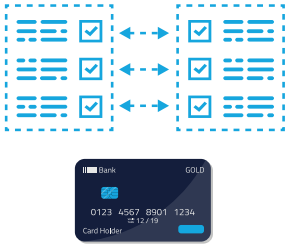
COLLABORATION IS KEY – THE IMPORTANCE OF INFORMATION SHARING

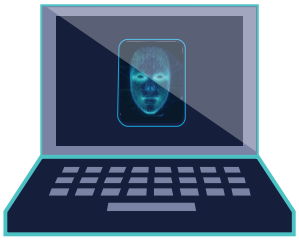
Identifying synthetic identity fraud is more challenging because there is no actual victim to report that fraud has occurred and therefore, organizations are solely responsible for this fraud identification. However, fraudsters often use some of the same data points to create multiple synthetic identities and use the same synthetic identity at more than one organization. Therefore, information sharing can be a powerful tool to detect and mitigate this type of fraud. Benefits of sharing information that has been linked to fraud include:

- Improved detection of synthetic identities.

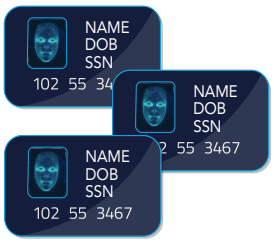


- Stronger ability to mitigate synthetic identity fraud.

- Early detection of emerging threats.



- Identification of fraud trends and behaviors.



- Identification of additional synthetic identities that utilize the same personal information.

COLLABORATION IS KEY – THE IMPORTANCE OF INFORMATION SHARING

Organizations may benefit from identifying anomalous customer behavior and reporting this information across their portfolios. That information can be utilized to identify additional fraudulent activity. For example, if an account established by a synthetic identity defaults on a line of credit, the organization may be able to prevent further fraud by identifying other banking products – such as a demand deposit account, credit cards, checking accounts and other loans – that also were established by the synthetic identity. When a synthetic identity "busts out" – defaulting on a credit obligation with no intention to repay – it often will default across multiple product lines.

The ability for organizations to aggregate and anonymize data that helps detect synthetic identities also could help maximize the value of information sharing. As we have seen, synthetic identity fraud is not unique to one organization. Collaboration is key in the fight against synthetic identity fraud.

CONCLUSION

Given the complex nature of synthetic identity fraud, it is difficult for a single organization to effectively fight synthetic identity fraud alone. The payments industry has an opportunity to help mitigate synthetic identity fraud through cooperation, collaboration and information sharing about known bad actors and new fraud insights.