LexisNexis®
RISK SOLUTIONS

A Leading Credit Union Cuts Third-Party Fraud in Half with LexisNexis® Emailage® and Fraud Intelligence

Integrated Digital-Physical Identity Intelligence[1] Helps to Stop Fraudulent Applications in Near Real Time, While Expediting New-Member Acquisition

AT A GLANCE

Company

- A Leading Credit Union in North America

Requirements

- Reliably distinguish good consumers from bad actors in near real time.
- Reduce third-party fraud losses associated with new account origination.

Featured

- LexisNexis® Emailage®
- LexisNexis® Fraud Intelligence

Bottom Line

- 68% of fraudulent applications captured among the riskiest new account applications.
- Fraud rates held below 3% on lowest-risk 20% of applications, improving efficiency of member-acquisition initiatives.
- Reduce false positives, manual reviews and internal resources required to implement and maintain disparate point solutions.
- Increase flexibility in business strategy due to reduced fraud risk.

[1] This case study focuses on the credit union's success using LexisNexis Emailage and LexisNexis Fraud Intelligence. The credit union employs a robust workflow composed of multiple layers of solutions from LexisNexis Risk Solutions for a risk-based approach to fraud mitigation.

Up to one-in-four applications from new members were fraudulent

As many as 25% of new applications submitted online resulted in fraud for a leading credit union. Fraudsters were circumventing multiple fraud mitigation point solutions to open new accounts and max out lines of credit before vanishing. To compensate for high fraud losses, the credit union had to offer less competitive financial products to its member base, undermining efforts to acquire new members.

While seeking to mitigate fraud losses and ancillary costs, the credit union also wanted to optimize member experience throughout the account-opening process. Undue friction undermined new member relationships and acquisition goals. False positives increased manual review rates, jeopardizing hundreds of thousands of dollars in member lifetime value and degrading operational efficiency.

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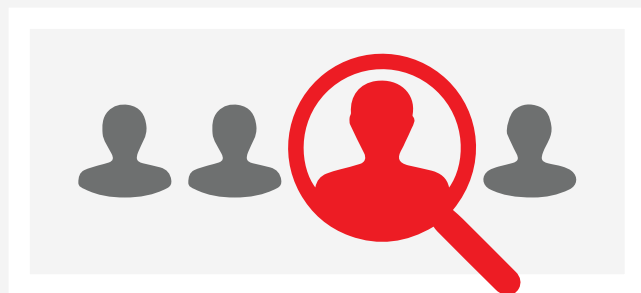
Legacy point solutions failed to perform due to conflicts or gaps in signal. The incumbent email intelligence provider focused on confirming the existence and age of email addresses, granting patient fraudsters a workaround via aged emails. An identity verification service confirmed applicants' basic personally identifying information (PII) but gave no insight into attributes of the PII elements that could signal fraud risk. Normalizing inputs from the disparate point solutions required substantial development resources, costs that went to waste when the solutions failed to catch fraudulent applications.

Fraud prevention improves with global shared intelligence on email and PII data

The credit union sought a fraud mitigation solution capable of not only spotting fraudulent applications more effectively, but also one that could guard multiple use cases and interaction channels along the entire member journey. The increasingly global and sophisticated nature of fraud networks demanded a multi-layered solution strategy with a single decision platform. The winning platform would need to enable the credit union to respond to emerging fraud trends while focusing on member experience and increasing operational efficiency.

68% of fraudulent applications captured among the riskiest new account applications.

After a robust vendor evaluation, the credit union chose to implement LexisNexis Emailage and Fraud Intelligence. LexisNexis Emailage helps distinguish legitimate applicants from risky individuals by leveraging rich insight into email metadata, transaction history and behavior drawn from global contributory digital networks. LexisNexis Fraud Intelligence detects inconsistencies and recognizes fraud patterns in application profiles that other fraud tools miss via shared industry fraud intelligence encompassing hundreds of identity attributes, application behaviors and associated events. These solutions help eliminate conflicts and gaps in risk-assessment signal and require minimal development overhead from the credit union's development team because they operate on a shared technology backbone: the LexisNexis Dynamic Decisioning Platform.

Reduce fraudulent applications, false positives, manual reviews and member frustration

As a result of implementing LexisNexis Emailage and Fraud Intelligence, the credit union captures more than two-thirds of fraudulent applications among the riskiest new account applications, while holding the fraud rate below 3% on the lowest-risk quintile of applications. New applicants now appear more clearly at the extremes of risk due to risk signals hidden within the attributes, patterns and behaviors of the identities applying and the emails and PII provided in applications. The increased clarity reduces false positives and manual reviews, improving customer experience and operational efficiency.

Improved Fraud Capture Among the Riskiest New Account Applications

Combine Emailage with Fraud Intelligence
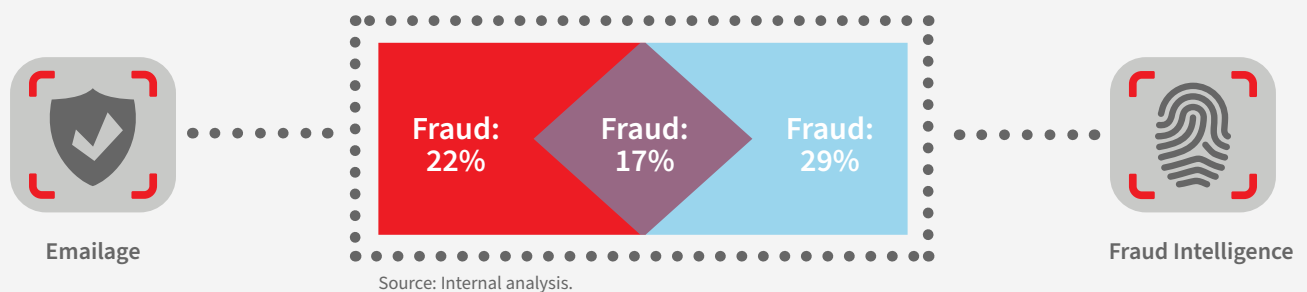
Emailage

Fraud: 22%   Fraud: 17%   Fraud: 29%

Fraud Intelligence

Source: Internal analysis.

Even applicants who might have been falsely flagged under the prior fraud mitigation regime receive faster approvals.

By identifying new low-risk members, the credit union expedites the application process for legitimate applicants, setting a positive tone at the beginning of new member relationships. Even applicants who might have been falsely flagged under the prior fraud mitigation regime receive faster approvals. The credit union has a clearer understanding of applicant identity and risk. By reducing fraud losses, the credit union may offer more competitive financial products and services to all its members.

The credit union was so satisfied with the preliminary results from LexisNexis Emailage and Fraud Intelligence at new account origination, that they implemented additional LexisNexis Risk Solutions fraud mitigation solutions at three more member onboarding touchpoints, spanning digital, in-person and phone channel. The robust suite of fraud and identity solutions, all delivered through a single easy-to-integrate API, helps to deflect more existing and emerging fraud threats while improving member experience across the member journey.

For more information: risk.lexisnexis.com/FIM-EN or 408.200.5755

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