The critical role of email risk scoring in fraud prevention

Executive Summary: Using email as the global passport to detect and deter fraud

Fraud leaders are pulled between two tensions: preventing fraud and supporting low-friction transaction experiences consumers demand today. To achieve this, fraud teams need dynamic, global tools that evolve as fast as fraud tactics. This whitepaper will provide background on why the dynamic tool you need to put at the center of your fraud prevention strategy is staring right at you: the email address.

The email address is the global common denominator for doing business online. Whether it's a new insurance quote, account registration, or virtual claim response, an email address is part of the process. According to Statista, email usage is predicted to grow by 2 to 3% each year from 2018 to 2023.

Over **92%** of emails in our network are personal. (Why? Consumers prefer using email accounts under their control. Corporate accounts are tied to jobs, which change.)[1]

These trends represent why email is the logical front-end fraud prevention layer. Every time an email address is used, it leaves a trace. Over time, those traces unveil patterns of behavior. This story can be examined to assess the risk present in every transaction. Our approach with LexisNexis® Emailage® offers less friction than other methods (such as manual review) of determining whether a transaction is a fraudulent attempt or legitimate customer.

"*The biggest challenge facing companies isn't necessarily online fraud. Instead, it's maintaining the delicate balance between deterring fraudsters and delivering seamless customer experiences.*[2]"

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Introduction: The most underused variable in fraud prevention

When was the last time you were able to do anything online without an email address required at some point in the process? When was the last time you worked at a company that didn't collect email addresses in some form or another?

Most companies view the email address as only useful for things like customer notifications and marketing campaigns. But we know it is capable of so much more.

How does email risk scoring work?

LexisNexis Emailage goes beyond static data and illuminates the person behind a transaction using IP address, email and additional static and dynamic information to validate identity and accurately assess risk.

Many fraud prevention tools only analyze standard transaction data such as name or address. These are easy for fraudsters to trick, reverse-engineer, evolve and innovate around. But fraudsters use email addresses in ways which fall into patterns that are identifiable, based on velocity and structure.

Compared to data such as names and addresses, emails always use the same standard syntax of username, "@" sign and domain name.

Here are just a few of the unique data points email addresses provide and how they can work for you:

Name Matching: In general, email addresses have a name associated with them. This name information provides an easy-to-compare data point to stop risky or fraudulent transactions.

Domain Information: Domain names are an integral part of an email address. By researching the domain information, a carrier may identify: the age of the registration, name of the registrant, street address and the email associated with the domain registration.

The email address provides an enormous amount of behavior and history that is perfect for fraud detection and prevention.

In most cases, an email address alone is not considered personally identifying information (PII). Because PII laws limit what certain organizations can use for fraud detection, it is safer for organizations to use an email address versus more sensitive data. Users can choose any combination of numbers or letters when creating their email address. This means an email address is not intrinsically tied to a person's identity, and insurance carriers will not need to go through additional legal review to use email as part of their risk engine.

The power of fighting network-to-network

Fraudsters have no regard for industry or region. The only way to stop them is with the power of a combined network.

Our global email risk intelligence has 96% coverage of email addresses worldwide, as well as the history and behavior associated with email and IP addresses.

Utilizing positive and negative behaviors, along with network intelligence, paints a full picture of a consumer's risk profile. This also enables real-time tracking of trends for greater certainty in decisioning.

There are other methods to verify identity. However, if your company operates globally, these methods have limitations or may not even be available. Unlike a physical address, driver's license or even phone number, the email address works globally.

LexisNexis Email intelligence provides the additional layer of defense you need to have a comprehensive fraud prevention strategy. Identity verification by phone number often focuses on domestic coverage, as getting reliable telecom data varies by country. Verification by device ID is a powerful fraud detection tool, but consumers tend to change devices every few years. Because most consumers keep the same email address for 10+ years, Emailage provides a deep history of behavior and patterns to identify outliers.

How LexisNexis Emailage drives ROI by identifying high-risk transactions

Utilizing non-transaction data gives fraud prevention teams additional intelligence to make confident risk decisions. This is achieved with additional information like whether the email account is active and valid, its tenure, ownership and previous transaction behavior.

Using this information as a front-end layer of security empowers fraud leaders with intelligence for accurate risk decisioning.

Improve Fraud Hit Rate: 42% identified as high risk by Emailage turned out to be fraud.[3]

Streamline Processes: Optimize your manual review queue using Emailage with custom rules to streamline workflows so good customers have a seamless experience, and the riskiest transactions are automatically stopped for verification and manual review.

"Unlike a physical address, driver's license or even phone number, the email address works globally."[4]

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> **_91%_** _of email users have the same email address for at least three years, and 51% of email users have the same email address for over 10 years._[5]

The critical role of LexisNexis Emailage in approving more transactions

Emailage helps capture revenue by approving more transactions that might have otherwise been sent to manual review.

Emailage segments transactions into risk bands, determined by the product's sophisticated risk assessment algorithm. Carriers can implement different business rules to each risk band, using Emailage as a decisioning tool to help determine which low-risk transactions can be fast-tracked and automated, versus which high-risk transactions require human intervention and elevated scrutiny.

Emailage's approach to machine learning enables users to leverage custom rules so only truly risky transactions require review. These rules are designed to improve over time, increasing in accuracy as you share fraud events, and rules are continually fine-tuned for your region and your business. Then, you can optimize manual review, sending only the highest-risk transactions.

Examples include:

- **Links to known fraud events**
- **High-risk domains and locations**
- **Segmentation of emails with risky behaviors**

Your business already captures email address information for policies, transactions and engagement. Use it to effectively deter fraud and deliver seamless experiences to your customers.

Bottom Line: LexisNexis Emailage simplifies fraud prevention. You can save money by using the right fraud signals and grow your business by removing friction from customer experiences.

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How LexisNexis Emailage drives ROI by identifying low-risk transactions

New Revenue: Low fraud scores allow fraud teams to approve more transactions upfront. This includes thousands of cases that may have been declined or stopped for manual review. The result is increased revenue with minimum fraud exposure.

Customer Experience: Allow orders to be processed in more seamless ways, driving increased customer satisfaction and retention.

Optimization: Scale your business.

New Lines of Business: Spur business growth by expanding into new markets.

How Emailage drives ROI by optimizing manual review

Optimization: Automate workflows and processes, so only the riskiest transactions are moved to manual review.

Speed: Review high-risk cases faster.

Accuracy: Make confident risk decisions, reduce errors and improve overall scoring.

Efficiency: Reduce the percent of cases sent to manual review, which could lead to saving significant amounts of time.

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"*95%* of customers surveyed would recommend Emailage.[6] "

An overview of use cases

Online Quotes: Identify fraud risk for new business to more accurately quote rates and quickly process low-risk applicants.

Account Setup and Maintenance: Protect customers from account takeover by evaluating the fraud risk of a digital identity.

Virtual Claims Processing: Automate claims workflows with confidence by verifying identities.

The LexisNexis Emailage impact

277 billion global data points analyzed

8.2 million confirmed fraud emails shared

22,500 fraud emails shared daily

Processed transactions in 150+ countries by IP address

Prevented $4.5 billion of fraud globally

95% of customers surveyed would recommend Emailage

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For more information, call 800.458.9197
or email insurance.sales@lexisnexis.com

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About LexisNexis® Risk Solutions

LexisNexis Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com and www.relx.com.

Our insurance solutions assist insurers with automating and improving the performance of critical workflow processes to reduce expenses, improve service and position customers for growth.

[1,2,6] Internal Emailage, now LexisNexis Risk Solutions Report, (February 2017)

[3] Results are average and are based on multiple POCs done with new customers and incremental benefits received by existing customers. These may vary based on different geographies, customer inputs and industries.

[4] Testa, Amador "Personal and corporate domain queries", LinkedIn, retrieved 11 August 2021 from https://www.linkedin.com/pulse/epic-power-email-address-fraud-prevention-amador-testa/

[5] *"DMA Insight: Consumer email tracking study 2015,"* The Direct Marketing Association, retrieved 26 April 2017 from https://dma.org.uk/uploads/56543b6e6d645-email- tracking-report-2015_56543b6e6d5b5.pdf