

Precise IDSM

A comprehensive approach to fraud detection and compliance



The threats posed by fraud and identity theft demand a risk-based approach that employs accurate and broad-reaching data assets; targeted analytics; knowledge-based authentication; and flexibly designed, efficient and predictive decisioning policies.

These cutting-edge resources enable you to outpace criminals by detecting, avoiding and managing fraud activity — all while helping you meet mandated government and industry regulations such as the USA PATRIOT Act, the FACTA Red Flags Rule and e-signature requirements.

Common business challenges

- **Customer experience** — This is a critical differentiator in this highly competitive market and contracted pool of viable consumers
- **Fraud risk** — Multiple threats exist in the form of first-party and third-party fraud schemes penetrating various access channels and product offerings
- **Development and staff resource constraints** — This is a constant business driver but one of elevated importance on the heels of an economic downturn
- **Regulatory compliance** — Various requirements demand thorough yet unobtrusive identity verification procedures

- **Flexible and evolutionary tools** — Fraud risks and regulatory requirements change over time, and so must your authentication and fraud management tools to ensure maximum return on investment today and as future business needs arise

Precise IDSM — holistic risk assessment and comprehensive consumer authentication

In light of such complex and often-competing challenges, an experienced authentication and fraud prevention partner with demonstrated expertise can be an invaluable asset. Through our industry-leading Precise IDSM platform and product options, Experian Decision Analytics offers a wealth of proven authentication and fraud detection capabilities. These products and services are designed to help you consistently protect your business and your customers from various fraud threats while meeting internal and external compliance requirements.

The flexibility of Precise ID allows you to address multiple types of first-party and third-party fraud, including identity theft, synthetic identities, fraud rings and first payment default.

Precise ID blends Experian's vast consumer data assets with advanced analytics, interactive knowledge-based authentication questions, and hosted rules and risk-based decisioning technology that provide holistic identity risk scoring as well as the individual detailed authentication results behind it. The flexibility of Precise ID allows you to address multiple types of first-party and third-party fraud, including identity theft, synthetic identities, fraud rings and first payment default. Proactively manage risk by receiving complete insight into an individual's identity, enabling you to identify new credible customers, protect existing customers and meet regulatory obligations.

Holistic consumer authentication goes beyond basic identity element validation

Fraud perpetrators remain a relentless threat, motivated by the tempting payoff and gravitating toward the paths of least resistance. Threatening schemes and attacks appear in an instant or progress slowly over time, requiring a tool set that captures and summarizes these behaviors in real time and over time. Precise ID leverages a real-time historical consortium application database of more than 250 million inquiry records that offers a unique view of currently supplied and previously utilized identity elements. Checks include usage frequency and the assessment of consistent or inconsistent identity element usage linked across multiple consumers.

Streamline application processing and identity verification

The lower costs and strong consumer demand for real-time online application processing, along with other emerging mobile delivery channels, have contributed significantly to customer acquisition efficiency and also have caused greater exposure to fraud risk.

With greater reward comes greater risk, a situation of natural tension between optimizing security and maximizing sales. While the maximum number of profitable accounts must be booked quickly, every identity must be verified in an automated and consistent fashion. Verification is particularly important during a non-face-to-face transaction and in the absence of documentary evidence.

A transparent process ensures a positive experience

Organizations are searching for creative and cost-effective ways to maximize the value of each relationship amid the economic downturn and resulting cost and competitive pressures.

Consequently, anything you can do to provide a more streamlined and positive customer experience gives you a competitive edge. If your continuing battle against fraud threats and regulatory compliance requirements frustrates your genuine customers, you may lose business.

Fighting fraud transparently ensures that your true customers remain loyal. Risk-based authentication allows you to strike the right balance among approval rates, fraud rates and compliance requirements to efficiently minimize and prioritize more arduous referrals, ensuring the best possible experience for every legitimate customer.

Superior data breadth and quality

Precise ID is a single integration point that delivers actionable access to a comprehensive and diverse data suite:

- **Consumer demographics** —

More than 215 million consumers and 140 million households. Verify identity elements such as name, address, phone, Social Security number and date of birth against multiple databases. Receive match-level results as well as record-level details such as additional addresses and related consumers:

- Address verification
- Standardized ZIP+4™ address
- Date of birth verification
- Address type (example: seasonal, vacant)
- Address and phone high-risk (example: mail drop, institution)
- Change of address
- Phone verification — landline and wireless
- Previous and additional addresses
- Driver's license validation and verification
- Office of Foreign Assets Control checks
- Social Security number validation (example: issue date and state, valid, deceased)
- Social Security number verification (example: linked to consumer name and address)

- **Historic application records** —

Apply more than 140 rules against more than 250 million inquiry records to ensure identity elements are not only validated and verified, but also used consistently and in a low-risk manner over time.

- **Fraud ShieldSM indicators** —

A series of high-risk warnings associated with a consumer's credit profile identity elements and potential inconsistencies or high-risk credit attributes.

Precise IDSM for Account Opening — confidently assess fraud when opening new accounts

Make more informed application processing decisions with Precise ID for Account Opening, which integrates identity element validation and verification and Fair Credit Reporting Act (FCRA)–compliant authentication scoring and decisioning into a single process. Now you can streamline new account opening processes for increased efficiencies while minimizing fraud loss and meeting compliance requirements.

By using Precise IDSM for Account Opening, institutions can rely on an automated system to help them authenticate applicants from both a risk-mitigation and a compliance perspective. A critical feature is an FCRA-based aggregated score — leveraging consumer credit, noncredit, application and known verified fraud data — that measures the risk of identity fraud and first-party fraud.

Key benefits:

- Gain a more accurate and holistic picture of each consumer/applicant
- Target identity theft and potential first-party fraud and nonpayment risk
- Quickly implement the product via Web-user interface
- Integrate seamlessly into internal or consumer-facing platforms via XML

Capability	Precise ID SM for Compliance	Precise ID SM for Identity Screening	Precise ID SM for Account Opening
Identity element validation and verification	●	●	●
Fraud Shield SM high-risk indicators	●	●	●
Hosted decisioning	●	●	●
Wireless phone verification	●	●	●
IP address verification	●	●	●
Knowledge IQ SM questions	●	●	●
Historical inquiry records checks		●	●
Authentication score		●	●
Identity theft score		●	●
First payment default score			●
National Fraud Database SM			●
Early Warning Services Shared Fraud and Account Abuse records			●

● = Functionality using credit and noncredit data assets

● = Functionality using noncredit data assets

Blank = Not available

- Assess risk of identity alteration or inconsistencies
- Receive summary-level match results related to identity elements such as name, address, phone, date of birth and Social Security number

Precise IDSM for Identity Screening — consumer verification in nonlending situations

The need to accurately measure identity risk is met with Precise IDSM for Identity Screening, which provides an aggregated authentication risk score requiring only Gramm-Leach-Bliley Act exception.

A valuable tool for businesses from all industries needing consumer verification capabilities, Precise ID for Identity Screening automates the authentication process during high-risk transactions. With the tool, businesses can conduct a quick and accurate risk assessment prior to expanding relationships with consumers or approving account-level activities.

The product also is ideal for application screening and account management in situations where the FCRA permissible purpose for the use of consumer credit data may not apply.

Precise IDSM for Compliance — consumer authentication that delivers measurable accuracy and process efficiency

Existing regulations require the implementation of identity authentication procedures to help accommodate Customer Identification Programs, Know Your Customer initiatives and mandates such as the FACTA Red Flags Rule and the USA PATRIOT Act.

Precise IDSM for Compliance allows clients to make fast, flexibly designed decisions when acquiring new customers or while managing compliance and authentication processes throughout the Customer Life Cycle. Clients can customize the authentication process to meet their particular interpretation of regulatory compliance and fraud risk tolerance. When used as part of an overall compliance or identity checking program, the service provides critical consumer identity authentication checks that can be incorporated into automated accept or referral decisioning.

Key benefits:

- Efficient workflow achieved through a streamlined response and concise decisions
- Consistent process delivered through automated custom decisioning and flexibly defined identity element match criteria
- Ease of access through a Web user interface on Experian's eSolutions portal or the option for clients to integrate the service with their own internal or customer-facing systems via XML implementation

- Alignment with customer-specific terminology through custom Web user interface label options

Clients can further enhance their authentication process via optional progressions to Experian's Knowledge IQSM product. This pairing of Knowledge IQ with any Precise ID product option allows for comprehensive authentication, leveraging out-of-wallet or knowledge-based authentication questions for an additional level of identity verification.

Precise IDSM for Customer Management

This product is an expansion of our Precise ID suite developed to address fraud in existing accounts. Through a fraud risk score, it identifies potentially high-risk activity associated with recently opened accounts as well as existing account changes.

Key benefits:

Precise ID for Customer Management can enable you to:

- **Reduce fraud loss** — By helping you uncover high identity-fraud risk among recently booked and more established existing accounts
- **Operate more efficiently** — Using Experian's score and attributes, finite and high-cost operational resources can be pointed toward those accounts warranting additional authentication and monitoring
- **Enhance predictive performance** — Integrate our intelligence with your existing internal fraud-detection models and strategies at any given process point with the help of hundreds of highly predictive Precise ID for Customer Management linkage-based attributes

This pairing of Knowledge IQ with any Precise ID product option allows for comprehensive authentication, leveraging out-of-wallet or knowledge-based authentication questions for an additional level of identity verification.

- **Preserve positive customer experience** — Scores and attributes help sharpen your focus on high-fraud-risk accounts; authenticate customers in a manner commensurate with associated risk, while allowing lower-risk customers to transact without disruption

Knowledge IQ — interactive knowledge-based authentication

Experian's Knowledge IQ powered by Precise ID employs sophisticated predictive fraud analytics, authentication results and customizable challenge-response questions with answers designed to be known only by the actual consumer but not fraud perpetrators.

Financial services providers, card issuers, retailers and order processors can customize their risk exposure for each transaction. Enhance your customer satisfaction by taking a risk-based approach to authentication, targeting only the riskiest consumers with knowledge-based authentication. Simply review their Precise ID score or other criteria. When risk warrants it, systematically or manually initiate an interactive question session for further verification. This fosters a positive, convenient customer experience and provides you with a more accurate picture of the applicant through multisource credit and noncredit data. Knowledge IQ is ideal for non-face-to-face transactions and can be implemented in consumer-facing online channels, call center applications or face-to-face environments.

Key benefits:

- Configurable questions and risk strategies for specific consumer populations and access channels

- Client-level or global question access velocity limits
- Flexible, client-controlled question weighting and categorization
- Credit- and noncredit-based questions deliver more diverse sessions and fraud deterrence versus other single-sourced or public record question applications
- Alternate languages and customizable text
- Proven success in Interactive Voice Response integration
- Use questions in combination with Precise ID or standalone

Knowledge IQ delivers a unique combination of analytics, detailed verification results and knowledge-based authentication questions that enables you to create a tailored risk-based decisioning policy with minimal customer imposition. The delivery of knowledge-based authentication questions is an ideal tool for both account opening processes and existing account management activities.

Performance monitoring and reporting

Fraud threats, compliance challenges and operational boundaries change. Your authentication policies must change as well. Experian's Fraud and Identity Solutions team comprises identity intelligence experts, scientists, analysts and thought leaders specializing in consumer authentication, application fraud and managing high-risk accounts. We collaborate with our clients to deliver standardized or custom operational reviews and performance monitoring reports to ensure that the services we provide maximize the return on your investment in the form of predictive value and efficient process integration.

Precise ID and Knowledge IQ offer a complete set of summary- and detail-level reporting that enables our clients to monitor actual versus expected volumes, result distributions and decision outcome frequencies.

Additional options

Targeted analytics — custom models and decisioning strategies

Risk-based authentication demands best-in-class scoring. Precise ID delivers multiple authentication and identity risk scores:

- **Identity screening score** — Assess the likelihood a consumer identity is valid and comprehensively verified
- **Account opening score** — Leverage consumer credit and noncredit data to incorporate authentication analytics into your overall credit granting decision process
- **Identity theft score** — Incorporate a targeted appraisal of potential identity theft risk
- **First payment default score** — Receive a risk score designed to predict the likelihood of payment on a newly opened account

National Fraud DatabaseSM

Gain additional authentication confidence or be alerted to potentially known risks in both acquisition and account management processes, by participating in Experian's consortium of verified fraud records. National Fraud DatabaseSM provides access to confirmed fraud and victim records from a variety of industries, including banks, credit card issuers, telecommunications providers and retailers. Information

obtained from the National Fraud Database is used during account opening and throughout account review to make prompt, informed decisions about extending credit or services. The National Fraud Database relies on data reciprocity among the participating members to obtain and update fraud records. To participate in the National Fraud Database, members contribute and properly classify their fraud records according to the fraud activity perpetrated against them. Fraud record classifications include identity theft, account takeover, fictitious identity, bust-out and fraud victim.

Credit Card Verification

Precise ID provides optional Credit Card Verification via the unique ability to associate a consumer's identifying information with a full credit card account. The use of this authentication tool helps reduce risk associated with credit card balance transfers as well as credit card purchases, payments or deposits.

Early Warning Services Shared Fraud and Account Abuse Data

Receive extensive and thorough identity evaluation for your Demand Deposit Account authentication needs. Precise ID for Account Opening and Early Warning's Shared Fraud and Account Abuse records combine the best of two market-leading account opening and identification providers. Experian's expansive data assets are reinforced with deposit account-centric confirmed fraud and financial mismanagement records contributed by Early Warning's customers.

Experian's Fraud and Identity Solutions team comprises identity intelligence experts, scientists, analysts and thought leaders specializing in consumer authentication, application fraud and managing high-risk accounts.

Benefits include comprehensive consumer authentication and fraud detection, valuable risk scores from both Experian and EarlyWarning, and convenient access to two trusted industry providers through a single inquiry. This efficiency through automation of several business process steps ultimately leads to secure, actionable and relevant decisioning information.

One platform, multiple strategies to meet evolving business needs

Precise ID delivers to clients a comprehensive risk-based authentication platform that combines:

- Superior data assets
- Detailed verification results and record information
- Targeted analytics
- Flexibly designed decisioning strategies

This combination allows clients to:

- Reduce fraud exposure and meet regulatory compliance challenges
- Improve customer experience
- Maximize operational efficiencies

- Implement measurable and consistent treatment policies that incorporate a holistic assessment of a consumer and transaction with the end goal of applying the right authentication and decisioning treatment at the right time

About Decision Analytics

Experian Decision Analytics helps clients make better, more insightful decisions and create greater value from customer relationships across their entire book of business — from consumers to small and commercial enterprises. Clients use Decision Analytics' data intelligence, analytics, technology and consulting expertise to expand customer relationships; manage and mitigate credit risk; prevent, detect and reduce fraud; meet regulatory obligations; and gain operational efficiencies. Decision Analytics provides the intelligence used by leading businesses worldwide to assess with confidence the potential risk and reward of critical business decisions.

To find out more about Precise ID, contact your local Experian sales representative or call 1 888 414 1120.