

# The Cost of Account Opening Fraud



The recent digital evolution brought with it a world of convenience as consumers are able to accomplish more online than ever before. The downside to this massive shift to life online is the opportunity it created for fraud—particularly, account opening fraud—as digital newbies and stimulus payments made attractive targets for fraudsters.

As lenders plan for the rest of 2021 and beyond, **it's time to examine strategies for validating new customers.**

**\$3.3 BILLION** lost to fraud in 2020<sup>2</sup>



**Fraud is on the rise across the board. As more users shift to online services, a greater fraud threat exists.**

## FRAUD OBSERVED AS OF MAY 2020



## FRAUD EXPECTED OVER NEXT 12 MONTHS



■ **SIGNIFICANT INCREASE**
■ **SLIGHT INCREASE**
■ **NO CHANGE**
■ **SLIGHT DECREASE**
■ **SIGNIFICANT DECREASE**

**93%**

are preparing for a **rise in fraud rates in 2021<sup>1</sup>**

**68%**

of professionals said the rate of fraud increased in 2020, with **25% saying it increased significantly<sup>1</sup>**

## The cause and cost of account opening fraud

Account opening fraud traditionally uses stolen identities and Social Security numbers (SSNs) to create accounts using legitimate consumer information. It can also include first-party or synthetic identity fraudsters building up new lines of credit before busting out.

**80%**

reported percentage of U.S. consumers whose SSN has been exposed and is **now available on the dark web<sup>1</sup>**



**48%**

rise in rate of **new account credit card fraud attempts** in 2020<sup>1</sup>

**\$8**

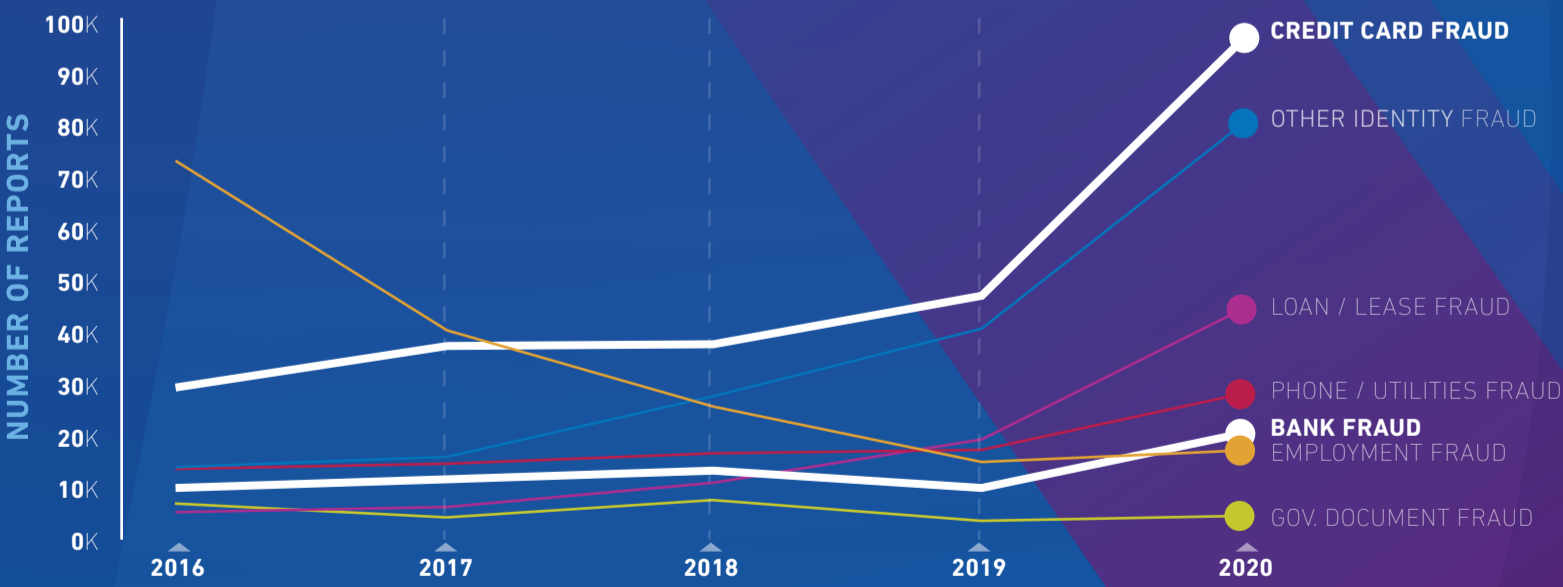
average cost of a **full American identity** (name, date of birth, SSN) on the dark web<sup>3</sup>



**\$1K**

**average loss** of each successful credit card account fraud attempt

## IDENTITY THEFT REPORTS BY SUBTYPE



## Getting customer recognition right

To address the rising volume and growing sophistication of fraud attacks, financial institutions, lenders, and fintechs should invest in multi-layered identity proofing, verification, and authentication tools to link online and offline activities and gain a holistic customer view. This ensures businesses are able to protect their customers while delivering a seamless user experience.

**Connect with us** to learn how Experian moves good prospects through the application process seamlessly while spotting patterns of suspicious activity.

**Prevent account opening fraud**

<sup>1</sup>Improving Fraud Detection By Increasing Identity Layers, One World Identity & Experian, March 2021  
<sup>2</sup><https://www.ftc.gov/news-events/press-releases/2021/02/new-data-shows-ftc-received-2-2-million-fraud-reports-consumers>  
<sup>3</sup><https://www.comparetech.com/blog/vpn-privacy/dark-web-prices/>