Mobile Financial Services Provider Lili Redefines the New Economy, Starting with Customer Onboarding

Lili partners with Socure to achieve over 1700% customer growth through graph-defined identity verification, higher auto-approvals, and superior fraud detection

![lili logo]

Industry: Banking

Headquarters: New York

Socure ID+ Products: Sigma Identity Fraud, Sigma Synthetic Fraud, Sigma Device, Socure KYC with eCBSV, Predictive DocV with Liveness, Email RiskScore, Phone RiskScore, Address RiskScore, Global Watchlist Screening with Monitoring, Alert List

Website: www.lili.co

Lili is an all-in-one banking app designed for freelance workers and small business owners. Combining banking services with real-time expense tracking, tax tools, and financial insights, Lili empowers independent workers with the tools they need to streamline and simplify their finances while saving time and money. Founded in 2018 by serial entrepreneurs with 20 years of fintech experience, Lili is headquartered in New York and serves over 550,000 customers in all 50 states. Lilli was named one of the 50 Most Innovative Companies in the World by *Fast Company* in 2022.

In just two short years, Lili, the leader in mobile financial services for freelancers and small business owners, experienced 1700%+ customer growth by reducing friction and markedly increasing verification accuracy during the customer account opening process. With Socure's graph-defined identity verification platform, Lili improved its auto-approval process to accurately identify and onboard significantly more "good" customers faster, delivering on a core promise: "Three minutes and you're in business!"

As a result of the COVID pandemic, vast numbers of individuals moved into the freelance economy, and many turned to Lili, a visionary financial services platform with differentiated features and tools, to address independent workers' unique pain points. While Lili had an obvious opportunity to benefit from the surging labor trend, it was essential that it offer a frictionless onboarding experience to capitalize on the rapid rise of new freelancers looking for services online. With the help of Socure's leading identity verification and fraud prediction platform, Lili grew from 30,000 to 550,000 customers in just two years, accelerating the acquisition of "good" customers while reducing fraud.

"It all starts with the onboarding process," said John Mearls, Head of Risk and Operations at Lili. "We wanted to provide a smooth and frictionless onboarding experience for the customer, but we also had to minimize fraud and risk by only onboarding people who are who they say they are. We knew through initial testing and empirical data that Socure provided both."

CHALLENGES

- **High false positives** due to mismatches in name and phone number across Gen Z and Millennial applicants who were still on a family member's phone plan

- **High friction at onboarding** caused by legacy, friction-based IDV checks and systems

- **Lack of risk insights** that limited Lili's ability to analyze score outputs and optimize identity and risk decisions

- **High manual review rates** that required an inordinate amount of employee time and company resources

KEY RESULTS

- **13% increase in auto-approval rates**

- **Reduced onboarding times** as "good" customers benefited from increased accuracy and automation

- **Higher fraud capture, fewer false positives** based on implementing a graph-defined, analytics-first solution

- **Scalable onboarding and step-up** through deployment of risk scoring, KYC/CIP, document verification, and more, all through a single platform that can handle limitless growth

- **Established trust and partnership** with Lili's team gaining confidence that Socure's industry expertise and insights from working with 1,000+ top companies provided deeper levels of knowledge and advice on best practices than the competition

Aligning Identity Verification with Customer Growth

The independent workforce skews towards younger populations, including Gen Z and Millennials, many of whom have thin or non-existent credit footprints and histories, making them hard to identify in digital channels. "From early on in our operation, we saw a lot of rejections due to mismatches in name and phone number across younger applicants," said Mearls. "We quickly realized that a lot of these people were still using a phone number registered to their parents. To highlight just one area where we unlocked tremendous value, Socure helped us improve our identity verification precision by accurately confirming phone number ownership, and that meant we could onboard more legitimate customers at a higher velocity."

Socure's identity graph and machine learning capabilities underpin the company's platform and solution accuracy, all of which helped solve Lili's early challenges. Socure combines more than 17,000 model features, redundant data sources, patented identity resolution technology, and a continuous feedback loop of consortium network data from over 1,700 customers to provide the highest-assurance assessments of new users in the market, including Gen Z, Millennials, and new-to-country individuals. This graph-defined approach enabled Lili to scale its growth and, at the same time, apply a new level of hyper-precision to the process of identifying and onboarding every good customer across every age and demographic, something they did not have before partnering with Socure.

Scaling Growth Through Auto-Approvals and Rapid Fraud Decisioning

Using Socure KYC for identity verification and onboarding automation, Predictive DocV for rapid and hyper-accurate step-up authentication, and Sigma Identity Fraud and Sigma Synthetic Fraud to capture more fraud while reducing false positives, Lili evolved beyond the limitations of legacy Know Your Customer/Customer Identification Procedures (KYC/CIP) and fraud detection solutions and unlocked a new competitive edge in customer acquisition and growth. With Socure, Lili was able to equitably verify the maximum number of legitimate applicants with the highest degree of accuracy possible, and in the process, removed a significant burden for the fraud and compliance teams by eliminating inefficiencies like the need to manage multiple vendor tools.

As Lili faced unprecedented growth pressure, its manual review queues ballooned. These inefficient processes were both labor-intensive and prone to human error. That's when the automated identity approval capabilities from Socure KYC and Predictive DocV shifted Lili's entire approach to identity verification and fraud assessment. Socure's KYC offering helped Lili eliminate

manual reviews and improve assessment through its patented identity clustering and resolution technology, leveraging a wide array of alternative data sources to cover populations across all ages and demographics. When there was any lack of clarity on a presented identity, Socure's DocV solution with native risk signals eliminated the uncertainty.

"By evaluating and matching across PII elements like name, DOB, and SSN, while tapping into Socure's address normalization, algorithmic name matching, and fraud prediction capabilities, we increased accuracy and improved auto-approval rates by more than 13%," said Mearls.

"Socure helps us onboard new customers quickly and scale faster than we could with other tools," continued Mearls. "The Socure solutions provide a unified, comprehensive view of a digital identity, not just on document authenticity and selfie matching, but for actual identity and risk-based decisions. We identified no other solutions that compared in terms of accuracy or insights. We apply the detailed reason codes from Sigma Identity Fraud and Sigma Synthetic Fraud to do our own risk analysis and to improve our overall risk program and strategy. Socure's services are also easy to deploy to support any device and operating system."

Mearls went on to say, "And with Socure KYC, we gain confidence in knowing we are doing business with consumers that are who they say they are and won't put our business at risk."

"We find Socure's overall technology, modeling, and data attributes amazing and supportive of Lili's risk appetite and onboard decision making," said Mearls. "It's incredibly helpful to have a computer vision-driven ID document verification solution with layered risk assessment so we aren't relying on our Compliance, Risk, or Operations teams to manually review and decide whether someone has grown a beard since their last driver's license photo. This frees up our time and resources, and delivers much more accurate results than any other method of ID verification we tested."

Solving for Risk and Compliance

Finally, to meet financial services regulatory standards like the Customer Identification Program (CIP), the U.S. Patriot Act, and the Financial Action Task Force (FATF) guidelines, the Lili Compliance and Risk teams needed to ensure that their compliance and onboarding processes adhered to, or exceeded, stringent legal guidelines and supported growth expectations. Socure's KYC solution provided continuous access to diverse identity data sources, advanced clustering machine learning (ML) techniques, and intelligent-rank decision outputs, all with simple, actionable reason codes. In addition, the solution seamlessly meets banking regulatory CIP standards to build the foundation of a strong KYC program through hyper-accurate address normalization, date-of-birth matching, and algorithmic name matching capabilities, all while delivering auto-approval rates of up to 98% for mainstream populations and up to 94% for hard-to-identify populations (such as younger and thin-file demographics commonly found in the freelance economy).

Lili also deployed Global Watchlist Screening with Monitoring to further comply with KYC standards as well as financial sanctions regulations. Lili required crucial watchlists to administer its program, including Office of Foreign Assets Control (OFAC), Politically Exposed Person (PEP) lists, adverse media, and the other lists that Socure provided, advised on, and monitored on a continuous, automated basis. This allowed the Lili team to reduce operational overhead and focus on risk and change status instead of batch uploads and screenings.

"Our partner bank has high standards and wanted to make sure the Socure solution could support its risk and compliance requirements," said Mearls. "We will be forever grateful for the effort the Socure team put into ensuring the bank was confident in the solution. It was truly amazing and Socure KYC passed with flying colors."

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John Mearls
Head of Risk & Operations, Lili

Empowering Lili with a Fraud Prevention and Identity Verification Foundation

As Lili continues to redefine the future of the independent workforce economy, the company operates with the utmost confidence knowing that Socure supports its identity verification and fraud prevention needs, enabling it to meet aggressive growth milestones. "The Socure support team has been incredible," said Mearls. "We meet with them bi-weekly to review best practices and investigate internal and industry trends to ensure we're targeting the right risk thresholds. Socure truly defines what it means to be a one-stop shop for onboarding, identity verification, and fraud decisioning. We know that we have a great solution, and we also know that if something goes wrong, Socure is our partner with the right team of people to step in and fix the problem. In my opinion as a risk prevention professional, Socure's product offerings lead the industry."

About Socure

Socure is the leading platform for digital identity verification and trust. Its predictive analytics platform applies artificial intelligence and machine learning techniques with trusted online/offline data intelligence from physical government-issued documents as well as email, phone, address, IP, device, velocity, date of birth, SSN, and the broader internet to verify identities in real time. The company has more than 1,700 customers across the financial services, government, gaming, healthcare, telecom, and e-commerce industries, including four of the top five banks, 13 of the top 15 card issuers, the top three MSBs, the top payroll provider, the top credit bureau, the top online gaming operator, the top Buy Now, Pay Later (BNPL) providers, and over 250 of the largest fintechs. Marquee customers include Chime, SoFi, Robinhood, Gusto, Public, Stash, DraftKings, State of California, and Florida's Homeowner Assistance Fund. Socure customers have become investors in the company including Citi Ventures, Wells Fargo Strategic Capital, Capital One Ventures, MVB Bank, and Synchrony. Additional investors include Accel, T. Rowe Price, Bain Capital Ventures, Tiger Global, Commerce Ventures, Scale Venture Partners, Sorenson, Flint Capital, Two Sigma Ventures, and others.

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