SOLUTION BRIEF

# Identity Fraud Prevention Has a Generative AI Problem

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**INDUSTRIES:** All

## Multicontextual Identity Intelligence at Scale Provides the Solution

*Deduce Identity Intelligence conducts digital forensics at scale—across multiple contexts and over time—to detect AI-generated identities in real time.*

## The AI Revolution Cuts Both Ways

AI and automation are accelerating creativity and efficiency across industries—including organized identity fraud. For example, fraudsters can leverage AI with stolen PII to:

- Cheaply synthesize batches of credible digital identities.
- Authenticate those identities with AI-generated documents and biometrics.
- Create credit histories via low-cost automated actions such as prepaid card and phone transactions.
- Create online histories using "aged" and geolocated email addresses, merchant account creation, and engagement with brands.

The result is a virtual army of SuperSynthetic™ identities that are indistinguishable from legitimate identities. Each of these AI-generated identities can pass automated fraud controls, IDV assessments, manual reviews, and virtual risk analysis assessments for documentation, 2FA, account age, and credit history.

***A recent one-year study uncovered 1.8 million potential synthetic identities with consumer credit accounts.***[1]

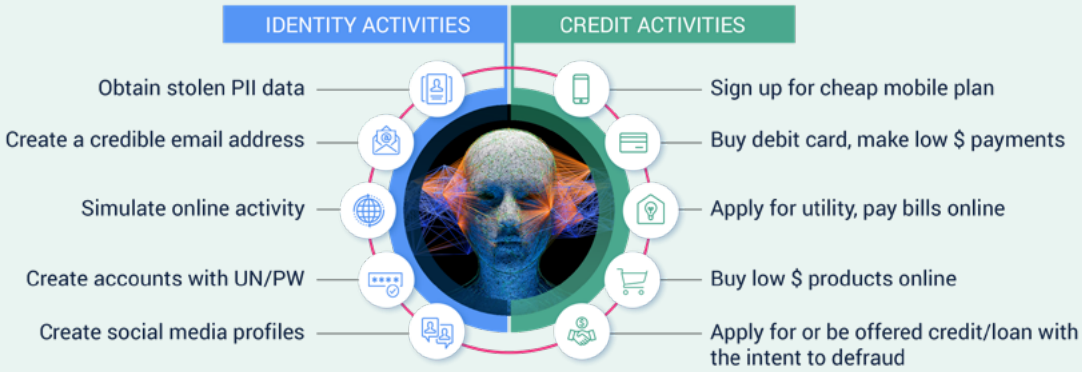
AI-generated identity fraud at scale has the potential to hit businesses with waves of fraud that cause financial losses, broken customer trust, and regulatory penalties.

## Existing Fraud Prevention Solutions Aren't Designed for AI-Gen Threats

Today's fraud solutions may be good at spotting traditional synthetic identity fraud in specific contexts, but they were created before generative AI changed the fraud game. As a result, traditional fraud detection:

- Draws on narrow data sources to assess an individual email address or phone number, with no context about its relationship to other identities.
- Uses static data that prevents a full contextual view of the identity's behavior over time, which can lead to missed fraud indicators.
- Relies on databases that only look at identity behavior in one context, like online shopping or banking, for an incomplete view of activity.




*Signature activity pattern of SuperSynthetic identities*

- Cannot recognize the patterns and digital fingerprints associated with AI-generated identity fraud.
- Lacks the scalability to identify and counter AI-generated fraud attacks.
- Relies too much on behavioral biometric or device-centric fraud solutions that AI deepfakes and SIM swaps can defeat.

Because of these factors, current fraud solutions can't distinguish an AI-generated identity from a real one. Even fraud prevention escalation policies, such as manual reviews and KYC requirements will not catch these very sophisticated identities. After approval, these identities act as "sleepers," waiting for an offer of credit that they can exploit—and then they disappear.

*"Financial institutions are finding that as much as 30% of their bad debt is actually fraud. These debts are uncollectible because the borrowers, to whom they issued credit, never intended to pay, and may have been nothing more than synthetic identities."*

**- FICO**

## Using Multicontextual Identity Intelligence at Scale for Real-Time Digital Forensics

Detecting AI-generated identities requires identity intelligence at scale—over time and mapped to geographies and device networks—to evaluate each identity against other identities in as many digital contexts as possible.

Only multicontextual identity intelligence at scale can:

- Gather and analyze extensive real-time activity-backed identity data from diverse sources.
- Work with ML to recognize the activity patterns and digital fingerprints created by AI-generated fraud.
- Identify activity matches between the identity under review and other identities.

Multicontextual identity intelligence at scale also:

- Detects traditional identity fraud accurately and precisely.
- Reduces false positives and minimizes manual review requirements.
- Uses a futureproof AI-based approach to identify new threats as they emerge.

### Protect Your Business from AI-Generated Identity Fraud

**Contact us** for an evaluation of your new account opening workflow and guidance on how to identify and block AI-generated profiles.

1. Equifax, **Identity and fraud trends report Q2 2021**

SuperSynthetic™ is a trademark of Deduce Inc.