



CASE STUDY

Terrace Finance expands fraud prevention capabilities with NeuroID, a part of Experian

Terrace Finance is a specialty finance platform connecting over 5,000 merchants — including major big box retailers — consumers and lenders. From outdoor power equipment to electronics to jewelry to pets, they're committed to setting a new standard as a premier, quality-lending marketplace where fraud is the exception, not the expectation.

Customer challenges

- New AI-driven risks to lead generation and funding sources
- Limited visibility into coordinated fraud ring activity in near real time
- Expensive and ineffective reactive controls based on outcomes
- Rising first payment defaults — a signal of potential fraud targeting or economic stress
- Need for proactive fraud detection before data is submitted to protect lending partners
- Scaling at 35%+ annually while minimizing fraud risk
- Costly fraud incidents — \$500-\$15,000 per incident for lending partners

NeuroID results

- Detected a bot attack immediately upon activation, reducing risk within hours
- Auto-rejecting users based on behavior, cutting manual reviews by over 50%
- Fraud indicators less than 25% of pre-NeuroID levels
- Gained new visibility into suspicious behavior and coordinated attack patterns
- Prevented an attack that could have cost over \$250K for one of their merchants
- Reduced fraud for lending partners by over 50% in early results
- Able to adjust their application flow in hours instead of weeks in response to new risks
- Improved customer service, lowered costs, and enabled easier scaling



50%+

reduction in manual reviews

\$250K

in potential losses prevented in one attack

Challenges

Servicing a wide range of credit profiles and business sizes with digital applications, Terrace Finance was experienced with fraudsters testing its system for vulnerabilities. However, increasing concerns about GenAI fraud and market pressures on consumers prompted a search for proactive, behavior-based defenses that can surface intent before damage is done.

A single fraud incident could jeopardize a merchant's relationship with a lender or, worse, shut down access to financing altogether. While lenders have traditionally been responsible for these controls, Terrace Finance is building an ecosystem where merchants, customers, lenders and our platform all work together to make fraud harder to commit.

"We hear the horror stories of someone who got through and successfully created a number of transactions, and a lending partner took a loss because of that," said Andy Hopkins, CEO of Terrace Finance. "As a CEO, I'm always saying, 'Hopefully that will never be me. What can I do proactively to try to identify, react and therefore protect my partners from these risks?'"

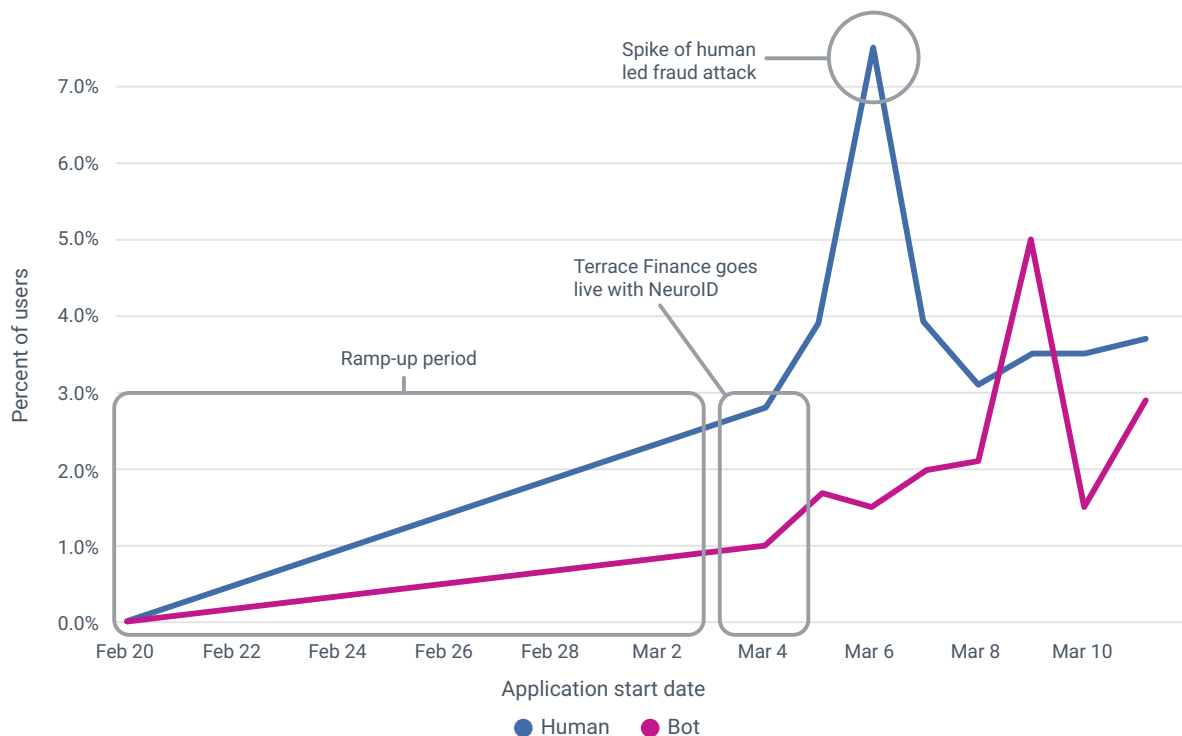
Terrace had strong tools to validate submitted data, but they lacked visibility into how that data was being entered. The team needed a way to detect intent before fraud made it through the front door and more proactively integrate that data into their models.

"You don't know what you don't know," Andy added. "And in today's world, with AI and other tools, we must do proactive things instead of the reactive things that have been dominating our industry. Having real-time systems is more important than ever."

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— **Andy Hopkins**, CEO, Terrace Finance

Risky signals



The NeuroID solution

Terrace was interested in NeuroID before it was acquired by Experian, so once it became available through Experian's orchestration platform, the timing and fit were right. As an existing prequal and fraud orchestration customer, NeuroID was a natural next step.

"Going live was my most nerve-wracking day," said Andy. "We knew we would see data we'd never seen before — and sure enough, we were right in the middle of an attack."

Human fraudsters, working as part of a fraud ring, were setting up a bot attack. A classic technique NeuroID uniquely detects and visualizes. At the early stages of the attack, fraudsters were more than 7% of Terrace's application volume. Clearly, a human-led setup for a bot attack to follow.

Fortunately, NeuroID jumped in immediately, helping Terrace interpret the signals and act. Because Terrace builds its own internal underwriting systems, its engineers were able to ingest the data and begin responding in real time. Together, they established new techniques to stop the attack within a few hours — setting a new bar for fraud attack management within the company.

"Within a day, you could start to see the curves go in the right direction," Andy said. "NeuroID's training on how to spot patterns and understand which activities had the highest risks blew my team away. They'd explain, 'If the user leads with this action, you're probably going to see that action next,' and sure enough, we did. It was so motivating to put in improvements and then watch the behavior change."

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— **Andy Hopkins**, CEO, Terrace Finance

That experience also changed how Terrace understood the nature of the fraud they were facing. Rather than small or opportunistic attacks, they were coordinated, persistent and surprisingly sophisticated.

"We thought the fraud was a little more generic and a little more spread out. What we found were much more coordinated activities, but this also meant we could bring more surgical solutions to the problem instead of broad strokes," Andy said.

Less than two months after launch, NeuroID helped Terrace stop another attack — a massive fraud ring targeting one of their businesses during an advertising campaign. The attack came fast and late at night, with a coordinated group of fraudsters submitting identical applications in rapid succession. Because Terrace had proactively configured early decline rules using NeuroID's behavioral signals, the system automatically blocked the activity — preventing more than \$250,000 in risky applications from reaching their lending partners.

More than just attacks, early results show they're reducing fraudulent applications to their member lending partners by over 50%. They're also converting over 50% of manually reviewed fraudulent applications into instant decisions, allowing for better customer service, lower costs and easier scaling. As for the fraud attacks? Indicators show they're down 25% from pre-NeuroID levels.

Now with proactive attack detection and auto-decline rules in place, **Terrace is focused on training, testing, improving workflows and workshopping with customers.**

"The best part is the dashboard," Andy said. "The ability to see in real time, dig in, get all the way down to individual experiences and look at them, both from a teaching standpoint and from an actual combating-the-fraud standpoint. That's our favorite part."

Because of the dashboard's visual clarity, Terrace is also using it to onboard and upskill team members. It's also strengthened their relationship with their customers.

"We're blessed that our merchant partners will notify us when they think something's wrong," explained Andy. "They'll call and say, 'Hey, that application doesn't feel right.' We can jump right into NeuroID, drill down, look at it, and say what it is that they're seeing or what it is that they're sensing. It's a really neat experience for us with our customers."

Andy says they're just getting started. Now enriched with a new swath of behavioral data and fraud insights, Terrace is continuing its commitment to managing the highest-quality financing platform by investing in Experian's Fraud Analytics. They'll work together to maximize each tool in their stack and ensure genuine users are receiving the best experience possible. Andy concluded that he's excited to have their data run against the larger Experian ecosystem to see which other tools and techniques might be beneficial.

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Timeline

1. Facing rising concerns about GenAI fraud, Terrace Finance sought a solution that could detect advanced attacks pre-submit and stop them before damage was done.
2. Terrace's search brought them to NeuroID. NeuroID gave Terrace's team the pre-submit visibility they needed, allowing them to proactively detect fraudsters that traditional tools couldn't.
3. Immediately after going live with NeuroID, a large fraud ring targeted Terrace. Terrace worked with NeuroID to quickly interpret and act on its signals. Terrace was able to stop the attack in a matter of hours.
4. With NeuroID in place, Terrace Finance has established new techniques to stop attacks, allowing them to respond to evolving fraudsters in real time and drastically reduce manual reviews.

About Experian

Experian is a global data and technology company, powering opportunities for people and businesses around the world. We help to redefine lending practices, uncover and prevent fraud, simplify healthcare, deliver digital marketing solutions, and gain deeper insights into the automotive market, all using our unique combination of data, analytics and software. We also assist millions of people to realise their financial goals and help them to save time and money.

We operate across a range of markets, from financial services to healthcare, automotive, agrifinance, insurance, and many more industry segments.

We invest in talented people and new advanced technologies to unlock the power of data and innovate. As a FTSE 100 Index company listed on the London Stock Exchange (EXPN), we have a team of 25,200 people across 32 countries. Our corporate headquarters are in Dublin, Ireland. Learn more at experianplc.com.

About NeuroID

NeuroID, a part of Experian, is a leading provider of behavioral analytics solutions for fraud detection. Our platform combines user-level and crowd-level behavior signals to deliver real-time, actionable insights that empower organizations to prevent fraud and improve operational efficiency.

About Terrace Finance

Terrace Finance is a specialty finance company that connects merchants, customers, and lenders through a single platform. Built to create a unique balance between all three parties, Terrace offers flexible financing solutions across a wide range of industries and credit profiles. With over 5,000 merchant partners and a growing international footprint, Terrace is committed to delivering innovative financing while protecting its ecosystem from fraud.

