

# SafeID Address Score<sup>SM</sup>

## Challenge

Identity theft remains an immediate concern for consumers as well as the businesses and financial institutions that they use. The costs of identity theft not only hurt the victim, but also cause increased pain to the credit or debit issuer in customer retention, reduced spending and fraud losses. The common thread in identity theft is the manipulation of access to an account, existing or new, usually via an address change. Address discrepancy is the greatest indicator of account takeover fraud.<sup>1</sup>

Due to the predominance of identity theft, Congress passed the Red Flag Rules of the Fair and Accurate Credit Transactions Act (FACT Act) in November 2007, requiring credit and debit issuers to comply with the Red Flag Rules specifically Sections 114 and 315 of FACTA by November 1, 2008.

Currently the main method of verifying customer address information is a manual process that is time-consuming and expensive to conduct. With the FACTA requirements of credit and debit issuers to resolve any address discrepancies, there is a squeeze on the bottom line due to lost revenues from abandoned applications and manual reviews.

## Solution

First Data has developed a robust solution, SafeID Address Score<sup>SM</sup>, which enables you to quickly verify the validity of change-of-address requests in existing accounts and resolve address discrepancies in the opening of new accounts by partnering with ID Insight an industry leader in address-related risk management. The SafeID Address Score solution reaches beyond verification data to non-conventional predictive data sources like demographic databases, so it is able to resolve more address discrepancies more cost-effectively than any other solution.

The SafeID Address Score solution helps you to comply with the FACTA regulations quickly with a completely automated system that reduces investigation time and expense. It also allows you to be more responsive to existing customers and new account applications, enhancing your bottom line. Overall, First Data's solution paints a more robust picture of an address change than simply determining whether or not the name is linked to the new address.

## Red Flag Rules

- \* Section 114 requires that all financial institutions and creditors establish a written Identity Theft Prevention Program that detects, prevents and mitigates identity theft with existing accounts and the opening of new accounts. Specifically, issuers of credit and debit cards must verify the validity of a change-of-address request matched with requests for additional or replacement cards
- \* When there is a discrepancy between the consumer address on the application and the address held on file with the credit bureau with new account applications, Section 315 requires that a creditor must first establish, with reasonable belief, the "true identity" when there is an address mismatch between the application and the record with the bureau

<sup>1</sup>2008 Fraud Study, Javelin 2008

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## How It Works

- \* All addresses are sent to the SafeID Address Score<sup>SM</sup> engine, along with other identifying information—phone number, date of birth, Social Security number and driver's license.
- \* The SafeID Address Score solution matches the input data to its consolidated database to verify the customer's identity.
- \* The SafeID Address Score solution then examines hundreds of address-focused data points looking for “out-of-pattern” behavior related to neighborhood demographic and crime dynamics, historical mobility patterns and fraud activity, and more.
- \* The SafeID Address Score engine then determines the likelihood of fraud in the address change request or address discrepancy.
- \* Instantaneously, the SafeID Address Score engine returns hundreds of elements related to identity and addresses, as well as the score. The higher the score the higher the risk.

## Features

- \* Verify the validity of change-of-address requests in existing covered accounts
- \* Resolve address discrepancies in the opening of new covered accounts
- \* Embedded name-to-address matching process that, like identity verification solutions, uses traditional data sources—credit bureau header files, phone book listings, etc.
- \* Predictive analytics and scoring reach non-traditional data sources—demographic, USPS, geo-location data, etc.
- \* Customers access the SafeID Address Score system via Web, XML and Batch
- \* No complicated training is needed
- \* No need to build an internal compliance solution
- \* Superior data and proprietary analytics accurately pinpoint the relatively low percentage of address discrepancies that are genuinely high risk

## Benefits

- \* Compliance with FACTA is faster, easier and more cost-effective
- \* Little investment is required
- \* Enhance the bottom line
- \* Be more responsive to customers
- \* Immediately approve more credit applications—fewer applications are sent for manual review
- \* No disruption to business
- \* Reduces operational expenses and time—minimal manual intervention
- \* Increases new account approvals—more profitable, legitimate applicants
- \* Improves loyalty—be more responsive to account holders by verifying address changes
- \* Stop identity thieves

## A Global Leader in Electronic Commerce

First Data powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment. Serving millions of merchant locations and thousands of card issuers, we have the expertise and insight to help you accelerate your business. Put our intelligence to work for you.

For more information, contact your First Data Sales Representative or visit [firstdata.com](http://firstdata.com).