Fraud Solutions

experian

Capabilities*Summary*

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USA PATRIOT ACT

This capability summary presents a high-level overview of Experian's comprehensive suite of Fraud Solutions that can be utilized to assist in your compliance with the USA PATRIOT Act, Section 326.

Background

Section 326 of the USA PATRIOT Act requires that all financial institutions implement reasonable procedures to verify the identity of any person seeking to open an account and to determine if that person is on a list of suspected or known terrorists.

The 'Customer Identification Program' (CIP) is comprised of components that must be documented, approved and incorporated into a financial institution's BSA program. The components are: identification and verification of persons seeking to open an account, record-keeping, and comparisons with government lists.

While the CIP applies to new customers or new signatories, Experian's solutions can be used in any situation that requires customer verification. General guidelines for a CIP include implementing risk-based procedures that consider the type of account, channel of origination, and available identifying information. Name, address, identification number, and date of birth are all required pieces of identifying information.

Description

The components of the rules that are required to comply with the USA PATRIOT Act are:

1. *Non-Documentary Verification*: positive, negative, and logical verification can be used in addition to or instead of documentary verification.
2. *Record-Keeping*: reasonable procedures for maintaining records on what was provided by the customer as well as the methods and results of the non-documentary verification. These records must be kept for five years after the account is closed.
3. *Government List Comparison*: reasonable procedures for determining if a customer appears on a Federal list of known or suspected terrorists, as well as being able to respond to any circumstance when it is determined that a customer is on a list.

Experian's Fraud Solutions

Experian offers a range of valuable tools to enhance your CIP and help you meet the needs of Section 326 of the USA PATRIOT ACT. These tools can be used independently or complementary based on your procedures, the type of account being opened and the origination channel.

Positive Verification / Logical Verification

Authentication Services offers three flexible options to verify and authenticate a customer. You can choose the service level that best fits your needs:

- **Level One** is the essential authentication service that utilizes Experian's verification database to verify a customer's name, address, telephone number, Social Security number, date of birth, and driver's license. Over 70 different types of result codes along with a fraud score can be easily used to verify the customer's information.
- **Level Two** is the enhanced authentication service that builds on Level 1. It provides an authentication score utilizing the Level 1 information combined with Experian's extensive database of credit information. Potential fraud indicators along with Experian's proprietary matching algorithms are used to create a score predicting the likelihood that the correct customer supplied the identifying information.
- **Level Three** is the elite authentication service that offers the addition of an interactive session to Level 2 in which 'shared secret' questions are asked. These questions, drawn from Experian's various databases, are designed so that only the customer can answer them, within an acceptable time limit.

Fraud Shield

Fraud Shield consists of a series of searches, checks, and counters with the customer's inquiry address and Social Security number as the critical identifiers. An inquiry on a specified customer initiates a search of Experian's database, which maintains files on over 190 million credit-active consumers nationwide. Fraud Shield instantly recognizes warning signs and critical discrepancies including SSN deceased, not issued or invalid.

Experian Detect

Experian Detect is an online fraud prevention system that notifies credit grantors of potentially fraudulent or high-risk applications. The system relies on incoming application data, shared past application data, and bureau data to trigger fraud warnings and calculate two ranking indexes that indicate potential fraud. The system is based on data reciprocity and requires that subscribers submit all application data upon inquiry. Experian Detect reduces fraud by comparing the current application, past applications, credit data, and known fraud records (optional) to achieve a 360° view of an applicant. Experian Detect identifies inconsistencies and anomalies that may indicate identity theft or other types of fraud.

AuthoriCheck^{SM}

AuthoriCheck^{SM} provides businesses with a powerful application that authenticates business data and helps identify potential commercial fraud. Experian's vast database, combined with external sources such as government agencies and telephone directories, allows you to authenticate commercial application data such as addresses, tax identification, and social security and telephone numbers.

Negative Verification

Experian's **National Fraud Database (NFD)** is the only resource of its kind. It was created to the be first reliable, nationwide repository providing access to verified fraud records from a variety of industries, including banks, credit card issuers, telecommunications providers, automotive companies, retailers, insurers, and mortgage lenders. A reciprocal database, NFD members contribute their fraud experience and compare applicant information with other member's fraud experience to expose fraud perpetrators at the point of application. Carefully established protocols and stringent standards combined with Experian's expert matching algorithms ensure the accuracy of the database.

Record-keeping

Experian logs all verification requests. Depending on the solution utilized, Experian may be able to produce the necessary verification records.

Government Lists

Experian offers access to the OFAC (Office of Foreign Asset Control) list. The OFAC list can be searched for every inquiry. Potential matches will return the complete record from the database.

Benefits of Experian's Fraud Solutions

✓ Supports your compliance of Section 326 of the USA PATRIOT Act.
✓ Customizable solutions to meet your institution's specific procedures.
✓ Process verification and government list check with a single request.
✓ Available through a variety of access methods, including batch, Internet (browser), CPU-to-CPU, or web server-to-web server.

Experian Advantages

✓ Leading provider of data with information on 215 million consumers and 25 million businesses
✓ Nationally recognized as a leader in fraud prevention solutions
✓ Thirty-year heritage of decision support and analytical expertise
✓ As the premier protector of consumer information, Experian has pioneered information privacy, security and fraud prevention policies and standards that can help you earn your customers' trust

For more information on how Experian's Fraud Solutions can help you, please contact your Experian Account Executive or call 800.333.4930.