

SOLUTION BRIEF

# Deduce & Alloy Restore Trust in Customer Identity

SEPTEMBER 2024

INDUSTRIES: Banking and FinTech

## Alloy Orchestrates Complex and Dynamic Identity Data for Better Decisions

Banks and fintechs must confirm that their customers are real and creditworthy in order to avoid fraud losses and penalties for noncompliance with Know Your Customer (KYC) regulations. But the amount of data required to generate comprehensive, current insights into applicants and existing customers is vast. Few institutions have the resources to organize and leverage all the necessary data streams in-house.

Alloy provides a scalable, customizable, end-to-end solution to identity risk management challenges for nearly 600 fintechs and financial institutions. Alloy brings together the broadest network of data vendors with global coverage in the industry to orchestrate identity data for faster, more accurate decision making that reduces risk, facilitates compliance, and aims to minimize identity verification costs.

Deduce is proud to partner with Alloy in its mission “to help banks and fintechs make better identity risk decisions.”

## AI-Enabled Fraud Erodes Trust in Customer Identities

Decisions related to identity and risk are more fraught than ever. The number of data breaches reported in the U.S. rose by 15% from 2022-2023,<sup>2</sup> giving criminals fresh resources for synthesizing fake identities in order to commit fraud.

Using Generative AI, criminals can support these “mashup” identities with documents, images, and voice

## Deduce & Alloy Help a Popular Rewards Card Trust Its Customers

The credit card rewards space is intensely competitive, with providers trying to deliver the most seamless onboarding experiences to drive acquisition and optimize customer verification costs.

Credit cards are also heavily targeted by stolen and synthetic identity fraudsters, who use AI to generate and manipulate data to pass identity authentication checks. Synthetic identity fraud is now the fastest-growing kind of digital fraud, up 183% since 2019.<sup>1</sup>

One fast-growing credit card rewards program relies on Deduce and Alloy to detect applications using stolen and synthetic identities without generating friction for trustworthy customers or driving up secondary review costs.

communication realistic enough to fool traditional identity authentication tools and even dupe review experts. As many as 95% of synthetic identity-backed bank and credit applications are missed during onboarding,<sup>3</sup> meaning many fake customers are already lurking in lenders’ customer databases.

By the end of 2023, analysts estimated “\$3.1 billion in lender exposure to suspected synthetic identities for U.S. auto loans, credit cards, retail credit cards and personal loans.”<sup>4</sup> Losses to banks from GenAI-enabled fraud, including synthetic identity fraud, could reach \$40 billion by 2027.<sup>5</sup>

## Partnering to Detect Stolen and Synthetic Identity Fraud

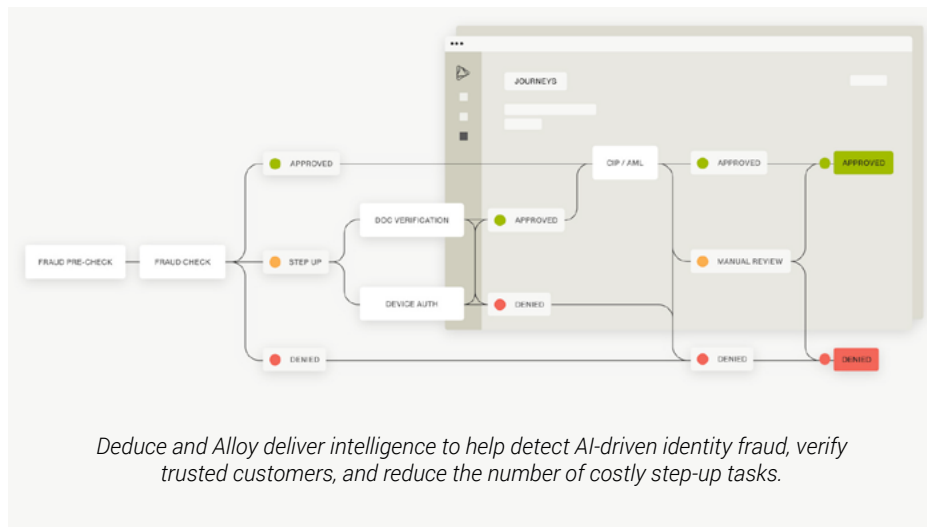
Banks and fintechs need accurate, real-time identity insights to prevent these sophisticated fake identities from becoming their customers. Alloy's partnership with Deduce provides those insights.

Deduce anticipated the rise of AI-enabled fraud and built the largest activity-backed U.S. fraud and risk identity graph to conduct multicontextual, real-time data forensics at scale. The Deduce Identity Graph:

- Collects and analyzes real-time, activity-backed identity data from 1.5B+ daily events involving 185M+ weekly users.
- Leverages ML to recognize AI fraud-related activity patterns and digital indicators.
- Identifies activity matches between the identity under review and other identities.
- Identifies new identity fraud threats as they emerge.
- Detects traditional identity fraud accurately and precisely.
- Reduces false positives and minimizes secondary review requirements.
- Restores trust in customer onboarding practices.

With Deduce evaluating customer identities against other identities in as many digital contexts as possible, Alloy customers can detect fraud attempts that other solutions may miss.

Deduce insights also identify trustworthy customers, so Alloy customers can give those customers a seamless approval process and save money on secondary review processes.



1. TransUnion, [Public Sector Omnichannel Fraud in 2023](#)
- 2,4. TransUnion, [2024 Omnichannel Fraud Report](#)
3. Thomson Reuters, [Trends in synthetic identity fraud](#)
5. Deloitte, [Generative AI is expected to magnify the risk of deepfakes and other fraud in banking](#)

## How Well Do We Already Know Your New Customers?

### *Take the Deduce Passive Identity Affirmation Challenge and Find Out*

It's easy! As an [Alloy customer](#), use these four simple steps to see how well Deduce identifies your trusted customers and incrementally captures identity fraud:

1. Ask your Alloy representative about utilizing Deduce.
2. Receive and enter your 30-day evaluation API key from Deduce.
3. Run your side-by-side, in-line evaluation against your current fraud prevention stack.
4. Compare the results. For each applicant Deduce trusts, what result did your existing solution provide? Did your solution's result lead to increased friction, wasted step-up spend, or worse, application abandonment?

Not to share spoilers, but you can expect Deduce to already know 90% or more of your first-time applicants—and to label close to 50% of your new applicants as trusted, with 99.7% accuracy.

With Deduce as part of your Alloy setup, you can confidently fast-track trusted customers to reduce friction and operational costs, while also improving your fraud prevention.

To learn more, contact [Deduce](#)