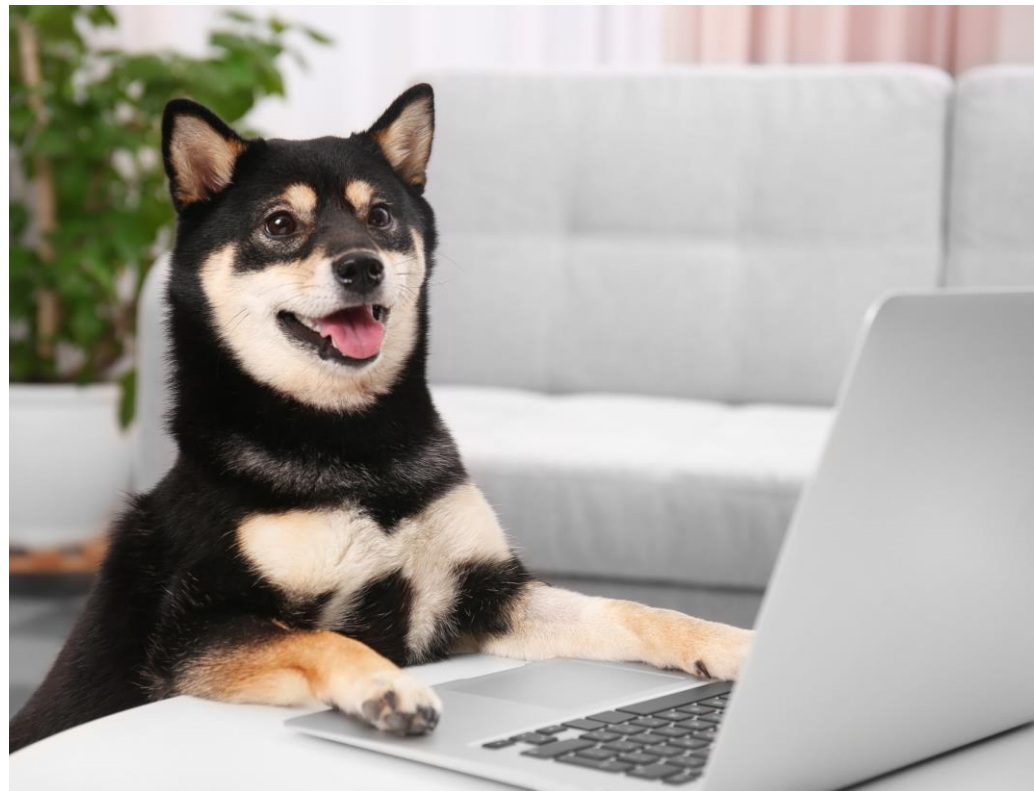


Synthetic Identity Payments Fraud: Nobody Knows You're a Dog



Synthetic Identity Payments Fraud: Nobody Knows You're a Dog Agenda

- **Session Objectives**
- **Opening Remarks**
- **Panel Discussion and Q&A**
- **Table Discussion**
- **Closing Remarks**



Session Objectives

- 1. Learn about synthetic identity payments fraud: what is it and how does it affect the financial industry?**
- 2. Gather insight from our panelists on root causes, key challenges and avenues to mitigate synthetic identity payments fraud**
- 3. Explore what the industry can do collectively to address synthetic identity payments fraud challenges**

Synthetic Identity Fraud

Definition and Focus

- **Combination of real information with fictitious information** for the purposes of creating a new identity
- New synthetic identity is created with **intent to defraud** or evade government or private-sector entity safeguards
- Synthetic identity fraud **touches a broad spectrum of the economy** – including lending, mortgage, national security, health care
- **The Federal Reserve’s focus** is the effect of synthetic identity fraud on the **U.S. payments system**

Synthetic Identity Fraud Mitigation

Why is it Important?

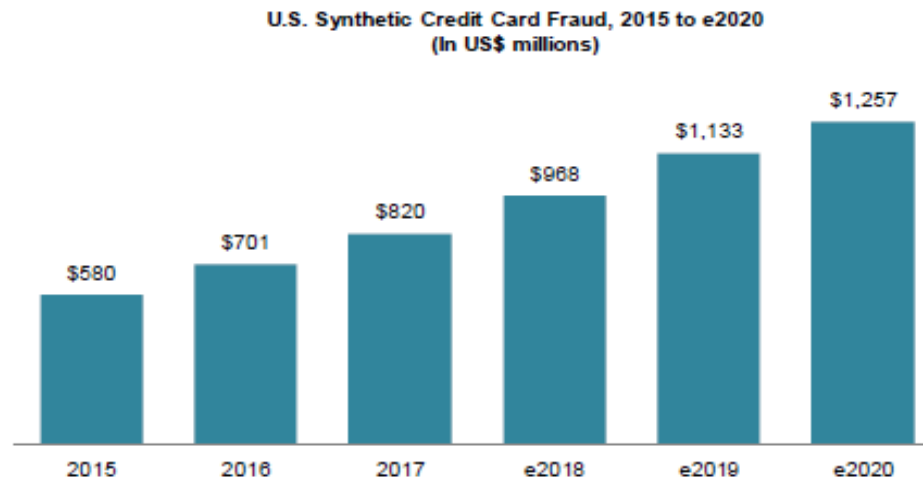
- According to the Federal Trade Commission, synthetic identity fraud is the **fastest-growing form of identity fraud**
- **Heavy reliance on compromised personal information** contributes to the proliferation of synthetic identities
- **Anyone can be affected**, especially those with little/no credit history:
 - Elderly
 - Homeless
 - Children born after 2011, when the Social Security Administration (SSA) introduced randomized Social Security numbers (SSNs)

Synthetic Identity Fraud

How Does it Affect Payment Security?

U.S. synthetic identity fraud losses for credit cards exceeded **\$800 million in 2017**¹

Figure 1: U.S. Credit Card Synthetic Identity Losses



Source: Aite Group

¹ Aite Group

Synthetic Identity Fraud

What are the Contributing Factors?

- Reliance on and availability of **static personally identifiable information (PII)** for identification
- Shift to **remote applications** for payment accounts
- Traditional methods of **identity fraud detection**
- No immediate financial impact on **victims of stolen SSNs**
- **High payoffs and low penalties** for fraudsters

Panel Discussion

Industry Perspectives on Synthetic Identity Fraud

- **Joan Pappas**, Bank of America - *SVP, Enterprise Fraud Management and Control; Senior Fraud Policy Analyst*
- **Brian Murphy**, American Bankers Association (ABA) - *VP and Policy Director, Center for Payments and Cybersecurity Policy*
- **Seth Kressin**, Experian - *Senior Fraud Data Scientist, Fraud Analytic Team*

Audience Q&A

Table Discussion

1. What could the industry collectively do to address synthetic identity payments fraud challenges?

- *What should be the top 1-2 priorities?*

If time permits:

2. What influences your organization to mitigate synthetic identity payments fraud?

- *For example, improved reporting, decreased write-offs, etc.*

Closing Remarks