NewDay

The Experian advantage: a gamechanger in NewDay's battle against fraud

experian.

The Experian advantage: a gamechanger in NewDay's battle against fraud

Financial fraud is a multi-million-pound industry. In 2022, losses exceeded £1 billion in the UK alone[1]. Through our CrossCore machine learning platform, we helped leading UK credit provider, NewDay to fight fraud together.

Customer: NewDay

Product: CrossCore®

CrossCore is an integrated, digital identity and fraud platform that enables you to connect, access and orchestrate decisions that leverage multiple data sources and services. CrossCore combines risk-based authentication, identity proofing, and fraud detection into a single, state-of-the-art cloud platform. It engages flexible decisioning workflows and advanced analytics to make real-time risk decisions throughout the customer lifecycle.

Key outcomes:

59% reduction in application fraud losses

30-40% decrease in applicant referrals for manual review

8 seconds fraud response time with the capability to reduce it to 6

Overview:

Fighting fraud

In recent years, fraud has become hugely challenging for the financial industry with around £2,300 stolen every minute in 2022 alone[2]. Industry trends indicate that the increasing cost of living is causing an uptick in application fraud, as well as fraudsters finding new and innovative ways to bypass systems or create false and stolen identities.

This was a real concern to credit provider NewDay, which supplies close to five million customers[3] with responsible access to credit, and store credit cards for well-known retailers such as John Lewis, Argos and AO.com.

In 2021, NewDay, like many companies in the financial sector, detected a high number of fraudulent applications. To combat this, they increased their already robust security checks, but realised that this, in turn, slowed down the application process for legitimate applicants.

Determined to fight fraud together, we worked with NewDay to strengthen their fraud detection strategy, using our CrossCore machine learning solution to manage application fraud and maintain a smooth customer journey.

1 UK Finance Annual Fraud Report, The definitive overview of payment industry fraud in 2022
2 UK Finance Annual Fraud Report, The definitive overview of payment industry fraud in 2022
3 As of 31 December 2022

Combatting higher fraud applications and a friction-heavy onboarding process

NewDay's highly scalable digital platform allows it to continually innovate and develop products that meet their customers' changing needs. However, in 2021 as it grew its customer base, it faced an increasing number of fraudulent applicants.

To stop the fraudsters, NewDay added more application screening processes to its already stringent system. However, these additional checks delayed the application process for genuine applicants, generated more applicant referrals to be manually checked and lead to increased operational costs.

"Our key drivers for our fraud strategy were stronger fraud detection and lower referral rates, while still creating a positive onboarding experience for new customers."

Danny Clark
Head of Fraud Prevention at NewDay

experian.

Data analytics and real-time fraud detection

Through CrossCore, NewDay was able to identify and consolidate a wide range of risk alerts into a single assessment.

The results were exceptional. Clark reported: "As a result of that deployment, we've seen an 59% reduction in our application fraud losses."

For the first time, NewDay could leverage multiple data sources in one platform and use advanced analytics to make real-time risk decisions. In fact, it now only takes eight seconds to detect fraud, with further optimisations planned to reduce this to just six seconds.

For customers, this enables a faster and smoother onboarding experience. "There's less friction in the journey now. We're able to onboard customers more seamlessly," Clark adds.

CrossCore's predictive abilities also reduced the number of applicants referred for manual review by an impressive 30-40%. This is because Machine Learning models were able to more accurately distinguish between fraudulent and legitimate applicants, meaning legitimate applicants could flow seamlessly through the process and time was freed up to focus on investigating real cases of financial crime.

The outcome:

Entering a new era of data-driven defence

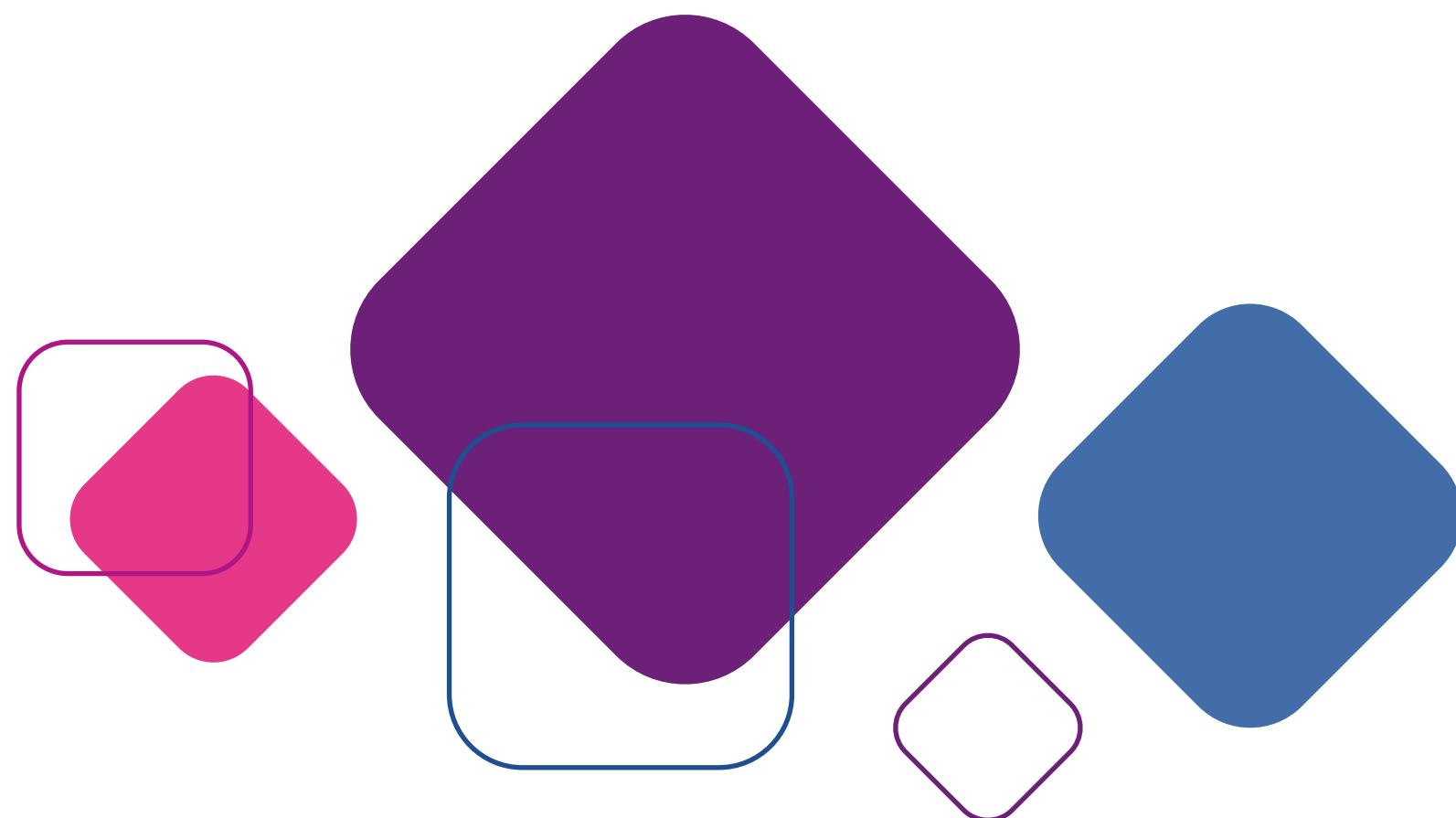NewDay has entered a new era of data-driven fraud defence.

Faster and more accurate fraud detection, a reduction in time and costs to investigate fraud and a quicker and more seamless customer journey have helped NewDay to go from strength to strength. In 2022 alone, approximately one in five[4] of all credit cards issued in the UK were issued by NewDay.

NewDay's overall mission is to help people access affordable credit and through CrossCore's fraud detection abilities, they are empowered to reach even more people whilst making a difference in the fight against fraud.

"We know what the industry average is for fraud loss and we're performing well below it, and that's largely because of the benefits that we've driven through our application fraud processes."

Danny Clark
Head of Fraud Prevention at NewDay

experian.