# Early Warning®

# REAL-TIME *IDENTITY CHEK*® SERVICE — NEW ACCOUNT SCORES

## Optimize New Account Openings while Fostering Customer Inclusion

> "We are still asking the consumer to fill in every blank on every form as if we're still doing it by paper. And when you look at the consumer, who's becoming more educated on how to interact digitally, especially during COVID, they're finding that there are much easier ways to engage."[1]

Additionally, a recent Aite report on the latest trends in application fraud in DDA and credit card accounts found that, more than half of FIs surveyed indicate that one of their top three pain points leading to application fraud is synthetic identities, followed by 29% indicating first-party check/deposit fraud and 29% indicating first-party lending fraud.[2] This of course raises the questions of how financial institutions balance an incredible customer experience without introducing too much friction in an attempt to reduce fraud.

Serving as Trusted Custodian over the *National Shared Database*[SM] Resource, Early Warning's database provides both broad and deep coverage with insight into millions of transactions and identities. The scores, key factors and summarized attributes generated from this collaborative intelligence database provide FIs the valuable insight needed to optimize new account openings and tailor account offerings while reducing fraud and 'false positives.'

With Real-time *Identity Chek* Service — New Account Scores from Early Warning, financial institutions (FIs) are empowered with an accurate, comprehensive, and customizable solution to:

- Make better account opening and related privilege decisions to foster customer inclusion
- Create a frictionless customer experience
- Reduce fraud losses
- Streamline operational processes

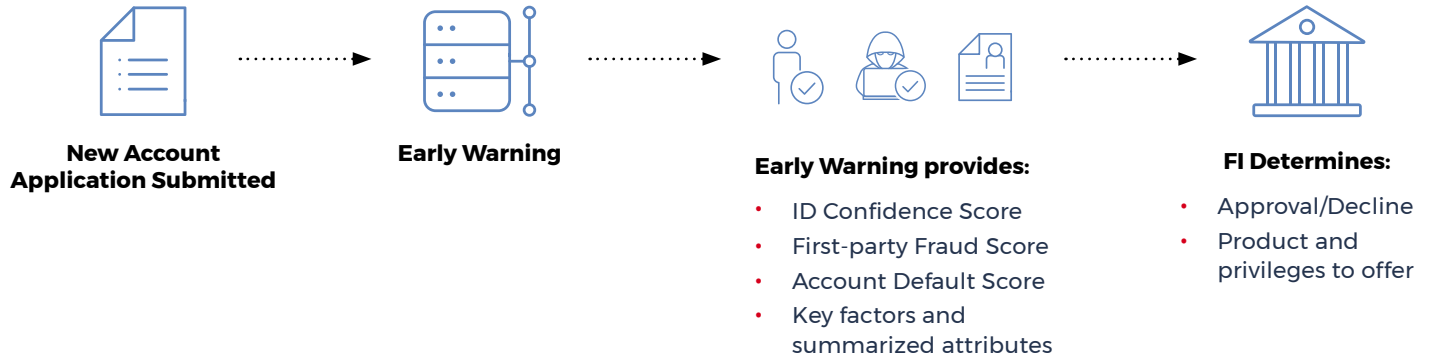|  | ID CONFIDENCE SCORE | FIRST-PARTY FRAUD SCORE | ACCOUNT DEFAULT SCORE |
| --- | --- | --- | --- |
| Purpose | Provides a confidence level that the consumer is presenting true identity credentials at new account opening | Predicts the likelihood, at new account opening, that a consumer will default due to first-party fraud within nine months | Predicts the likelihood, at new account opening, that a consumer will default due to account mismanagement within nine months |
| Type of Data Used | Header Data | Deposit Behavior Data | Deposit Behavior Data |
| Legal Framework | Gramm-Leach-Bliley Act | Fair Credit Reporting Act | Fair Credit Reporting Act |

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Sources:
1  Jim Marous, Owner and Publisher of Digital Banking Report — 2020
2  "Application Fraud: Trend Analysis and Mitigation Challenges." Aite Group. November, 2020

# Predictive and Analytic New Account Scores

The unique cross-institution data set managed by Early Warning combined with sophisticated analytics has led to the development of analytical and predictive scores that go beyond rules-based solutions to better enable FIs with data intelligence to improve new account opening decisions.

Early Warning's predictive Real-time *Identity Chek* Service — New Account Scores allow you to expand your customer-base with confidence. You can determine the likelihood of a valid identity in real-time as well as determine the likelihood of potential losses within the first nine months of a new account being opened. Our service incorporates the deepest set of deposit performance data available in the industry, not credit performance data, eliminating binary "yes" or "no" decisions based on a single match to a negative dataset.

## NEW ACCOUNT SCORES



**New Account Application Submitted** → **Early Warning** →

**Early Warning provides:**
- ID Confidence Score
- First-party Fraud Score
- Account Default Score
- Key factors and summarized attributes

**FI Determines:**
- Approval/Decline
- Product and privileges to offer

## ID CONFIDENCE SCORE: IS THE APPLICANT REALLY WHO THEY CLAIM TO BE?

Those who commit fraud, including true-name fraud, manipulate information to compromise the financial system. Through bank-contributed identity information and third-party data sources, Early Warning has expanded identity data coverage to significantly improve the ability to detect synthetic and manipulated identity and determine whether an applicant is presenting their true identity.

## HOW ID CONFIDENCE SCORE WORKS

Early Warning has the deepest set of identity data available in the industry. By using advanced predictive analytics, the ID Confidence Score positively identifies people as they apply for new accounts. It uses proprietary data including deposit and credit header data in addition to public data sources. This provides organizations with the ability to better distinguish between verified and suspect identity credentials with confidence.

## ID CONFIDENCE SCORE

Early Warning's coverage provides an improved ability to identify synthetic and manipulated identity.

**Improve Customer Service**
- Advance consumers through the account opening process more efficiently

**Increase Identity Confidence**
- Determine likelihood of valid identity in real-time
- Reduce false positives and false negatives

**Reduce Identity Fraud Loss**
- Better detect synthetic and manipulated identities
- Remove friction for legitimate customers while quickly identifying fraudsters

**Improve Operational Efficiencies and Compliance Requirements**
- Streamline review of suspect identities with an inquiry-based, real-time solution
- Improve CIP and KYC initiatives
- Gramm-Leach-Bliley Act compliant authentication scoring

## HOW FIRST-PARTY FRAUD AND ACCOUNT DEFAULT SCORES WORK

The specific deposit data sets that are used differ within the models given the behavior the score is predicting. These data sets include, but are not limited to: Shared Fraud, Account Abuse, Deposit Transactions and related return information, Account Status and Account Owner Information. Our scores, coupled with summarized attributes and key factors, provide transparency so that financial institutions can confidently expand their customer base, tailoring the appropriate products and privileges while managing risk.

## BALANCING GROWTH, COMPLIANCE AND RISK

In addition to providing your institution the immediate responses needed to make appropriate account opening decisions, it also provides a flexible user interface, data error and comprehensive reporting. This solution provides the business intelligence required while ensuring compliance and improving operational efficiency as your institution defines account opening decisions and account tailoring strategies.

## FIRST-PARTY FRAUD AND ACCOUNT DEFAULT SCORES

**Improve Account Opening Decisions**

- Predict likelihood for first-party fraud loss
- Predict likelihood for account mismanagement

**Improve Customer Service**

- Tailor product offerings and account privileges
- Early Warning's FCRA Customer Service team excels at efficiently and effectively working with consumers on inquiries and disputes

**Improve Operational Efficiencies and Compliance Requirements**

- Streamline new account opening processes with real-time
- Fair Credit Reporting Act — compliant authentication scoring

For more information about Real-time *Identity Chek®* Service, contact an Early Warning Account Manager at earlywarning.com/id.

### ABOUT EARLY WARNING

Early Warning Services, LLC, is a fintech company owned by seven of the country's largest banks. For almost three decades, our identity, risk and payment solutions have been empowering financial institutions to make confident decisions, enable payments and mitigate fraud. Today, Early Warning is best known as the owner and operator of the Zelle Network®, a financial services network focused on transforming payment experiences.