

Fraud in Focus: SentiLink Policy Insights

From the SentiLink team: Welcome to the inaugural quarterly issue of our policy newsletter. Our goal is to provide you concise, informative and timely updates on issues relevant to identity and fraud. If you'd like to learn more, want to ensure others in your organization receive these, or wish to stop receiving them, email us at publicpolicy@sentilink.com.

US Policy Insights

FinCEN requests information related to its Customer Identification Program and SSN collection requirements. How could CFPB's data broker rulemaking complicate CIP processes?

- In comments filed this week, SentiLink discussed the importance of vendor-provided identity validation and attribute completion services that rely on analytical models for accuracy. We emphasized how a **forthcoming CFPB rulemaking under the FCRA aimed at data brokers** could dramatically compromise the ability of these services to assist with bank KYC/CIP obligations, urging FinCEN to coordinate with CFPB to understand the implications of this rulemaking.

IRS throws a wrench in the gears of its income verification service for financial institutions. Will Congress take steps to course-correct IRS?

- IRS operates the **Income Verification Express Service (IVES)**, which allows lenders to obtain tax transcript data when evaluating an applicant for a product or service. In 2018, Congress directed IRS to modernize this system. In January, IRS attempted to prevent anyone other than mortgage lenders from using this service but received strong pushback from other agencies, SentiLink, and our industry allies, partially retracting these restrictions. **Reps. Patrick McHenry and Jimmy Panetta introduced SentiLink-supported legislation** (HR 3335) to ensure the viability of this system.

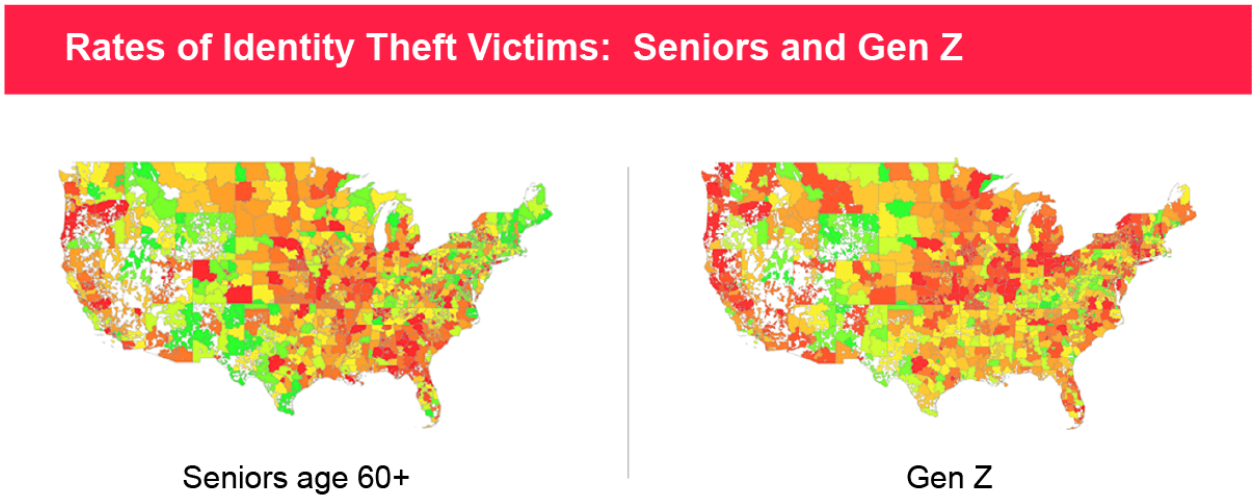
Bipartisan, bicameral federal privacy legislation unveiled and advanced through House subcommittee -- The American Privacy Rights Act. What could it mean for fraud prevention?

- The proposal includes strong **exceptions to prevent, detect, protect against, investigate, or respond to fraud**. While the draft is noteworthy for its bipartisan, bicameral nature, the chances of enactment this Congress remain low.

What's the future of SSA's SSN validation system (eCBSV) now that user fees have leveled off?

- SentiLink was the first company to go live with the Electronic Consent Based SSN Verification system (eCBSV), an important tool in the effort to prevent **synthetic identity fraud**. Over time, we have observed financial institutions shifting their usage strategy due to past significant cost increases (4X/yr, in some cases). This is the first time SSA has not raised annual rates, which may help drive increased utilization of this important system.

Fraud Spotlight



Robust data sources enable SentiLink to see and analyze fraud patterns to spot identity fraud with high precision. No populations are immune, but fact patterns can vary. Here we see concentrated rates of identity theft victims, comparing those of Gen Z and older Americans. While there are clear areas of overlap, we also see much higher concentrations of older victims in New England and higher concentrations of Gen Z victims in the Southeast.

[Higher resolution version for download]

In the News

Forbes: "This company wants you to rent your credit history," quoting our CEO, Naftali Harris, on the proliferation of authorized user tradeline marketplaces, where consumers pay to add tradelines of strangers to their credit report in order to artificially boost their credit score.

Boston Globe: "An identity thief stole $5,000 from me. I spent two years tracking down how," featuring SentiLink's Head of Fraud Insights, Dr. David Maimon, describing the advanced techniques used by fraudsters to create both physical and digital identities.

American Banker: "CFPB should not thwart the bipartisan effort to combat identity fraud," by Jason Kratovil, our Head of Policy, discussing the potential consequences for consumers if the CFPB's upcoming data broker rulemaking impairs the ability of financial institutions to detect and prevent identity fraud.

Questions? Email us at publicpolicy@sentilink.com

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