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TAKE CONTROL

A ROADMAP FOR **GROWTH**



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First party fraud

Sifting through the noise
to find and manage
true risk





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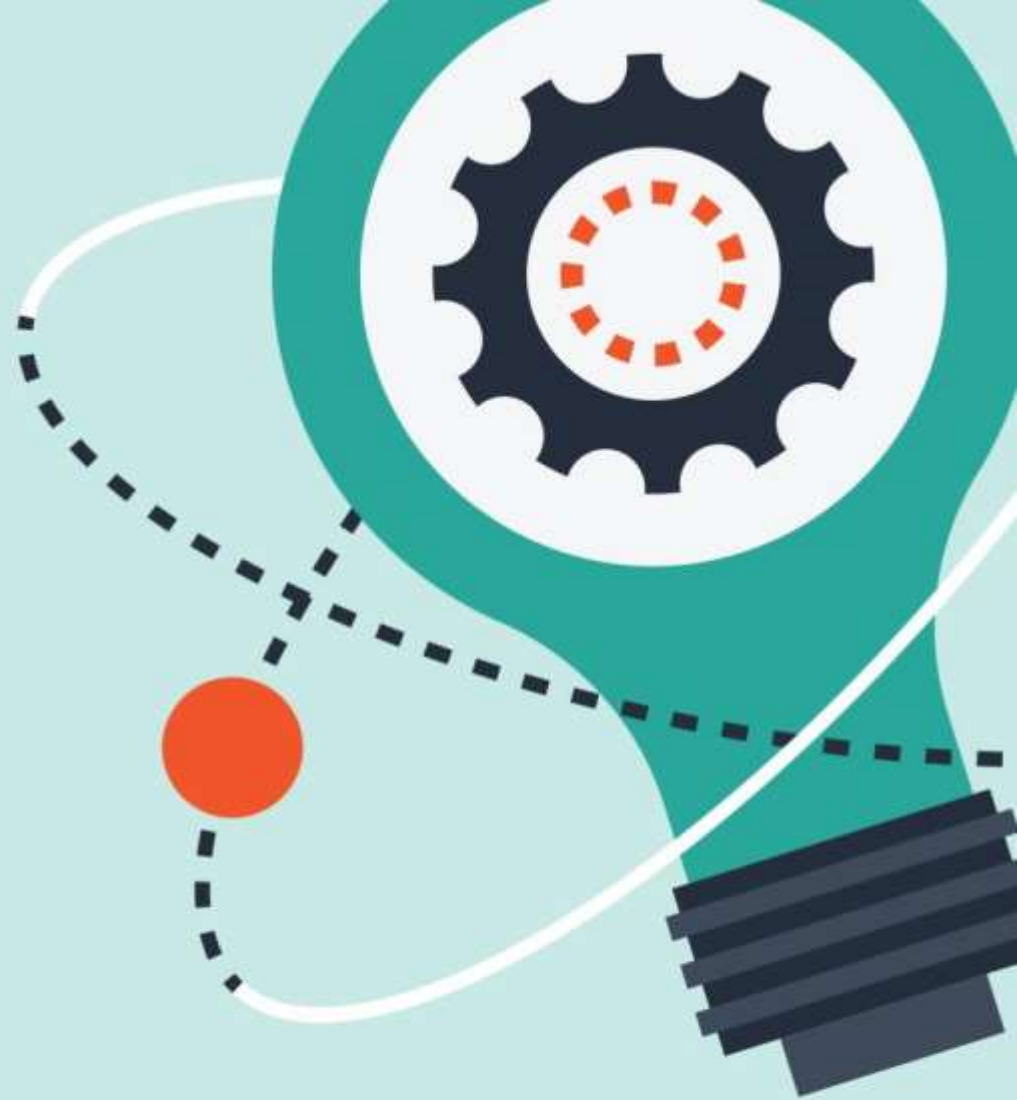


Introducing:

- **Barbara Simcox**
Turnkey Risk Solutions
- **Kyle Hinsz**
Experian
- **Christopher Danese**
Experian

FIRST PARTY FRAUD

Credit loss or fraud loss?



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Barbara Simcox

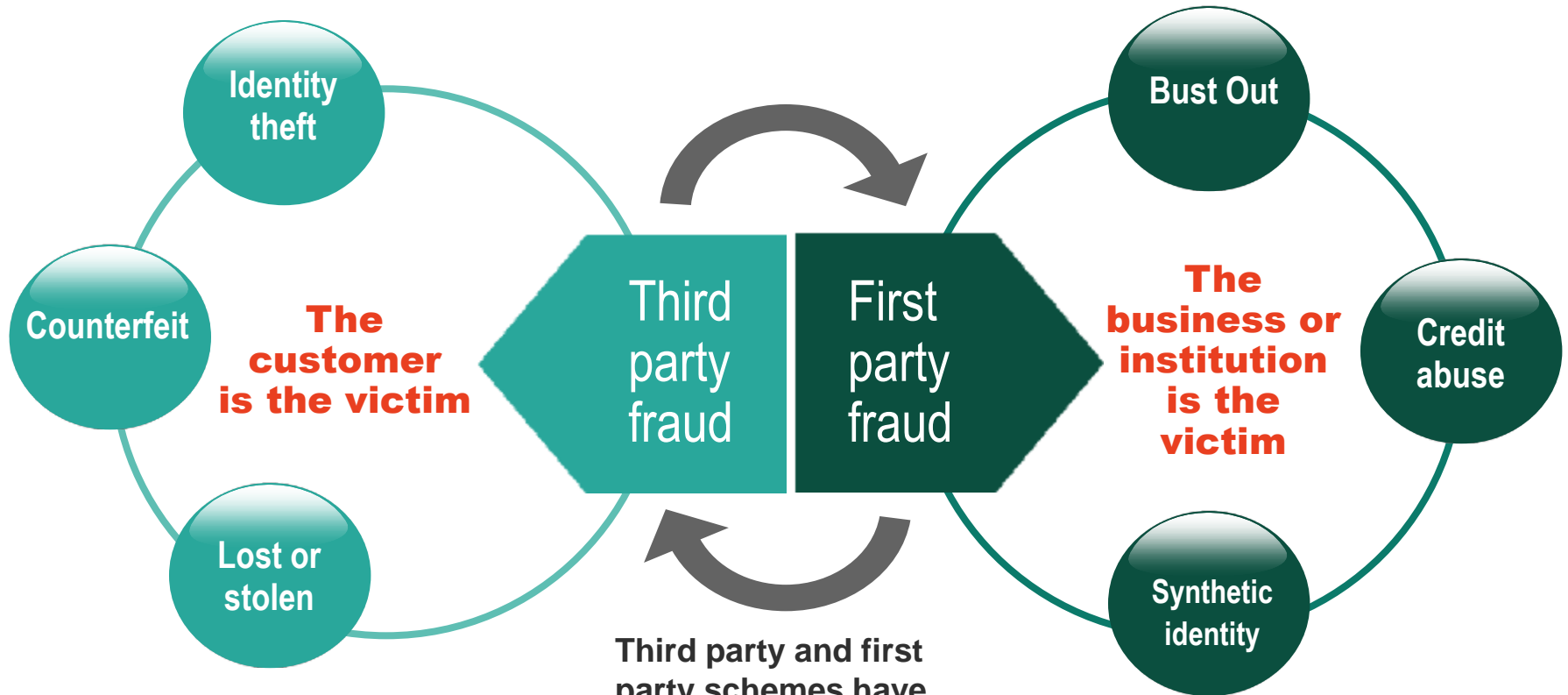
Turnkey Risk Solutions





Emergence of new threats

Third party fraud has evolved into first party fraud schemes



Third party and first party schemes have the ability to be interchangeable

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Industry trends and impacts



- Scheme was **“make up, pump up and run up”**
- 7,000 fake identities for profit of \$200 million
- Scheme was simple; advertise on Craigslist to have fictitious identities added to real people’s accounts

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“ We believe it is one of the biggest [bank frauds] the Department of Justice has ever uncovered. ”

— Matthew Reilly
New Jersey
U.S. Attorney's Office

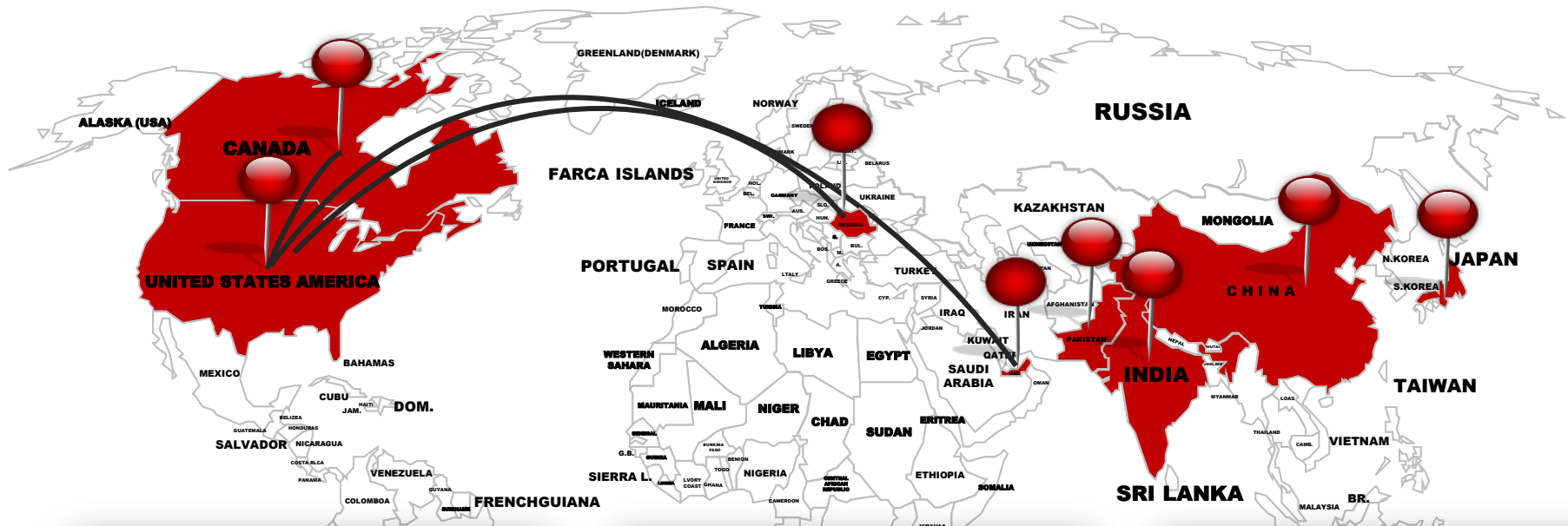


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\$200 million first party fraud scheme



Scope

- 7,000 synthetic identities
- 25,000 credit cards
- 169 bank accounts
- 1,800 mailing addresses
- 80 fraudulent merchants

28 states

AL, AZ, CA, CT, FL, GA, ID, IL, IN, IA, KS, KY, ME, MD, MI, MS, MO, NJ, NY, NC, OH, PA, TX, UT, VT, VA, WA AND WI

8 countries

United States of America, Canada, Romania, Pakistan, India, United Arab Emirates, China and Japan



Impacted industries

Healthcare

Healthcare Providers, Hospitals, Pharmaceutical Companies, etc.

Insurance Industry

Auto, Medical, and Personal Liability Providers



Financial Services

Consumer and Business: Auto, Credit Card, Mortgages, Merchant Processors, Retailer, and Market Place Lenders



Government Services

IRS, SSA, GSA, Medicare/Medicaid, Fannie Mae, HUD, etc.



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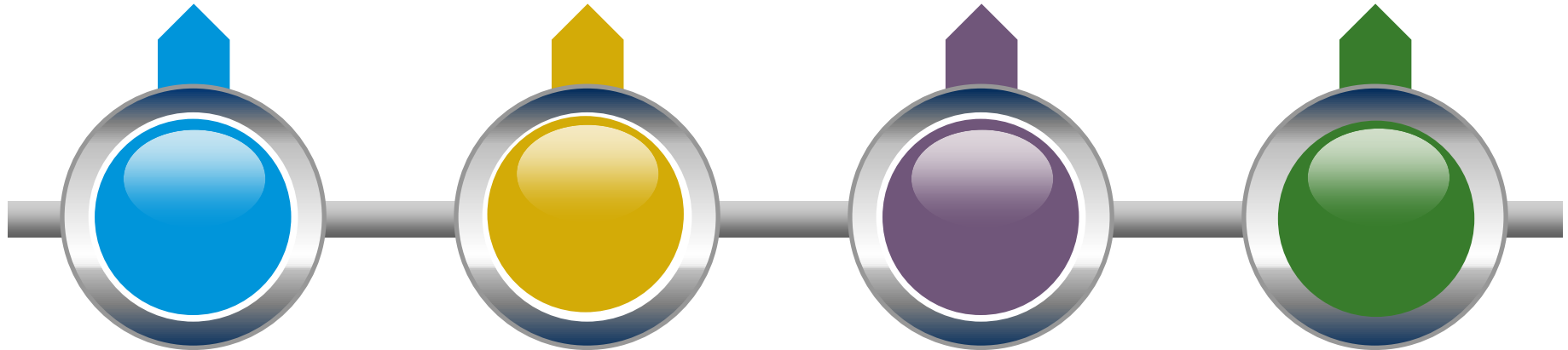
First party fraud implications

Regulatory

Reputational

Operational

Financial



- Compliance violations, fines, sanctions, etc.

- Money laundering
- Terrorism financing

- Increased expense due to redundancy of effort

- Significant fraud or credit losses



What is in the data?

Definition vs. tagging

First party fraud

Individual receives credit with **no intent to pay**

First pay default

Defaults on first payment

Never makes any payment

Unable to contact in collections

Misleading application information

Bust out

Multiple accounts go delinquent

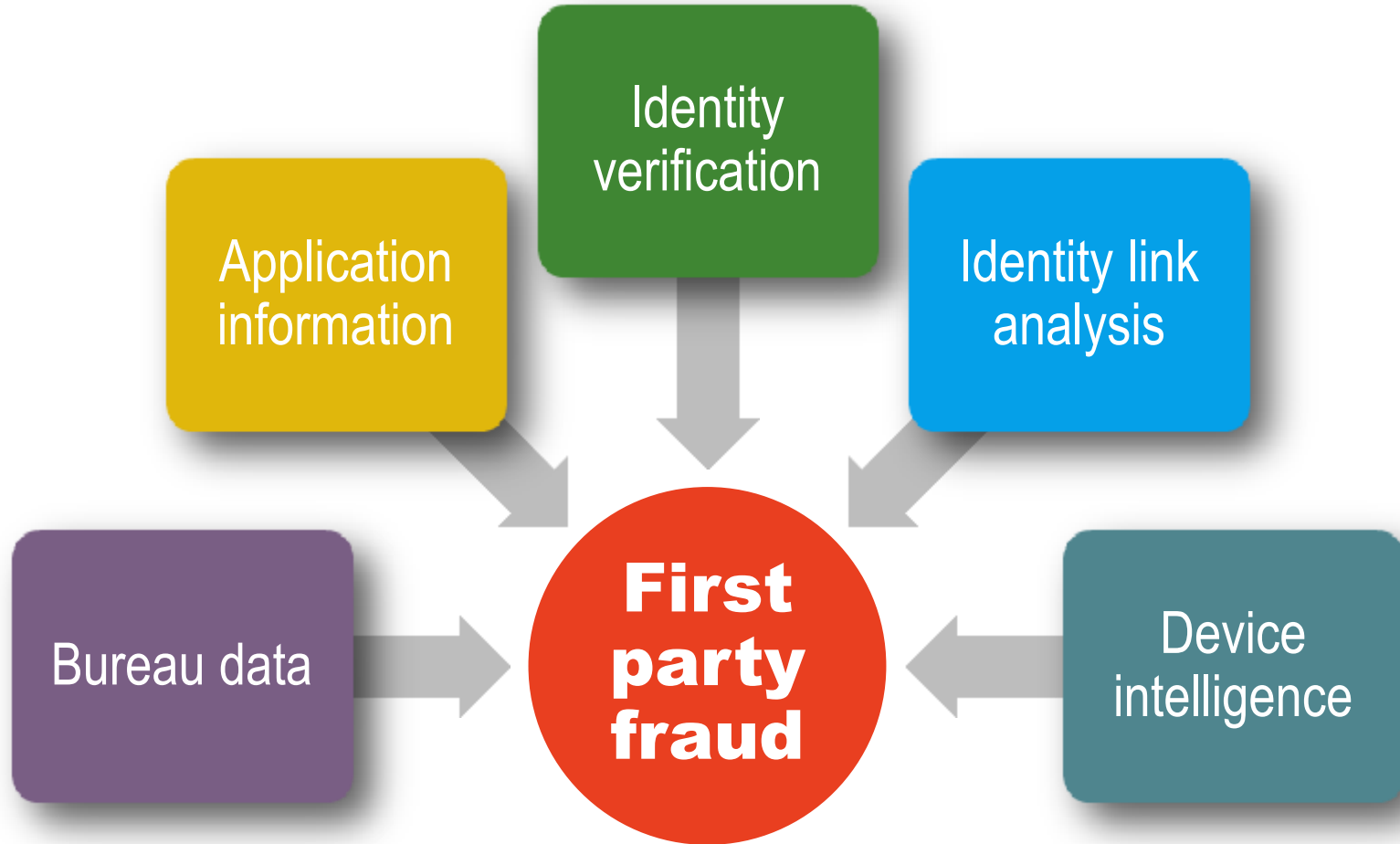
Losses exceed credit limit

Returned payments

Credit limit increase requests



Not all data tells the same story





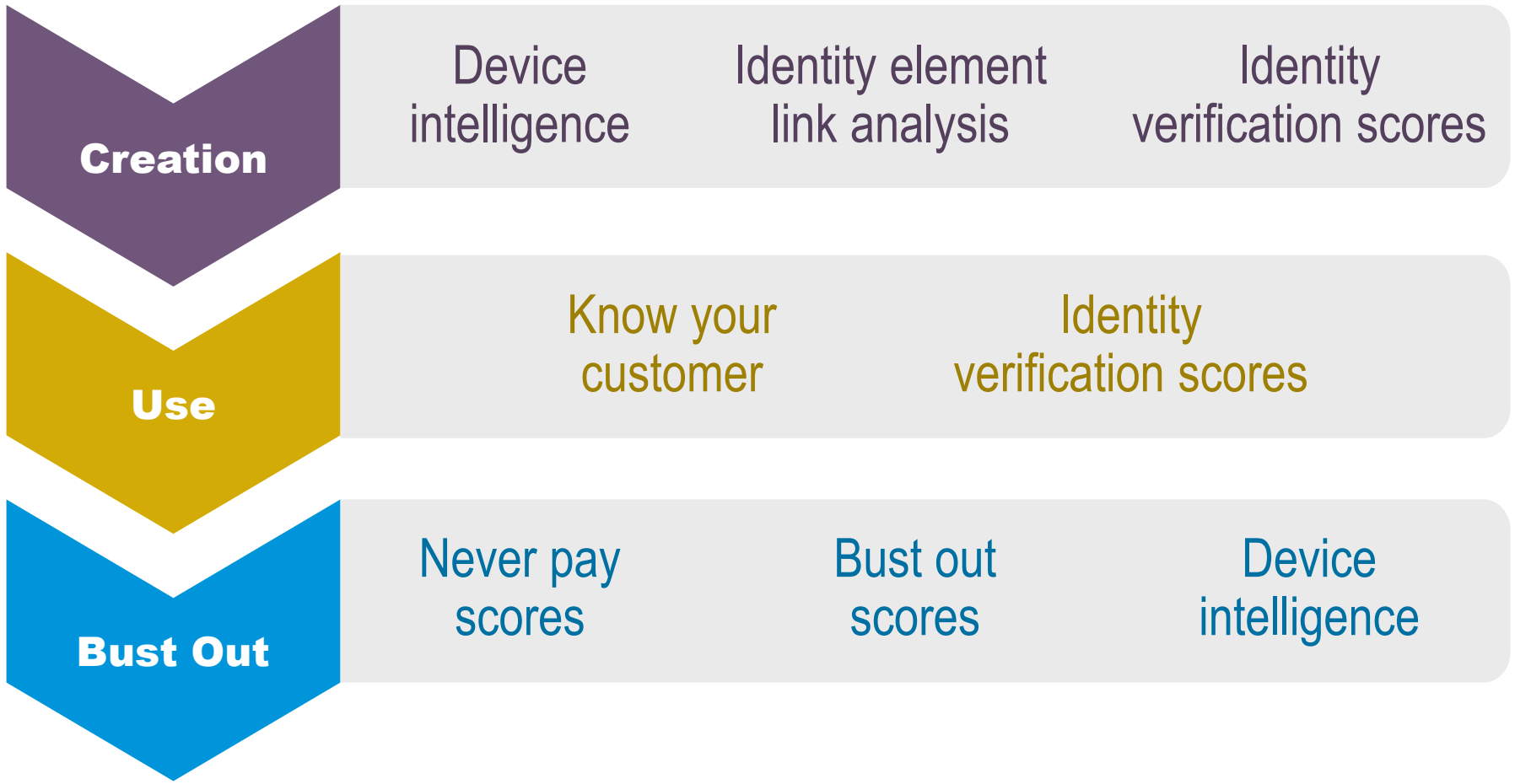
Assessing true risk





Synthetic ID life cycle

Detecting through analytic tools





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Who has the first question?





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1 Select the Survey button and complete

2 Select the breakout session you attended

Vision Conference
Breakout Session Survey

Experian

1. How would you rate the presenters' knowledge?
 Excellent Above average Average Below average Poor

2. How would you rate the presenters' delivery?
 Excellent Above average Average Below average Poor

3. How would you rate the presenters' time management?
 Excellent Above average Average Below average Poor

4. How useful was the session information?
 Very useful Somewhat useful Neutral
 Somewhat not useful Not useful

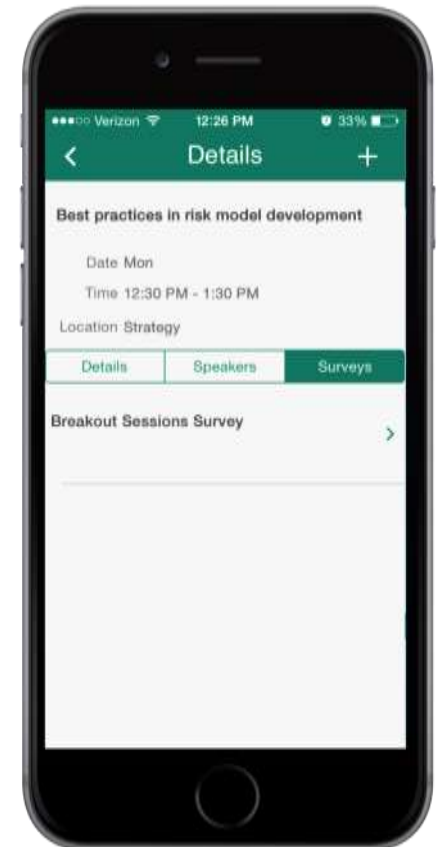
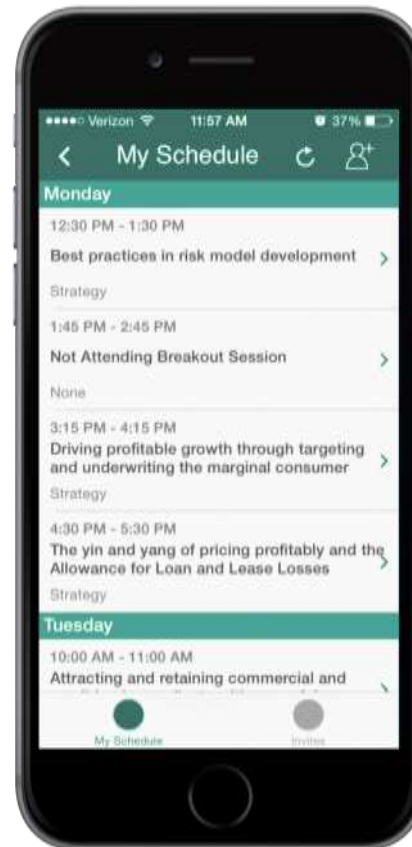
5. How would you rate the session on being current?
 Very current Somewhat current Neutral
 Somewhat not current Not current

6. How relevant was the session content to the title and description?
 Very relevant Somewhat relevant Neutral
 Somewhat not relevant Not relevant

7. How would you rate the level of content?
 Too advanced Just right Too basic

8. Why did you attend this session? (Check all that apply)
 Relates to my business The presenter(s) Interest in new product
 Compelling session description Increase product knowledge

9. Do you have any additional comments?





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