Case study

# How a digital lender saves millions with pre-submit fraud detection

## Challenges

- Frequent fraud ring attacks caused losses up to $500K per incident.
- High-intensity attacks overwhelmed fraud prevention systems.
- Manual reviews caused undue operational costs.

## Results

- Fine-tuned applicant flow for different levels of risk without adding friction
- Real-time detection of fraudsters, taking pressure off later-stage tools
- No significant fraud loss from attacks

**$1 Million-2 Million**
saved annually through accurate fraud detection and efficiency improvements

**Elevate Credit, Inc., in partnership with the banks it supports, helps U.S. consumers establish credit, explore borrowing opportunities, better manage their money and transform their financial future.**

**Industry:** Financial services

**Use case:** Account opening fraud detection

**Solution:** NeuroID for account opening

Case study

Elevate

## Fraud ring efficiency incurs fast-rising losses

Elevate could see fraud rings attacking in real time but felt helpless to stop them. The rings were probing then striking during the account opening process for some of the key financial solutions for Elevate and the banks it supports — including personal loans and credit cards. The tipping point came in April 2021, when one fraud attack caused significant losses that drove Elevate to take immediate action. "I came on in June, right after that big attack hit us, and my first mandate was to solve these fraud ring attacks," said Ryan Prince, Manager, Data Science at Elevate. "We'd get 10 applications within a couple of hours that all share similar characteristics. They try to get as much money as possible as quickly as possible."

This smash-and-grab tactic put Elevate at risk in more ways than one, as attempts to stop fraud rings through additional verifications were adding friction for the company's legitimate applicants. "There was an organized fraud ring that attacked our system, and although we caught them fairly quickly, they got through a lot of fraud checks," said Ryan. "They got through many layers of verifications. So that's when we decided to enhance our tools and began to work with Experian on fraud prevention."

## The Experian solution

After seeing NeuroID, Experian's behavioral analytics solution, in action, Elevate quickly recognized the power of stopping fraud ring attacks before funding took place. "After seeing the high-level of accuracy, our Legal and Compliance teams, along with the leadership team, understood the value in preventing third-party fraud, which allows us to better protect our customers," said Ryan. "NeuroID's value was obvious."

Elevate can now see and segment spikes in suspicious activity simply by understanding how familiar an applicant is with the information they provide. By creating fine-tuned applicant flows based on behavior, NeuroID provides much more insight and security while improving ease of access for genuine applicants. "With NeuroID, if an applicant is flagged as risky from the fraud ring indicator, they immediately trigger increased scrutiny via additional verification," says Ryan. "The accuracy is very, very high. Since we put in NeuroID, we haven't had a significant fraud attack resulting in losses. Based on its accuracy of fraud declines, NeuroID has helped us prevent between $1 million and $2 million a year in fraud losses."

> "We had a fraud ring attack with numerous applications on the same day but using different identities for each attempt. NeuroID caught it in real time. We may have noticed it eventually, but catching it the same day gave us true visibility, so fraudsters wouldn't sneak through."
>
> **— Ryan Prince,** Manager, Data Science, Elevate

Because it decisions prior to approval, NeuroID catches fraud earlier without adding friction — which has benefited Elevate beyond their fraud numbers. "NeuroID helps besides just the obvious of declining bad traffic from a fraud ring. Now, we don't have to manually review as much. So, it saves the operating expense,[2] and our team can investigate elsewhere and spend more time with some of those other applications," says Ryan. "Instead of having 300 applications to review, now you have 150 because NeuroID caught those higher in the funnel."

> "We already use a wide range of solutions for custom fraud scores and flags, along with an effective KYC process that all runs during our underwriting process. Adding NeuroID at the top of the funnel saves us a lot of manual review later in the funnel."
>
> **— Ryan Prince,** Manager, Data Science, Elevate

This success with NeuroID's behavioral analytics has given Elevate greater confidence in its fraud detection capabilities, which enables them to focus on expansion. "NeuroID lets us feel more comfortable as we grow," says Ryan. "We know the big organized fraud rings that might catch on to us will get stopped by NeuroID. Growth would be impossible if we didn't have good fraud tools, because when you open up to that much new traffic, you're bound to get attacks. NeuroID has helped us sleep a little better at night as we look to grow."

## Timeline

1. Elevate could see fraud rings attacking during the account opening process, but couldn't stop them. In April 2021, a fraud attack resulted in $2 million in fraud losses and forced them to search for answers.
2. Elevate tried a variety of tools and verification layers, but fraud rings were still getting through. Even worse, the added friction was getting in the way of genuine customers. Elevate knew they needed a better solution, so they turned to NeuroID.
3. NeuroID's value was immediately evident. With NeuroID, Elevate could see and segment spikes in suspicious activity. This allowed Elevate to stop fraud attacks before applications were submitted.
4. Since implementing NeuroID, Elevate has seen no significant fraud loss from attacks. By seeing fraud faster, NeuroID has helped Elevate save between $1 million and $2 million per year in fraud losses and has taken pressure off their manual review teams.

### About Elevate

Elevate, together with the banks that license its marketing and technology services, offers responsible, online credit solutions that help customers build a brighter financial future. The company is committed to rewarding borrowers with features like interest rates that can go down over time, free financial training and free credit monitoring. Elevate's platform powers a suite of groundbreaking credit products, including RISE and Elastic. For more information, please visit http://corporate.elevate.com.

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