experian.

e-book

Uncover hidden risk

How leading lenders are detecting early payment default inside prime portfolios

35%

1 in 3 businesses say first-party fraud is increasing operational stress

Only 35% can confidently identify it

Within prime credit populations, traditional credit scores work well in detecting consumers' ability to repay; however, they can't identify consumers who don't have the intent to repay. First-party fraud is rising fast and separating it from credit risk remains a persistent challenge. Experian's First-Party Fraud: The Most Common Culprit (2025) report shows that **nearly one-third of businesses say first-party fraud has increased operational stress**, yet only 35% can confidently identify when it's happening. That means a large share of fraud is still being misclassified as credit loss, leading to overly strict policies that unintentionally exclude creditworthy customers and negatively impact portfolio revenue with no significant reduction in losses.

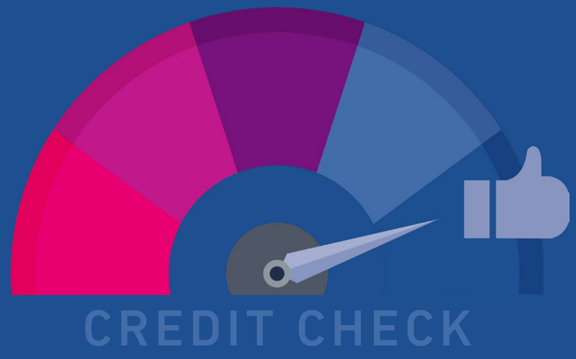
Could augmenting credit risk strategies with fraud analytics meaningfully improve risk detection and financial outcomes?

The challenge

Prime credit applicants typically exhibit strong credit scores, which determines their ability to repay debt. However, in using traditional scoring alone, lenders face:

- Missed early warning signals for first-payment default (FPD)
- Limited ROI from relying solely on credit scores
- Increased exposure to credit abuse within otherwise low-risk segments
- Misclassification of FPD as credit risk rather than fraud

Organizations need a solution that determines consumers' intent to repay without negatively impacting approval rates for creditworthy applicants.



Analysis detail

Using Experian's vast cross-industry data from our 2024 generic model governance research, we compared our award-winning adverse actionable (AA) first-party fraud scores against traditional credit scoring.

The analysis focused on how effectively our models could identify early delinquencies within prime credit bands, using VantageScore® as the benchmark[1].

[1] VantageScore® is a registered trademark of VantageScore Solutions, LLC.

The results

The analysis demonstrated that Experian's first-party fraud models performed well in identifying early delinquency risk:

Up to
205%
lift over the use of credit scores alone in detecting early delinquencies among prime applicants

192%
lift in ROI, comparing annual benefit to annual spend

Identification of applicants with up to
41x higher delinquency rates compared to the broader prime population

These results confirmed that AA models were able to isolate concentrated risk that credit scores alone could not distinguish.

Business impact

By layering AA first-party fraud models on top of traditional credit scoring, organizations can:

01 Detect hidden risks from applicants that have no intent to repay within prime portfolios.

02 Provide stronger financial performance drive by higher ROI.

03 Gain more precise risk segmentation to enable profitable credit standards.

04 Improve confidence in expanding lending footprint while controlling losses.

05 Provide compliant declination decisions where high risk is indicated.

Award-winning first-party fraud scores

Experian's First-Party Fraud Scores earned Juniper Research's 2025 Fintech & Payments Gold Award for its ability to detect first-payment default, bust-out activity, and synthetic identity fraud with significantly greater accuracy than generic risk models.

Complementing this, Experian was also recognized with Datos Insights' 2025 Impact Award for Best First-Party Fraud Innovation, underscoring our leadership in bringing advanced, intent-focused machine-learning models to market.

Strengthen your portfolio with first-party fraud intelligence

This study demonstrates that even within prime credit segments, there are still undetected bad actors negatively impacting portfolio performance. Experian's award-winning AA first-party fraud models deliver measurable lift, detect fraudulent consumers and generate substantial ROI — making them a powerful solution alongside credit scores for both growth and protection.

For more information on our first-party fraud scores, please contact your Experian Sales Representative or visit us at experian.com/fraud-management.