

BustOut ScoreSM

Prevent losses with early detection and enhanced protection

Bust-out fraud decreases your revenue, damages your operational agility and requires tedious manual review. Ultimately, you pay the price when it's caught too late.

Our BustOut ScoreSM helps diminish bust-out losses by predicting and detecting the problem months in advance. The score is easily incorporated into your existing risk management process without significant technological investment. Because of the product's high detection rate, the predictive power of BustOut Score offers another powerful tool in the tool belt for preventing Synthetic ID fraud.

Position your resources where you need them most, and catch perpetrators before they damage your business. With BustOut Score, you can increase operational efficiencies by quickly clearing low-risk accounts and reducing manual review. This helps to promote positive customer experiences with a reduced false-positive rate.

What is bust-out fraud?

Bust-out is a deliberate, patient form of fraud. It occurs when a consumer applies for and uses credit — often under his or her own identity or a synthetic identity — with the intent of maxing out all available credit and eventually disappearing. Often these accounts look like legitimate accounts over an extended period of time. They may have good credit scores, exhibit ordinary credit utilization and make regular payments until a short time before the bust-out occurs.

A bust-out scheme typically is defined by the following behavior:

- The account in question is delinquent or charged-off.
- The balance is close to or over the limit.
- One or more payments are returned.
- The customer can't be found.
- The above conditions exist with more than one account and/or financial institution.

During the development process, the perpetrator builds a good credit history through timely payments to obtain additional lines of credit and increased limits. At a predetermined point, the fraudster depletes all available credit, discontinues payment and abandons all accounts. Overpayments with bad checks are common during the final stage of the bust-out, leading to average losses over the credit limits. Some schemes can cost companies more than \$20,000 per incident at 100 percent to 200 percent of the original line of credit.

Why absorb unnecessary bust-out losses?

Although bust-out is relatively rare, strong protection can mitigate its extensive financial consequences. Bust-out fraud represents a significant percentage of bad debt in credit organizations. According to industry estimates, bust-out fraud contributes to approximately 15 percent to 25 percent of their credit losses.

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Since perpetrators initially masquerade as trustworthy customers, traditional credit scores are insufficient to predict the likelihood of criminal activity. The same studies mentioned above indicate that detection of bust-out fraud only one month in advance could save credit issuers 20 percent on every bust-out loss.

In response to this threat, some companies have created internal, custom bust-out models. These in-house models often require significant monetary and technological investments. Implementation complexity also may require major process changes or additional headcount. In today's economy, such a big internal investment can be risky.

With our BustOut Score, you can use an easy-to-implement tool that complements your existing fraud management processes and immediately proves its value.

Ideal proactive protection

With unique visibility into a consumer's credit relationships, history and activities across multiple financial institutions, Experian[®] can provide profound insight into potentially fraudulent bust-out issues.

By looking at how the consumer manages his credit at a financial institution during an extended time, and across financial institutions, it is possible to find patterns very specific to bust-outs. Experian's Bust-out Score was designed to detect bust-out fraud up to three months prior to the bust-out event.

Benefits

- **Batch review for account management** — Distinguish potential fraudsters from existing customers and apply the appropriate, proactive response with minimal investment.
- **Online review for account opening** — Isolate potential fraudsters in real time by referring high-score consumers for further review before accepting or denying an application.
- **A single, easy-to-interpret score** — With the BustOut Score range from 1 to 999, the lower the score the greater the risk.

Automate the review of suspicious accounts within your priority queue to focus on high-risk individuals while clearing low-risk accounts. Reduce the time spent reviewing each account by trusting a single score to inform your decision rather than a tedious manual process. Stop using resources for manual detection and increase productivity by reallocating those same resources to maximize profit.

BustOut Score provides a more sophisticated, cost-effective way to discover and deal with bust-out fraud.

To find out more about BustOut Score, contact your local Experian sales representative or call 1-888-727-8330.