Persistent data breaches have become the new normal in today’s digital world, exposing millions of identity credentials on the dark web. With a plethora of identities widely available for a nominal fee, they have become a digital and social currency, which has led to an onslaught of stolen and synthetic identity theft.

Unlike payment credentials, which can be canceled or blocked immediately once detected by a victim, full profile identity data has lasting value for fraudsters. Stolen or carefully crafted fake identities can provide endless benefits, as fraudsters can use them to obtain new credit cards, loans, utilities, and more before “busting out” – leaving credit and lending companies liable for massive losses and a nightmare of a mess for real victims.

It is more important than ever for businesses to accurately verify a new account applicant’s identity in order to detect and block fraud before it enters the business’ ecosystem and results in financial loss, reputational damage, and increased operational costs.

**THE RISE OF SYNTHETIC IDENTITIES**

While traditional identity theft (stealing a real person’s identity), has been around for some time, synthetic identity fraud is now one of the fastest growing forms of identity theft. Synthetic identities are created from disparate pieces of real and fake information that when combined form a brand-new identity.

Fueled in part by the EMV migration, looser lending standards, data breaches, flaws in the credit reporting system, and the randomization of social security numbers (SSNs), synthetic identities have enabled fraudsters to monetize identities on a much larger and longer lasting scale.

**FIGHTING FICTITIOUS AND STOLEN IDENTITIES**

Building a layered defense is the key to identifying and blocking account applications using stolen and synthetic identity credentials. By combining various static and dynamic data sources with powerful machine learning, organizations can obtain actionable insights to protect themselves from evolving fraud.

Device intelligence, correlations between identity characteristics through link analysis, historical fraud labels and blacklists, and additional information obtained through multiple data sources can unmask even the most sophisticated attacks.

**SIMILITY ADVANTAGE**

Simility, a PayPal service, offers an end-to-end fraud and decisioning platform built with a data-first approach to provide a 360-degree view of the end user, helping to protect the customer journey. The Simility platform incorporates dedicated services to help organizations detect new account application fraud and uncover the use of stolen and synthetic identities.

**DEMONSTRATED RESULTS**

Simility has been deployed to help solve the account opening challenge at several leading financial services organizations in the U.S., South America, Europe and Asia.

One leading online financial services provider needed to rapidly improve its fraud operations to align with business growth. Their existing systems were only blocking 50% of fraud attempts while generating a large volume of applications for review. The online provider used Simility to adopt an auto-accept rate of 97.75% and an auto reject rate of 1.25% (automatically deflecting 70% of fraud attempts).

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2 Metrics are based on existing Simility data for a specific customer. Individual results may vary by industry and customer.