



**CASE STUDY**

# TransUnion TruValidate Synthetic Fraud Model Identifies Instances of Fraud Before it Happens

Synthetic fraudsters can pass traditional identity verification because they own the identity and often utilize true consumer information. However, these synthetic fraud threats can be captured before they impact your bottom line.

## SCENARIO

A business wasn't stopping instances of fraud before they happened. Although applicants passed standard fraud check, the business suspected fraudulent activity — including a potential fraud ring—and reached out to TransUnion. To help uncover any underlying issues, TransUnion conducted a thorough investigation using its TruValidate suite. The Synthetic Fraud Model, which analyzes consumer behaviors by discovering anomalies or suspect patterns, and TLOxp<sup>®</sup> which consolidates 10,000+ data sources into a simple, powerful investigative tool.

Aite-Novarica research projects that synthetic identity fraud will reach \$2.4 billion by 2023, and 72% of consumers say security is the most important part of opening a new account.<sup>1</sup>

## STRATEGY

TransUnion was provided a customer sample to investigate for synthetic identities — fraudulent identities which had fabricated data elements or a compilation of multiple, real identity elements. The Synthetic Fraud Model discovered that 80% of the examples returned a high fraud risk score. Further examination with tools like TLOxp flagged accounts with other characteristics of synthetic fraud, such as:

- Some applicants were linked to addresses associated with hundreds of additional unique identities.
- One applicant had an authorized user who had an exceedingly high number of seemingly unrelated authorized users.
- Multiple consumers utilized the same name and DOB but had different SSNs.
- An SSN used in one identity could not be verified and may have been issued to a minor.

As a result of this analysis, the customer implemented TransUnion's TruValidate Synthetic Fraud Model into its fraud and identity strategies to help proactively detect synthetic identities at point of origination.

## RESULTS

The TruValidate Synthetic Fraud Model was used on all credit reports as an additional layer of protection. Consequently, the organization rapidly identified synthetic fraud during the application process, rather than waiting until after the account was booked and losses piled up.

When synthetic fraud is suspected during the application process, the company requests additional information from the applicant including proof of life, such as multiple utility bills or an SSN card. This helps drive synthetic fraudsters away from the application process because they're unable to provide the requested information. By identifying fraud cases with precision, the company can minimize false positives and manual reviews, upholding operational efficiency and a positive customer experience for legitimate customers.

"After our customer realized the impact the TruValidate Synthetic Fraud Model could have on their risk decisions, they implemented this solution as standard in their fraud and identity strategies. Since that time, TruValidate has produced positive results and continues to provide value."

- Jason Laky, SVP Consumer Lending, TransUnion

## TAKING IT TO THE NEXT LEVEL.

Today, TransUnion is conducting additional analyses to identify fraud within the company's existing portfolio. This will help isolate likely synthetic identities and enable appropriate actions, removing these customers from cross-sell or upgrade offers to limit losses.

### TRANSUNION'S TRUVALIDATE SYNTHETIC FRAUD MODEL PROVIDES DEEP INSIGHTS TO HELP:



**Detect synthetic identities** at the point of origination – before approval decisions are made.



**Monitor your existing portfolio** to isolate accounts with synthetic identities and act before a fraudster cashes out.



**Help ensure compliance** to protect yourself from future risks by truly knowing your customer.



**Maximize return on investments** by minimizing wasted marketing budget on synthetic identities and allocating those funds to viable prospects.

<sup>1</sup> Aite-Novarica research, The Power of One: Reducing the Impact of Identity Fraud, June 2022

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To discover how TruValidate's Synthetic Fraud Model can protect your business and bottom line, contact your TransUnion representative or visit:

[transunion.com/truvalidate](https://transunion.com/truvalidate)

