

# Precise ID<sup>®</sup> Model Suite

## Detecting and distinguishing fraud for better decision-making

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During times of economic uncertainty, fraud patterns will change — and businesses need to keep up. Businesses must prepare for an increase in identity theft, first-party fraud and synthetic identity fraud. It's more critical than ever that organizations not only identify the fraud risks, but differentiate the type of fraud taking place so that appropriate treatments can be applied to protect assets, without inconveniencing true customers.

### Better fraud tags, better model performance

First- and third-party fraud are difficult to detect and tag because you have limited data to truly classify the loss as one or the other. This lack of data then creates a blind spot in model development — which negatively affects performance. When your model doesn't give you accurate insights, it's difficult for you to determine the next best action for the customer.

That's why we built a new suite of risk models to help you resolve those challenges.

### Precise ID Model Suite

Precise ID<sup>®</sup> Model Suite is a collection of fraud risk models that uniquely detect different types of fraud: third party, first party and synthetic ID. The suite offers a variety of models to fit your business' level of sophistication.

We created a proprietary and unique process to improve the accuracy of our fraud models. Our algorithms identify potential first-party fraud based on historical identity data and credit usage patterns across a wide array of data assets. We analyze and incorporate changes to lender-reported data that reflect the outcome of third-party fraud investigations. This helps you confidently detect different types of fraud, reduce processing time, lower investigative costs and determine next steps for the customer.

### Authentication that goes beyond basic identity validation

Precise ID Model Suite delivers access to a comprehensive and diverse set of capabilities.

#### Rich identity verification

Precise ID Model Suite leverages the freshest, most reliable databases to provide insights on:

- Address verification
- Standardized ZIP+4<sup>®</sup> address
- Date-of-birth verification
- Address type (e.g., seasonal, vacant)
- High-risk address and phone (e.g., 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 (e.g., issue date and state, valid, deceased)
- Social Security number verification (e.g., linked to consumer name and address)

# Precise ID® Model Suite

## Improved fraud detection

With Precise ID Model Suite, you make the most of your customer data. Precise ID Model Suite generates a lift in fraud detection — up to 15% compared to legacy models.

## Data for modeling

Businesses are often limited to their own account-level view of a consumer, which makes it hard to distinguish a bad debt from a fraud. But now we have the ability to apply insights from identity and credit usage patterns and combine it with validated lender-reported data for modeling.

## Scores predicting both first- and third-party fraud

Many fraud solutions on the market look at all fraud as one classification, which makes it difficult to apply the right treatment for first- and third-party risk. Precise ID Model Suite provides a wide range of scores that predict first- and third-party fraud risk independently — enabling you to prescribe treatment for each type of risk.

## Fraud scores that enable adverse action

Many fraud models don't allow for the next best action, which prevents you from successfully managing fraud risk. The Precise ID Model Suite has adverse actionable models that enable more effective decision-making while reducing costs.

## Model governance and compliance

The Office of the Comptroller of the Currency (OCC) requires financial institutions to perform model validations at least once a year that include a critical review by an independent party and produce proper model documentation. We're here to help you adhere to regulatory requirements and protect your reputation.

## Addressing a variety of fraud types

Not all fraud is perpetrated equally, so we eliminated the blind spot in model development. You're now able to get the best insights for first- and third-party fraud so that you can determine the best treatment for each incident. This diversity of data drives model performance, better predicts different fraud types and outlines the next best action — all while being compliant. The depth and breadth of the data leveraged in Precise ID Model Suite, combined with ongoing model governance, helps you detect fraud more efficiently and minimize losses.

		Precise ID Model Suite	
Use case	Model description	Standard model	Specialized model
Third-party fraud: FCRA <sup>1</sup> permissible purpose	Using a combination of FCRA and GLB <sup>2</sup> data, the model score identifies the likelihood the asserted identity has been compromised and the transaction would result in fraud.	Account opening identity	Account opening identity lite (no SSN or DOB upon input)
Third-party fraud: GLB permissible purpose	Using only GLB data, the model score identifies the likelihood the asserted identity has been compromised and the transaction would result in fraud.	Identity screening	Identity screening lite (no SSN or DOB upon input)
First-party fraud	Using a combination of FCRA and GLB data, the model score identifies the likelihood the asserted identity's account will be delinquent within the first 6 months.	Account opening first-party fraud	Account opening first-party fraud (adverse actionable)
Synthetic ID	This model determines the likelihood an identity in a customer's portfolio is synthetic.	High risk fraud score	N/A

<sup>1</sup> Fair Credit Reporting Act

<sup>2</sup> Gramm-Leach-Bliley Act

## Unique add-ons available, based on your business needs

### **Identity Element Network™**

Predict when a consumer's identity information is at risk, even if no fraud event has been identified. Identity Element Network™ gives organizations the ability to manage fraud by identifying data linkages — and the velocities of those linkages across the Experian® identity and credit network. This provides the ability to both score and identify the riskiest linkages and recommend action based on the comprehensive activity of an identity, rather than on a single transaction or client view.

### **Knowledge IQ<sup>SM</sup>**

Authenticate consumers confidently by using noninvasive questions that can be answered quickly by the true consumer. Knowledge IQ<sup>SM</sup> can combine a risk score and device

intelligence to catch fraud before it leads to compromised accounts and loss — while leveraging customizable configuration designed to balance business needs with fraud-risk appetite.

### **Multifactor authentication**

Our multifactor authentication service uses a one-time password (OTP) delivered to the consumer's mobile phone or landline via a verified phone number. Through the OTP authentication process, you can strengthen your authentication process in high-risk transactions, adhere to regulations or secure high-value consumer transactions quickly — without inconveniencing the consumer.

How much fraud is slipping by undetected? Learn more [here](#) or call 1 888 727 8330 to see how this applies to your business.

Precise ID Model Suite add-ons		
Identity Element Network	Knowledge IQ	Multifactor authentication
<ul style="list-style-type: none"> <li>• <b>Identity Element Network score</b> — This predictive identity fraud risk score assesses the likelihood that a consumer's identity has been compromised based on the velocity of identity element linkage over a period of time.</li> <li>• <b>Score factors</b> — Up to four concise descriptions accompany each score to explain the factors most prominently impacting the result. This helps facilitate reviews and reduce investigation time.</li> <li>• <b>Identity Element Network attributes</b> — Predictive identity linkage attributes that can be used to build or enhance internal models or treatment strategies.</li> <li>• <b>Point-in-time information</b> — The score and attributes incorporate transactional data derived from Experian's industry-rich, real-time identity transaction network.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>70 credit- and noncredit-based questions</b> — Eight trusted data sources are leveraged to create 16 question categories that only the true consumers can answer.</li> <li>• <b>Ability to use your own data for questions</b> — Create questions specific to your customer base.</li> <li>• <b>Multiple question-presentation configurations</b> — Embrace greater flexibility for how questions are presented to your consumers.</li> <li>• <b>Custom question text available</b> — Present questions in a way that best suits your individual needs.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Verification of phone to consumer</b> — Before attempting an OTP send, we independently verify that the phone number provided by the consumer can be linked to that consumer.</li> <li>• <b>Phone attributes verification</b> — We validate other phone attributes, such as porting, forwarding, account tenure and contract type.</li> <li>• <b>OTP included in final verification results</b> — Because our OTP service verifies consumer information, we can close the feedback loop and include the verification in the result delivered as part of the transaction.</li> <li>• <b>Auto-default to additional authentication tools</b> — If the OTP fails, our other authentication tools can be triggered to continue consumer verification remotely. This avoids costly exception processing, which could require in-person interaction.</li> </ul>

