

**SOLUTION BRIEF**

# Prevent ATO and New-Account Fraud Without Compromising Customer Experience

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**INDUSTRY:** Financial Technology & Services

## The Fintech Challenge: Prevent Fraud Without Frustrating Qualified Users

Fintechs and financial services providers operate in a challenging environment, where customer experience is paramount, but customer authentication is critical. Fraud attacks on banks are increasing year-over-year, as organized groups leverage botnets and stolen credentials to attempt ATO and new-account fraud at scale. ATO fraud jumped 250% in 2020, compared to 2019.<sup>2</sup> Nearly half of Americans were financial identity theft victims in 2020, and more than a third have suffered new-account creation fraud or account takeover fraud since 2019.<sup>3</sup>

Clearly, identity verification is a must for new users and established customers. However, that verification needs to be instantaneous. Seventy percent of consumers say they choose not to do business with companies with long wait times for service,<sup>4</sup> and the market is crowded with other options they can choose. Customers are also unlikely to return to an app or online financial service after a fraud experience, or after a mistaken rejection of their sign-up or login (aka a false decline). Hence, the need for a secure, fast, accurate solution for authenticating new applicants and trusted users.

## Unlock the Potential of Shared Data

The Deduce leadership team understands the power of shared data because they experienced it as leaders in the AdTech industry. To apply that power to user authentication, the team invested two years in creating a network of more than 150,000 websites with more than

**PROBLEM**

Financial services are the fastest-growing target for digital fraud, with a 150% jump in fraud attempts from H2 2020 through H1 2021.<sup>1</sup> Fintechs need to prevent new account fraud and account takeover (ATO) fraud while delivering a timely, frictionless authentication experience for new and returning customers.

**SOLUTION**

[Deduce Identity Insights](#) delivers real-time risk assessment of new account signups and real-time verification of trusted customer logins to prevent fraud and provide a friction-free experience for trusted users. Deduce Customer Alerts immediately notifies trusted users if there's a suspected ATO login attempt, which prevents fraud and false positives—both of which drive away customers.

**RESULTS**

- Faster approvals for qualified new users.
- Better trusted-user experience with frictionless account creation and returning customer logins.
- Stronger protection against new-account fraud.
- Real-time account takeover protection that prevents false positives.

400 million U.S. profiles generating more than 1 billion daily logins events. That data—properly permissioned—

is comingled and analyzed using the Deduce Collective Intelligence Platform’s proprietary rules to compare logins quickly and accurately against more than 100 attributes in 300 milliseconds or less.

The result is the ability to deliver real-time risk assessments and customer alerts that reduce friction for trusted users and prevent fraud and false positives.

## The Deduce Collective Intelligence Platform in Action

Deduce offers two solutions to help financial service providers manage critical tasks: Identity Insights for validating good users and identifying fraud attempts, and Customer Alerts for protecting trusted users from ATO fraud—without rejecting valid logins by mistake. Other solutions can generate false positives up to 15% of the time because they only leverage device and network signals. As the only solution that also includes account signals in its authentication process, Deduce avoids creating false positives that can drive away good users.

When Deduce Identity Insights is integrated with the sign-up workflow, it compares new account registrations to known identities, histories and behaviors to calculate a risk score for the client. When a new account sign-up reaches or exceeds the risk-score threshold chosen by the client, they get an alert from Deduce indicating the need for manual review of that sign-up.

This process prevents new-account creation fraud while reducing the risk of turning away qualified applicants. It also accelerates the approval process for low-risk applications, so trusted new users can set up their accounts quickly.

When Deduce Customer Alerts are integrated with the login workflow, each attempt is rapidly scored, based on known customer behavior, device identity, geolocation, travel-time limits and other attributes. If the current login matches the customer’s established profile, they get access to their accounts quickly.

If there’s a discrepancy, Deduce triggers an alert email to the customer. This email is sent from the fintech’s email marketing platform, so it’s clearly branded and from a trusted sender. The alert shows the customer where the login in question took place, what kind of device was used,

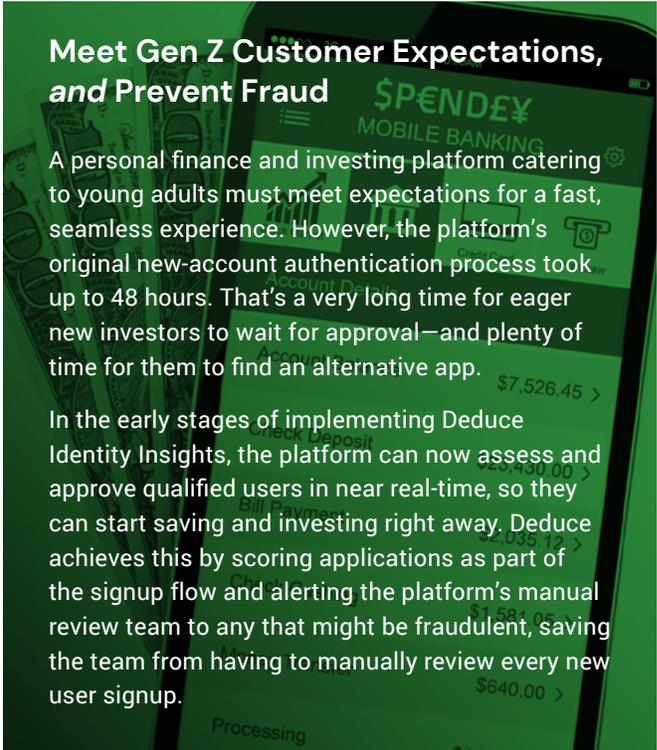
and which IP address it came from. If the customer taps “yes,” they can complete their login. If they tap “no,” an account takeover is prevented.

## A Better Way to Verify Users and Prevent Fraud

With Deduce Identity Insights and Customer Alerts, qualified new users get their accounts approved faster. Returning users don’t have to jump through authentication hoops to log back in. When there’s a suspicious login attempt, the customer can resolve the issue with one tap, reducing friction and enhancing confidence in their financial app. Meanwhile, the company saves employee time on new-account reviews, avoids new-account fraud and ATO fraud, and protects customers’ data.

## Improve Your Customer Authentication Process and Your Trusted-User Experience

Experience the power of the Deduce Collective Intelligence Platform. [Request a demo.](#)



**Meet Gen Z Customer Expectations, and Prevent Fraud**

A personal finance and investing platform catering to young adults must meet expectations for a fast, seamless experience. However, the platform’s original new-account authentication process took up to 48 hours. That’s a very long time for eager new investors to wait for approval—and plenty of time for them to find an alternative app.

In the early stages of implementing Deduce Identity Insights, the platform can now assess and approve qualified users in near real-time, so they can start saving and investing right away. Deduce achieves this by scoring applications as part of the signup flow and alerting the platform’s manual review team to any that might be fraudulent, saving the team from having to manually review every new user signup.

### ENDNOTES:

1. <https://www.transunion.com/blog/global-fraud-trends-Q2-2021>
2. <https://www.marketwatch.com/story/americans-face-mounting-risk-of-hackers-taking-over-brokerage-accounts-regulators-say-11622826205>
3. <https://www.iii.org/fact-statistic/facts-statistics-identity-theft-and-cybercrime>
4. [https://www.salesforce.com/content/dam/web/en\\_us/www/documents/research/salesforce-state-of-the-connected-customer-4th-ed.pdf](https://www.salesforce.com/content/dam/web/en_us/www/documents/research/salesforce-state-of-the-connected-customer-4th-ed.pdf)