CASE STUDY

Book More Customers with Lower Friction and Less Fraud

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Fighting Fraud Starts with Identifying Legitimate Customers

The fraud landscape is constantly changing, and AI-generated fraud poses a new challenge for businesses. Importantly, identifying fraudsters is different from recognizing good customers, and many fraud prevention processes designed to expose AI-generated identities—such as possession checks or document verification—create friction that drives away real customers.

This new stage in fraud evolution, along with increased customer expectations for seamless experiences, creates a specific set of challenges for banks. Now, banks need to:

- Keep fraud rates low, even in the face of new threats such as AI-generated fraud.

- Reduce operational costs by reducing manual reviews.

- Reduce application abandonment rates (and follow-on LTV and CAC losses) by reducing friction for trusted customers.

And they need to do all of these things while increasing approvals.

Top 3 Bank Reduces Applicant Friction by Positively Identifying 79% of Users

A leading card issuer was fighting a rise in application fraud with OTPs, selfie verification requirements, and manual reviews.

CHALLENGE

New forms of fraud drove a major bank to add friction to its onboarding process, increasing both OpEx and abandonment rates.

SOLUTION

The Deduce Identity Graph passively verified trusted customers in real time, reducing additional verification steps for faster approval and onboarding.

RESULTS

- 6% annual increase in user growth through reduced friction.

- Improved customer experience for 79% of applicants.

- Reduced abandonment rate due to fewer OTPs, selfies, and reviews.

- $20M customer LTV increase per year.

But those extra steps created friction that caused over 60,000 good customers per year to abandon the process, causing the bank to lose millions of dollars a year in lifetime value and customer acquisition costs.
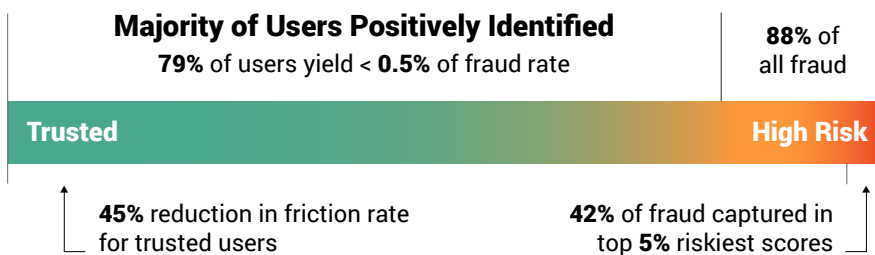
The bank needed a way to verify trustworthy customers and approve them faster and less expensively, to reduce the drop-off rate and generate more customer lifetime value. Deduce analyzed a year's worth of the bank's application traffic against the Deduce Identity Graph to identify good customers and fraud attempts with greater accuracy.

Because of the size and scope of its multicontextual insights, Deduce was able to passively verify the vast majority (79%) of the bank's applicants as legitimate, with an impressively low fraud rate. This provided the bank decisioning confidence for automatic approvals.

Trusted users validated by Deduce were not required to submit selfies, or pass OTP checks to prove their identities to the bank. Deduce already knew who those users were, so they could move straight to approval and start using their new accounts.

Approving good applicants faster opened the door to an additional $20 million in annual customer lifetime value by preventing over 60,000 good customers from abandoning the application process due to friction.

At the same time, Deduce Identity Insights positioned the bank to save more than $7 million per year on reviews, fraud, and operations costs.

Majority of Users Positively Identified
79% of users yield < **0.5%** of fraud rate

88% of all fraud

Trusted　　　　　　　　　　　　　　　　**High Risk**

45% reduction in friction rate for trusted users

42% of fraud captured in top **5%** riskiest scores

$20M	$1.2M
Yearly LTV gain[1]	Yearly fraud/loss and ops cost savings[2]

$6.5M	79%
Saved/year on avoided reviews[3]	Of users positively identified

[1]$300 avg. LTV; [2]$2K avg. loss per incident; [3]$25/review

Ready to Approve More Good Customers Faster?

Applying Deduce Identity Insights to your onboarding workflows can help you identify more trusted applicants for passive verification and faster approval, spend less time and money on manual review, and improve your fraud rates amid a constantly changing threat landscape.

Book more good applicants with Deduce.

THE DEDUCE SOLUTION: ACTIVITY-BACKED IDENTITY INTELLIGENCE AT SCALE OVER TIME

Now, the Deduce Identity Graph—the largest of its kind—continuously captures, authenticates, and analyzes over 185 million unique U.S. identity profiles more than three times per week, as they engage in more than 1.5 billion daily authenticated events across more than 150,000 sites and apps.

The result is a vast matrix of continuously updated, multicontextual insights to accurately confirm the identity of hundreds of millions of users—good, bad, and synthetic—so banks can tell real humans from fake humans and legitimate customers from fraudsters.