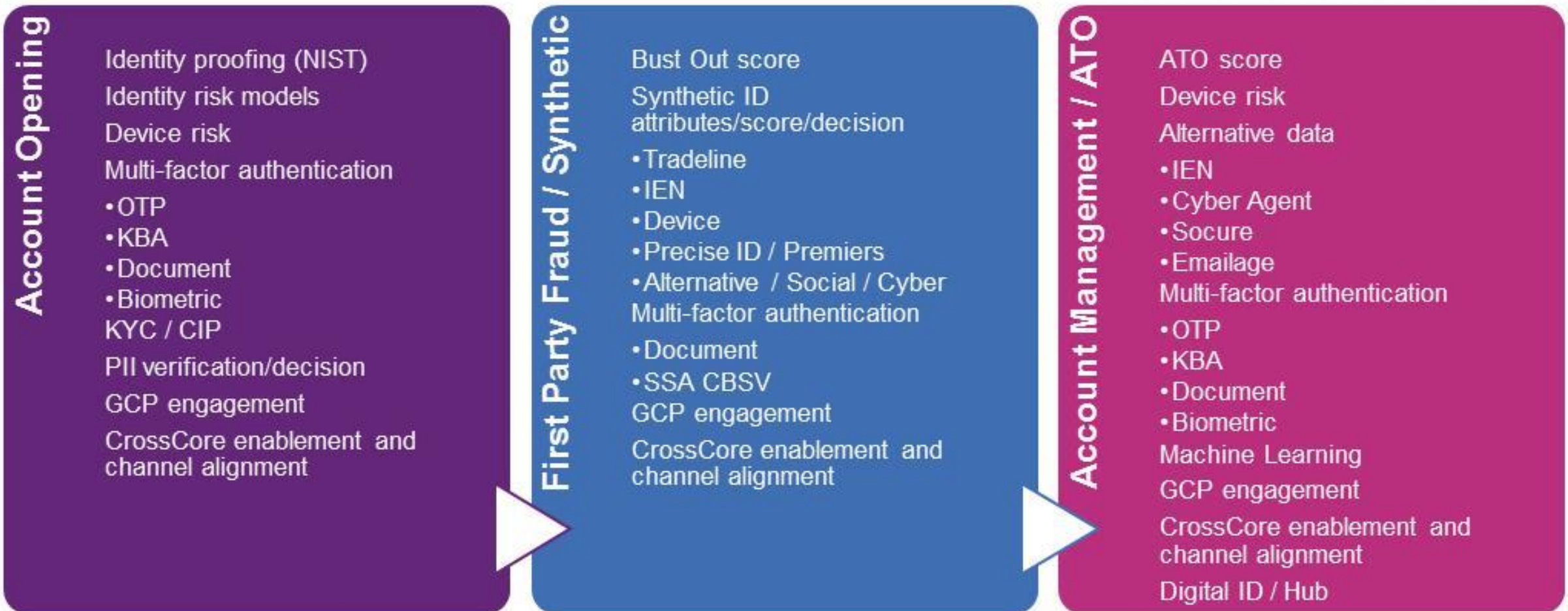
Partner	Services
 myNetWatchman	A leading threat intelligence firm with the ability to flag fraudulent connections in real time
 emailage	Email addresses-based risk scoring combined with machine learning algorithms
 whitepages PRO	Provides businesses with global identity verification data (phone, email, address and IP verification)
 iQOR	Leading provider of e-commerce card-not-present chargeback services
 BIOCATCH <small>Behavioral Profiling</small>	Behavioral biometrics to monitor account opening applications for fraud
 NU DataSecurity	Layered biometrics, including account opening application session monitoring, device identity, and biometric analytics
 Daon	Fingerprint, voice and facial recognition biometrics
 ARGYLE DATA	Network level fraud threat analytics with a focus on mobile platform fraud
 acuant  Mitek	Verifies whether government-issued identity documents uploaded by customers are authentic
 Danal	Leverages mobile and location data to help identify and verify customers and transactions
 SOCURE	Evaluates digital identity and fraud risk using a combination of social media and off-line data

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# Product and Propositions

## From Products to Propositions to Prescriptions



# Roadmap Discussion

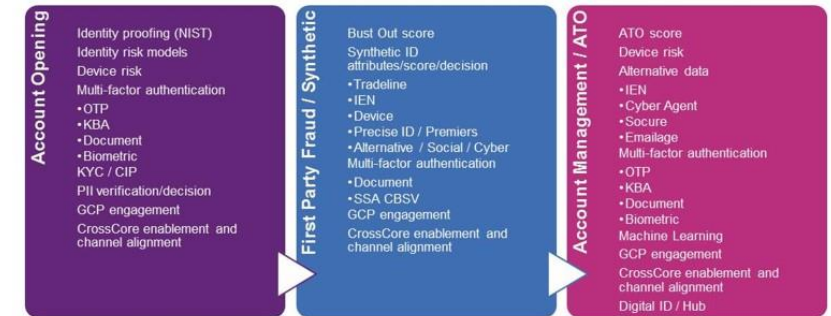
## Notes: Board feedback and questions

*Topic: Experian Fraud & Identity Roadmap update*

- Document Verification: one of the top priorities for many members
- Some members evaluating other document verification vendors, including testing or pilot/proof of concept
- Potential opportunity for Experian to explore: addition of auth user for Synthetic ID and Account Takeover
- The need is to verify that the auth user being added has a relationship with the primary account holder
- Example: a social media connection to the account holder, some type of device linkage, etc.

### Product and Propositions

From Products to Propositions to Prescriptions



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# Fall Fraud Advisory Board 2017

**October 18 - 20, 2017**  
**The Scottsdale Resort at**  
**McCormick Ranch, Arizona**

**New this year!**

**Concurrent with Experian's**  
**Fusion Summit 2017**



## Fusion Summit 2017

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**October 18 - 20, 2017**

**The Scottsdale Resort at McCormick Ranch, Arizona**



