

Synthetic identity mitigation services

Do you know how much synthetic identity fraud is costing your organization?

Synthetic identity fraud doesn't just negatively affect portfolio performance. It also can hurt your reputation as a trusted organization. We can help you fight fraud while protecting your customers and your organization from attacks.

Synthetic identity fraud is a real risk

A combination of mass identity data compromise and the increasing abilities of organized fraud rings has created a synthetic identity epidemic that is impacting all markets. With the focus on new customers and underbanked consumers, this poses a large threat to your onboarding and customer management policies, as well as overall profitability.

Our fraud and identity management consultants can help you reduce synthetic identity fraud losses through a multilayer methodology designed to combat the rise in synthetic identity creation and use in fraud schemes. Through our phased approach, we will help you understand the extent of your exposure and implement targeted risk assessments across the customer life cycle.

Identity risk, and the ability to detect that risk, can vary as identities are created. Combating the creation of synthetic identities starts with a review of applicant customer data capture, authentication techniques, customer and account management policies, and data furnishing standards and procedures. Conducting a benchmarking analysis will determine your level of risk exposure across various portfolios or customer populations.

Regular identity monitoring at the portfolio level can lead to early detection of high-risk synthetic identities that may not have appeared to exist at the beginning of the relationship. By analyzing specific attack profiles and identifying high-

risk dollar losses, we will show you the benefits of using custom scores, stronger credit strategies, and consumer authentication practices to reduce incurred losses.

Conducting a detailed review and assessment, along with benchmarking current policies and procedures will lead to successful implementation of a comprehensive and effective synthetic identity policy and strategy design. This ensures an effective and measurable set of processes that are prioritized and executed.

In addition to assessing the right set of solutions for use at account-opening and account-management processes, we will assess policies related to the treatment of booked accounts, including:

- Line utilization.
- Authorized users or joint account holders.
- Payments.
- Extension of credit.
- Know Your Customer/Customer Identification Program.
- Multifactor authentication.
- Skip tracing and collections.

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A progressive approach to discovery and resolution

I. Synthetic identity exposure assessment and benchmarking

How much could we lose, or are we losing today, to synthetic identity fraud?

Knowing your risk exposure to synthetic identity fraud is the first step in protecting yourself and your customers. Using a targeted segmentation analysis, we will examine a portfolio or customer population and identify your current and near-term exposure. Our focus will be on differentiating synthetic identities created for fraudulent use from those simply created as a result of poor data quality or verification. Utilizing targeted synthetic identity scores and underlying predictive attributes, we will compare your results with those of industry peers and best performers. You will receive a cumulative level of risk exposure and underlying data points that will support measurement and next steps.

II. Customer data capture and authentication review

*How are synthetic identities onboarded to my portfolio?
How can I better prevent them?*

We will conduct a review of both front- and back-end identity screening operational processes and procedures, including an examination of the methodologies and workflows for customer, account and event authentication. Then we'll make analysis-based recommendations to ensure you have industry best practices, procedures and verification tools deployed for long-term success.

Synthetic identities are generally created in one of three ways:

- Credit applications and inquiries that result in synthetic credit profile creation or build.
- Exploitation of the authorized user process designed to take over or piggyback on legitimate credit profiles.
- Data furnishing schemes to falsify regular credit reporting agency updates.

We will consider each of these creation channels in a comprehensive review designed to:

- Identify and measure gaps between current and desired state.
- Apply system guardrails to mitigate entry errors and conflicts or work around venues for fraudsters.
- Balance comprehensive and compliant application data capture with customer experience and security.
- Define initiatives to achieve both near-term "quick hits" and longer-term "strategic" results.
- Create a prioritized road map leading toward best-in-class synthetic identity risk management.
- Support business cases for future investment in services and operational resources.
- Initiate an ongoing partnership.

III. Synthetic identity strategy review and design

How do I build a barrier to synthetic identity fraud now and in the future?

Data. Analytics. Cutting-edge tools. Flexibility. All of these combine to enable synthetic identity fraud detection and loss prevention through targeted consumer authentication.

We will review synthetic identity and first-party fraud strategies to identify opportunities where you can better capture the majority of fraud and portfolio attributes while reducing good customer friction and operational waste.

Our consulting team will collaborate with you to provide recommendations based on a thorough and consistent modeling methodology and industry standards. Strategies will be designed to meet business or policy requirements related to risk tolerance, customer experience, compliance, and operational and fiscal constraints.

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Create and deploy risk-based decisioning strategies at account-opening and management-process points that incorporate:

- Identity risk scoring.
- Device intelligence, risk assessment and link analysis.
- Attribute level segmentation.
- Multifactor authentication services.
- Consortium data opportunities.
- Alternative data options.
- Identity relationship management philosophy invoking contextual authentication techniques at the right process point and the right time.
- Account management in the form of line utilization and payment policies.

IV. Data furnishing assessment

How do I ensure my institution is contributing to the solution and not the problem?

Institutions, data aggregators, credit reporting agencies, and consumers are enabling the creation of synthetic identities through the exploitation of an online and mobile driven market, along with an increase in data breaches and dark web sharing. We will work with you to understand what role your institution may play in such enablement, to what level, and what measures can be taken to reduce it. We will conduct an analysis of data quality within your portfolio and as reported to credit reporting agencies with a focus on:

- Comprehensive coverage and completeness of record.
- Validity and consistency in identity definitions and authentication.
- Credit profile and new trade creation.
- Shared or mixed account ownership records.

We will then provide recommended actions to minimize your exposure to negative compliance audit results, adverse action by credit reporting agencies and reputational risk.

Benefits

- Effective policies and documented procedures with respect to authentication, data quality, account management, and credit reporting agency subscription and data furnishing.
- Reduced fraud exposure and losses stemming from synthetic identity attacks across channels and the customer life cycle.
- Operational efficiencies via lower false positives and referrals and fewer resources required to investigate and categorize potential synthetic identity cases.
- Future-proofed synthetic identity policies designed with key performance indicators that drive regular tuning of authentication and account-management strategies

Experian's Global Consulting Practice

Our consultants are highly qualified fraud industry veterans. We have helped manage fraud and improve identity verification processes across the customer life cycle within dozens of industries around the globe. Our consultants have a wide range of experience in the development and deployment of solutions that will integrate with your existing tools, technologies and industry demands.

For us, it's all about helping you effectively mitigate fraud while providing a positive customer experience. Talk with your local Experian sales representative today or call 1 888 414 1120.



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