



... Overcome Your Identity Verification Challenges—and Seize New Opportunities for Competitive Advantage

November 2022

••• Are your identity verification tools keeping up with industry challenges?

To combat application fraud, financial institutions (FIs) must be able to reliably verify a person's identity during account opening.

But doing so is harder than ever.

The shift to digital-first banking—which accelerated amid the COVID-19 pandemic—has exposed gaps in application systems.

And fraudsters are making the most of the situation.

Eighty-one percent¹ of FIs say application fraud increased in the wake of the pandemic—and the upward trend is continuing:



Annual DDA application fraud losses are predicted to reach \$939M by 2023²



Annual credit card application fraud losses are predicted to reach \$3,188M by 2023²

¹ Synthetic Identity Fraud: Diabolical Charge-Offs on the Rise. Aite-Novarica Group, Feb. 2021

² Application Fraud: Trend Analysis and Mitigation Challenges. Aite-Novarica Group, Nov. 2020 (p. 11, Fig. 8)

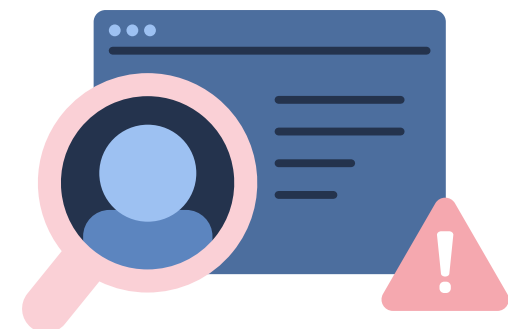


••• Synthetic identity fraud is one of the fastest growing financial crimes in the US.



\$1.2B

in estimated credit card application fraud loss for 2020 resulted from synthetic identity fraud²



50%

of institutions rank synthetic identity fraud resulting from application fraud as a top concern²

Synthetic identity fraud has emerged as a key area of opportunity for criminals, who see it as a long-term theft tactic that's exceptionally lucrative and difficult to detect. 70% of FIs believe that synthetic identities are a more challenging issue than identity theft.¹

Synthetic identities can be used to open bank accounts, apply for loans or credit accounts—and ultimately, create legitimate records with credit reporting agencies.

All of which can lead to fraud loss down the road. Many firms are just beginning to understand the extent of the rise of synthetic identity fraud.

¹ Synthetic Identity Fraud: Diabolical Charge-Offs on the Rise. Aite-Novarica Group, Feb. 2021

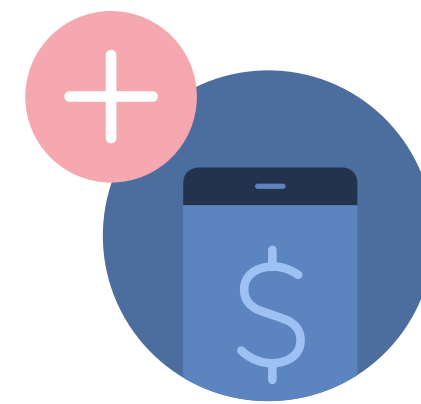
² Application Fraud: Trend Analysis and Mitigation Challenges. Aite-Novarica Group, Nov. 2020 (p. 11, Fig. 8)



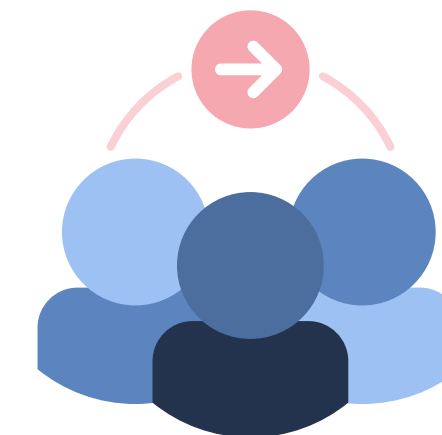
••• Demand for digital banking is on the rise—and staying competitive means delivering seamless experiences.

In addition to mitigating application fraud risk, modern identity verification tools should reduce friction in the digital application process.

Institutions that can onboard new customers quickly and securely have the opportunity for exceptional market growth.



There was a 200% increase in new mobile banking registrations in 2020¹



87% of consumers are planning to continue increased digital usage after the pandemic²

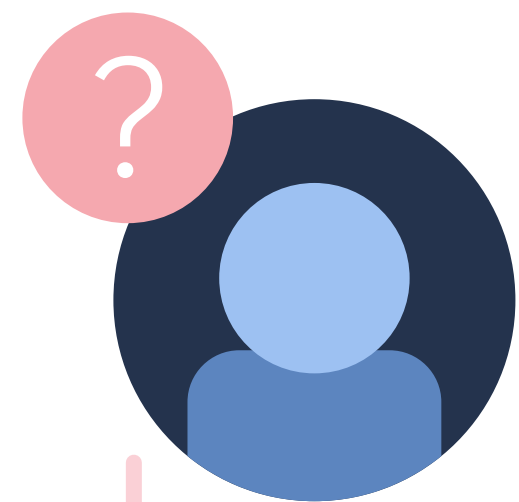
¹ Fidelity National Information Services, April 2021 Analysis Report

² BAI Research, Pulse Survey on Digital Banking Attitudes, August 2020



••• Banks and lenders need better identity verification tools.

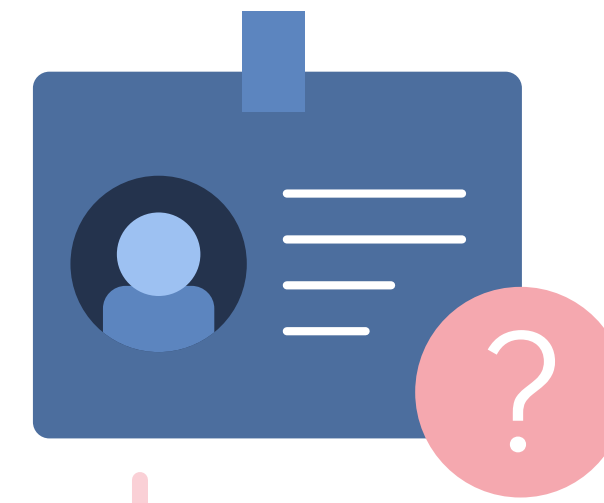
As criminals continue to capitalize on blind spots with traditional fraud risk models, FIs need to update their onboarding systems with [advanced identity verification tools](#) that answer vital questions, like:



Is this person who they claim to be?



Is this a synthetic Identity?



Does this identity match a verified Social Security number?





VERIFY IDENTITY:

Assess your applicants
with confidence



... All the identity verification capabilities you need, in a single solution.

Enhanced **Verify Identity** tools:



Identity Confidence Score

Assesses the likelihood that the applicant is presenting their true identity credentials

Data provided:

Predictive, analytical score (lower score = higher risk)



Synthetics Indicator

Detects synthetic or manipulated identities

Data provided:

Flags potential issues with specific pieces of personally identifiable information

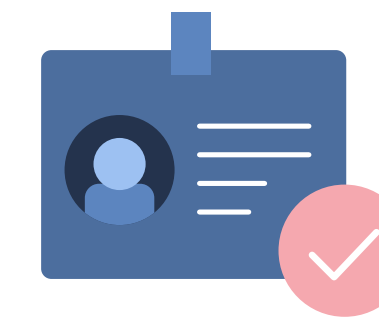


Identity Attributes

Adds context to scores and indicators, enabling more informed identity risk assessments

Data provided:

Summary of attributes for each identity element associated with the inquiry



Verify SSN*

Confirms whether the applicant's name, Social Security number and date of birth combination matches a legitimate Social Security Administration (SSA) record.

Data provided:

"Yes" or "No" match response

*Verify SSN does not verify identities, eliminate synthetic identity fraud or reduce fraud. Verify SSN is only available to financial services organizations.



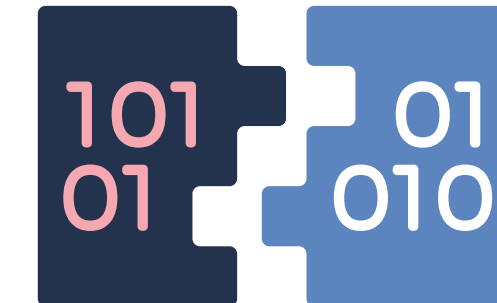
Trustworthy data starts with collaborative intelligence.

As the Trusted Custodian[®] of the National Shared DatabaseSM Resource, Early Warning[®] receives deposit performance data from thousands of financial institutions on a recurring basis.

The intelligence provides broad and deep coverage, with insights into millions of identities.

Contributed datapoints include:

- ✓ Transactions
- ✓ Date of birth
- ✓ Email
- ✓ Addresses
- ✓ Identification
- ✓ Account status and owner



Participant and scored account data on nearly 656 million deposit accounts¹

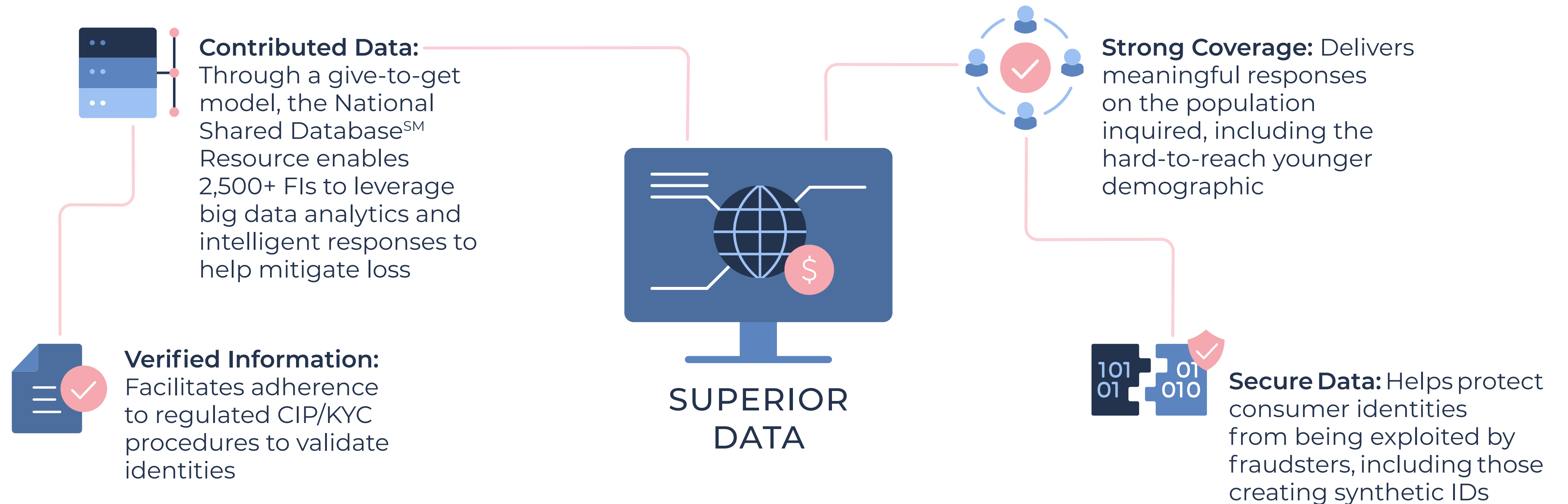


Billions of transactional records contributed by a vast network of financial institutions

¹ National Shared Database Report, June 2022



Superior data sets **Verify Identity** apart.



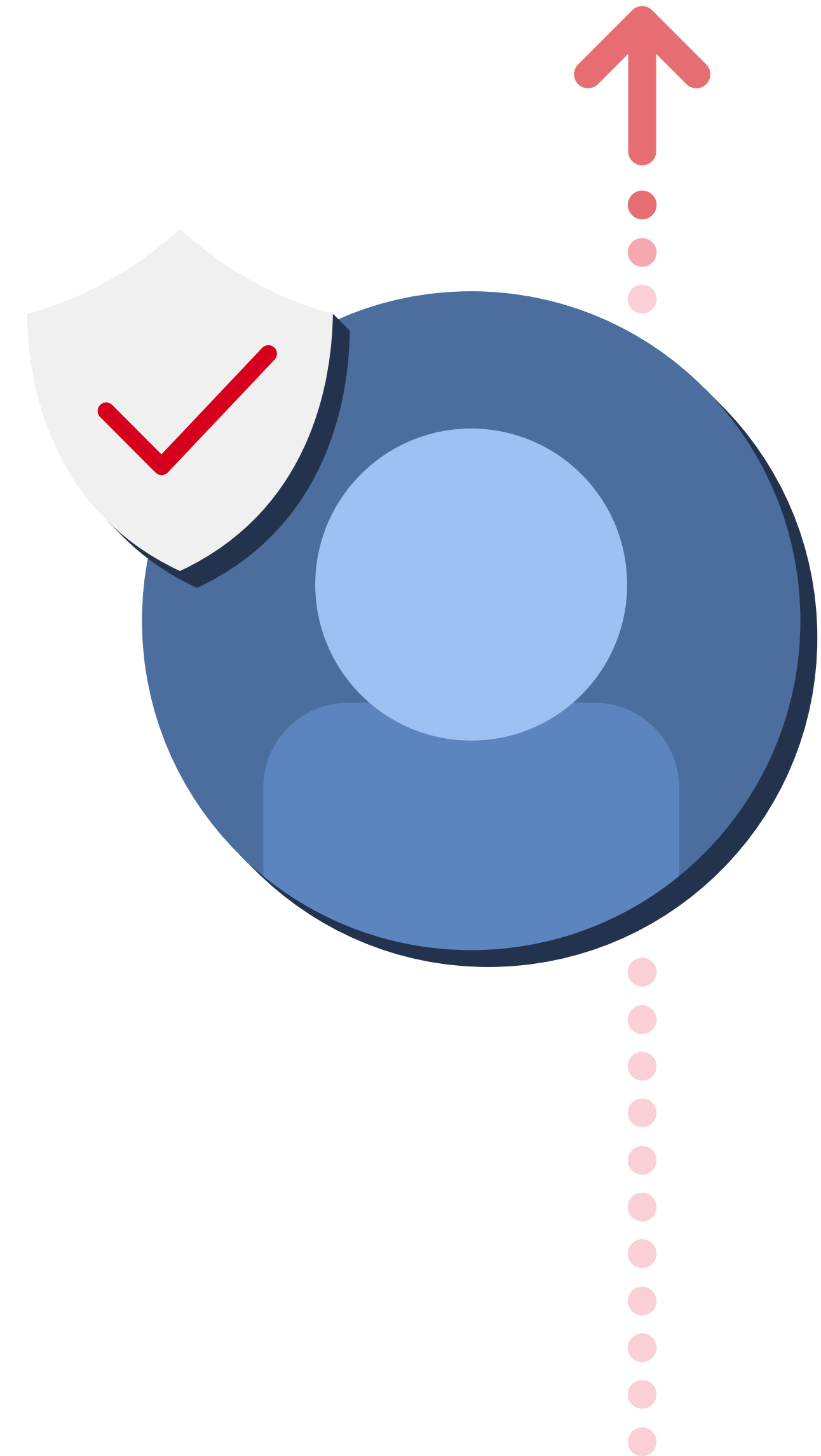


6 ways **Verify Identity** can help your organization



1 Increase identity confidence

Sophisticated algorithms and model statistics reduce false positives/negatives and detect synthetic identities.



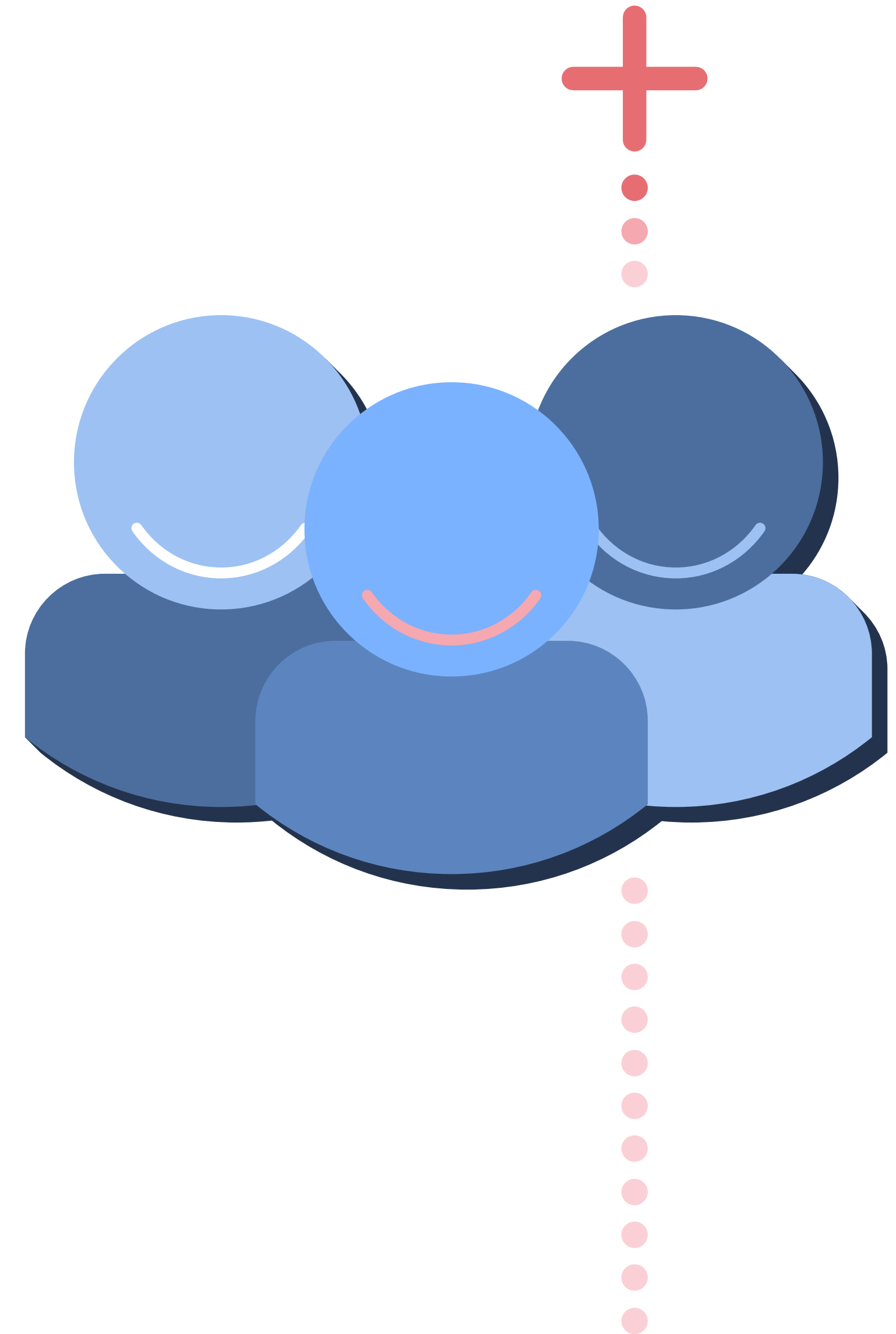
2 Reduce identity fraud losses

Real-time access to identity intelligence allows you to detect fraudulent identities—before bad actors enter your system.



3 Enhance the customer experience

Inquiry-based, real-time solution lets you streamline your review of suspect identities—and advance legitimate consumers swiftly through your digital application process.



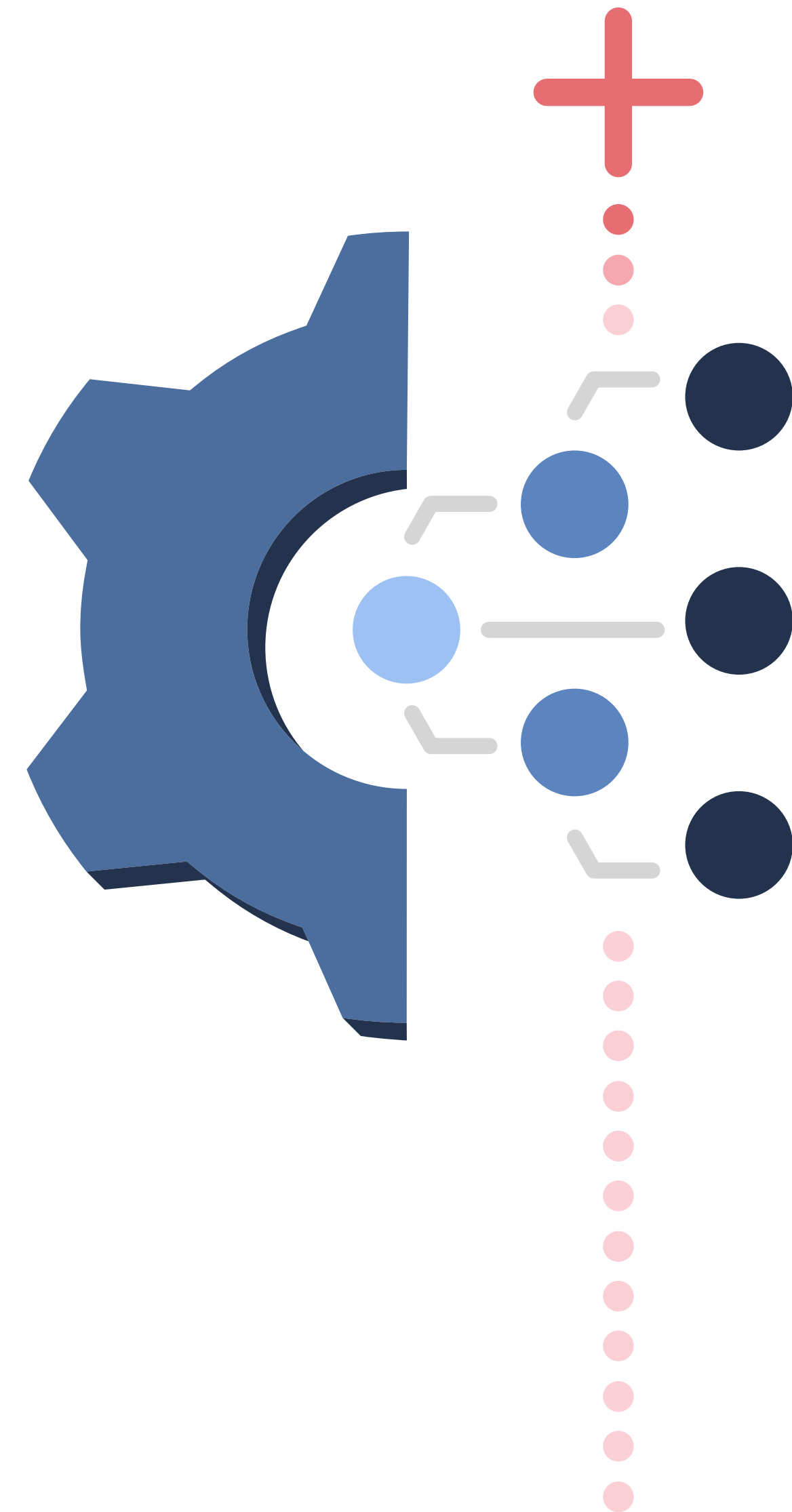
4 Combat synthetic identity fraud

Leverage enhanced insights—derived from data sets contributed exclusively to Early Warning[®] by thousands of banks—to reliably identify synthetics.



5 Leverage flexibility at scale

Our Decision Intelligence Platform relies on industry-standard RESTful API integrations to allow your developers more flexibility at scale. Modular capabilities delivered through this technology allow your organization to select and configure solutions based on your unique needs—enhancing your ability to make data-driven decisions that align with your specific risk tolerance—without major reliance on IT resources beyond initial integration.



6 Meet evolving compliance requirements

Verify Identity scoring is compliant with Gramm-Leach-Bliley and can enhance your KYC (know your customer) and CIP (customer identification program) initiatives.





Use **Verify Identity** to inform your key business decisions—no matter how complex or simple.



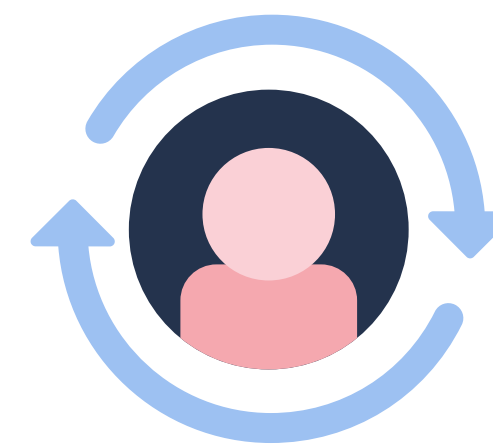
How Verify Identity Works



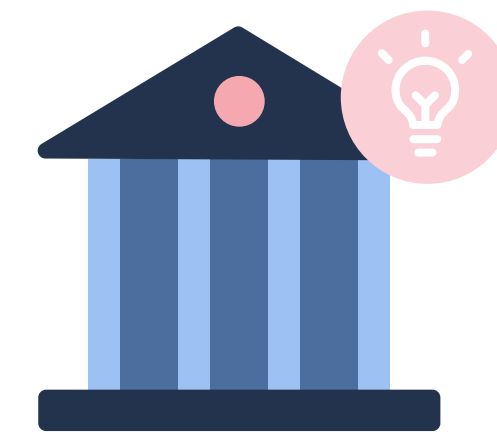
A consumer submits their personally identifiable information through your digital account screening system (online, mobile or in-person).



Early Warning® receives a real-time inquiry message about an applicant, along with an indication of which scores and data are requested.



Early Warning processes the inquiry information utilizing bank-contributed, third-party data and sophisticated algorithms and sends the FI intelligence in real-time.



The receiving FI uses the requested intelligence to make an informed decision about next steps (e.g., proceed with the application, ask the consumer for additional identity information).





Learn more about how Early Warning can help streamline your identity verification.

earlywarning.com/products/verify-identity



••• About Early Warning[®]

Early Warning Services, LLC, is a fintech company owned by seven of the country's largest banks. For more than 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.

With a partner like Early Warning, FIs are empowered with an accurate, comprehensive solution that:

- ✓ Provides breadth and depth of deposit data, enabling a holistic view of a consumer's banking behavior
- ✓ Leverages real-time, predictive analytics that enable better-informed decisions
- ✓ Predicts the likelihood that a customer will default due to first-party fraud in the first nine months of account opening
- ✓ Ensures faster decisions and reduced friction which translates to a better customer experience





Early Warning[®]