Socure

Leading Online Lender Cuts Fraud

CUSTOMER PROFILE

As millennials have hit their prime earning years, they've tasked financial services industry to provide the kind of seamless user experience they've come to expect from other brands. Millennials also have a very different financial profile from previous generations, having entered the workforce during a recession and often saddled with student loan debts.

This company recognized the unique challenges of reaching this demographic and responded by launching a digital-only finance company focused on personal lending and wealth management, including student loan refinancing, mortgages, personal loans, life insurance and wealth management. The company has experienced skyrocketing growth and considerable product expansion as more millennials search for financial services relevant to their particular needs.

The Business Challenge

Not unexpectedly, along with this online lender's massive client growth came an increase in new account fraud attempts. The company had a suite of tools in place, including a device intelligence solution with a large known device network and a top 3 credit bureau with a widely used identity verification solution. These solutions helped reduce fraud losses, but the imprecision of the tools often caused more problems than they solved. An enormous number of false positives were being generated and a meaningful amount of fraud was continuing to slip through. Over 10 false fraud alerts were being generated for every one legitimate fraud incident identified, each requiring a considerable review effort by their team of fraud analysts.

This online lender realized that the current fraud prevention suite would hold back its aggressive growth plans. Furthermore, this company knew their current vendors could not develop identity fraud detection models at the pace required to keep up with planned product and market expansion. Since this company was completely reliant on the digital channels, they needed a far more robust, accurate and adaptable solution.

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Customer's Chief Risk Officer

50%

Reduced number of fraudulent application acceptances by 50%— without increasing friction.

Grow your Business
Increase current auto-accept rates by more than

20%

Cut Fraud
Reduce current fraud losses by more than

80%

Streamline Review Processes
Reduce manual review time (KBA) by more than

75%

Why Socure

The online lender's Chief Risk Officer was tasked with the difficult balancing act of controlling fraud without impacting client growth. The company needed a solution that wouldn't add any friction to the new account opening process and that would accurately identify customers, like millennials, who may not have robust credit histories. Most of the legacy solutions the company reviewed simply did not have the ability to reach this demographic since they relied primarily on static credit bureau data. Furthermore, the company found that other solutions provided incomplete data by only sourcing data from one well, rather than taking a more holistic approach. The Chief Risk Officer was intrigued by Socure's approach using data science and by the results Socure had been able to achieve for other customers.

After evaluating proof of concept models and performing the required due diligence, this online lender decided to partner with Socure for their identity verification needs.

Results

The Chief Risk Officer was astounded by how well Socure's solution performed and the accuracy the solution provided. The number of fraudulent loan applications getting through was cut by over 50%. Fraud reduction was achieved without any impact or friction to the end user - unless they were a fraudster. The lender was also able to approve billions of dollars in new loans because they could validate good applicants that would have otherwise been denied due to limited credit data.

Because of the success using Socure's identity verification service, the online lender has expanded to other Socure products, including CIP, AML, and document authentication for mobile deposit products. After seeing the success of using Socure's data science platform for identity verification, this company has become an evangelist in the industry and one of Socure's most reliable references for new customers.

ABOUT SOCURE
Socure is the leader in creating high-assurance digital identity verification technology. Its predictive analytics platform applies artificial intelligence and machine-learning techniques with trusted online/offline data intelligence from email, phone, address, IP, social media and the broader Internet to verify identities in real-time.

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