

# Detect

## Combating credit application fraud



Experian Detect is an online solution for tackling credit application fraud. It enables real-time credit application fraud checking to be put in place with minimal impact on customer service.

### Unique features

Detect has a number of key features, which combine to make it the leading online credit application fraud identification tool.

- Uses Experian's fraud database, which contains in excess of 60 million records of shared application data
- Accesses Experian's vast consumer database – the largest, most current in the UK, in excess of 500 million records
- Uses Experian's address linking capabilities to identify undisclosed addresses, which may have adverse information or highlight over commitment by the customer
- Accesses a number of value added databases to identify 'high risk' applications
- Checks application data against an extensive library of fraud prevention rules based on the analysis of thousands of fraud cases
- Generates a Fraud Index, which allows applications to be ranked according to their likelihood of

being fraudulent, giving users full control over referral rates to match operational capacity

- Generates an Authentication Index, indicating the degree of trust that can be placed in the applicant's identity

Since its introduction in 1996, Detect has been implemented by over 65 lenders in various market sectors, including retail banking, telecommunications, retail financial services and credit cards.



### Benefits

Typically, Detect reduces fraud losses by 50 per cent in the first full year of operation, for the following reasons:

- The system and its associated databases are maintained in real-time. This means that fraud checks are based on current data, enabling thorough checking prior to funds being released. Savings are recognised in terms of reduced fraud losses and administration overheads.
- Experian is a world leader in data analysis and scorecard development. These skills have been combined in the creation of a Fraud Index and Authentication Index.
- The Fraud Index allows organisations to prioritise the investigation of suspected fraud cases. In so doing, referral criteria can be made flexible so that better use can be made of scarce resources.
- The Authentication Index provides compliance with money laundering regulations without the need for paper-based methods of confirming each applicant's identity.
- Detect can be fully integrated into an application processing system, whether Experian sourced or otherwise. It provides a single input process, reducing the need to re-key data.

Some high volume Detect users are conservatively estimating savings of up to £20 million each, as a direct result of improvements in their ability to uncover credit application fraud.

### The six aspects of fraud detection

During processing, Detect highlights suspicious applications by:

- Checking application details for consistency
- Verifying application details against Experian's credit bureau by accessing over 500 million records
- Cross-checking against previous application details online and in real-time
- Highlighting 'high risk' applications by accessing Experian's value added databases
- Summarising the results using a scored Fraud Index
- Determining the degree of trust that might be placed in each applicant's identity, offering the output as an Authentication Index

### The six aspects of fraud detection

You can review the results of Detect processing using the online Detect report. It is divided into nine sections, with each one providing specific information about different aspects of Detect processing. In addition, the Detect report also provides a link to additional screens containing bureau data found at the supplied address and any undisclosed addresses automatically searched by Detect.

### Implementation

Detect is usually implemented as part of an Experian application processing system but it can also be integrated into alternative systems. There are two primary approaches to the implementation of Detect.

### Option 1

Run in a live environment but in background mode, ensuring that no changes to the existing decision making process are made until the benefits of Detect have been established. This approach minimises business risk.

### Option 2

Introduce directly into the live environment using a phased approach. To control business risk, Detect is set up to generate a low number of referrals, i.e. applications are referred via Detect only if they have a particularly high probability of being fraudulent or where adverse data at an additional address is identified. This approach enables immediate gains from Detect without drastically affecting either existing decision making processes or current referral levels. In the second phase, a higher number of referrals are generated in line with business capabilities.

### Consultancy

Experian provides a full consultancy package in order that the implementation meets business requirements. Whichever implementation method is used, Experian consultants are there to ensure maximum benefit is gained from Detect.

This could include:

- Setting the Fraud Index cut-off and Authentication Index cut-off to match operation capacity
- Adjusting the credit risk score cut-off to take into account the impact of the Fraud Index
- Aligning the referral strategy to reflect the Fraud Index band
- Assessing working practices to eradicate potential duplication of effort
- Incorporating additional data and distinguishing between bad debt and fraud
- Amending monitoring processes to make the best use of Detect output

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