

Closing the gaps: fraud prevention across the customer lifecycle

Businesses continue to invest in fraud solutions, yet 60% still reported increased fraud losses over the past year.¹ In addition, first-party fraud is creating huge impacts, with over \$36.7 million in average annual losses due to first-payment default for financial institutions.²

The rise of GenAI is allowing fraudsters to become more sophisticated and provides the ability to create new synthetic identities quickly. Without the right solutions in place, these identities can go unnoticed for long periods of time and result in huge losses.

To protect themselves from these evolving fraud threats, businesses need highly predictive solutions across the customer lifecycle that can spot fraudsters quickly and effectively.



Let's walk through **four key decision areas** that pose a high risk for fraudulent behavior, how fraudsters can impact their business and the right solution to mitigate risk.

1. PRESCREEN

To have an effective prescreen targeting list, organizations need to maximize their campaign budgets while simultaneously controlling risk. Without the right fraud controls in place, they risk spending valuable marketing dollars on consumers who have no intent to repay or synthetic identities.

Solution: *Improve campaign ROI and maximize marketing spend.* Apply highly predictive first-party fraud and synthetic identity scores during the creation of batch prescreen targeting lists or in real-time prescreen criteria.

- Batch prescreen: Use in marketing campaign criteria to weed out bad actors and suppress synthetic identities from prescreen lists to maximize the ROI of prescreen campaigns.
- Real-time prescreen: Use scores within real-time prescreen criteria to exclude fraudsters from cross-sell and upsell offers to maximize marketing spend on legitimate consumers.

Benefits:

- Minimize marketing campaign costs by only targeting low risk consumers and weeding out fraudsters.
- Improve ROI of marketing campaigns by increasing take-up rates from good consumers.
- Reduce operational costs and manual reviews.
- Continuously configure criteria to optimize ongoing marketing campaigns.

2. PREQUALIFICATION

First-party fraudsters will go through the prequalification process using their own identity data — potentially looking like a good consumer — but behind the scenes, they have no intention of repaying their debts. Without the right fraud risk controls in place, fraudsters have an easier path to acquiring a firm offer of credit, increasing portfolio risk and adding costs for manual review.



Solution: *Provide prequalification offers only to genuine consumers.* Apply first-party fraud scores to prequalification criteria to weed out applicants who have no intention of repaying or are a risk for bust-out fraud.

Benefits:

- Reduce fraud risk from early payment default and bust-out fraud.
- Improve ROI of prequalification processes by only prequalifying low-risk applicants.
- Reduce operational costs and manual reviews by not allowing fraudsters to process a formal credit inquiry.
- Adverse actionable first-party fraud scores allow you to process declination decisions where necessary.

¹Experian's 2025 Identity and Fraud Report

²First-Party Fraud: The Most Common Culprit Report, Experian

3. CREDIT INQUIRY

Many lenders focus heavily on the credit risk criteria to manage losses — but what they don't consider is that many losses that appear as credit are actually first-party fraud. Even if an applicant has excellent credit history and meets all the criteria, they may have no intent to repay their debts. Knowing who these applicants are and having the ability to take adverse action when the risk is too high is critical to minimizing losses and ensuring risk thresholds aren't too strict. In addition, synthetic identities are difficult to detect, and they pose a high risk to organizations, as these losses tend to be large.

Solution: *Proactively mitigate fraud risks.* Include first-party fraud and synthetic identity scores directly on the credit profile or through the originations process to mitigate fraud risk before it's onboarded to the portfolio.

Benefits

- Better determine fraud versus credit risk to gain deeper visibility into losses.
- Minimize first-party fraud losses
- Detect synthetic identities to minimize risk.
- Reduce operational costs and manual reviews by determining fraud upfront.
- Provide a superior customer experience for low-risk applicants by allowing them through the process quickly.
- Process declination decisions where necessary with adverse actionable first-party fraud scores.

4. ACCOUNT MANAGEMENT

Account management is a crucial piece to portfolio profitability, but many organizations have trouble detecting existing fraud or synthetic identities. Without the ability to detect fraud within the portfolio, organizations risk sending credit line increase or cross-sell/upsell offers to first-party fraudsters or synthetic identities — inevitably causing additional losses that could have been prevented.

Solution: *Improve portfolio performance.* Apply first-party fraud and synthetic identity scores to account management processes to make more informed decisions on determining who shouldn't receive credit line increases, cross-sell/upsell offers, and more, while also receiving detailed insights into fraud trends within the current portfolio.

Benefits:

- Identify gaps in current onboarding strategy.
- Exclude fraudsters and synthetic identities from credit line increase, cross-sell/upsell, etc.



Delivering fraud intelligence with speed and accuracy

Experian leads the market in delivering fraud models that provide accurate detection of first-payment default, bust-out fraud and synthetic identity fraud for improved prevention across the lifecycle. With Experian's vast data assets and decades of expertise, we can help you better determine an applicant's intent to repay and detect more synthetic identity fraud so you can protect your business, mitigate losses and reduce operational costs.



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