

CASE STUDY

LexisNexis® ThreatMetrix® and
LexisNexis® Emailage® help
prevent millions of Pounds of
potential fraud for one of the UK's
newest banks



Zopa Bank

Launched in 2020, Zopa Bank is the tech unicorn that raised over \$500 million from the early investors of Uber, Slack, and Alibaba with a mission to build Britain's best bank.

As a bank, they were able to launch unsecured personal loans, auto finance, credit card and savings account services which raised new challenges in terms of security and authentication checks for existing customers and applicants.

To date Zopa bank has attracted £3.5 billion in deposits, more than £2 billion of loans on the balance sheet, and issued over 400,000 credit cards.

The challenges of applicant authentication and fraud

With Zopa's growth came the threat of a sharp increase in identity fraud, a huge and rapidly growing problem for the financial services sector.

In discussion with industrial professionals, the consensus was that new services are at their most vulnerable when they first go live. Media articles and marketing attract positive attention from potential customers, but also negative attention from opportunistic fraudsters ready to test how prepared new service providers are to malicious attacks, especially in their first six months.

Zopa Bank was looking for a KYC authentication partner to provide assurance that applicants are who they say they are. Doing this rapidly and accurately is of the essence when customers are looking for financial services in a highly competitive market.

The business problem in detail

As a reputable provider, Zopa Bank wanted to speed up fraud investigations to resolution, as well as uncover early signs of identity theft. The company was interested in a solution that offers the latest threat intelligence on known fraudsters and compromised devices or credentials, combined with sophisticated software and analytics capable of detecting anomalies and suspicious behaviour, upfront.

Zopa was interested in the capabilities of LexisNexis® ThreatMetrix® and LexisNexis® Emailage® that help discover hidden connections between applications, devices, and email addresses, in order to monitor for complex suspicious behaviour. These tools help identify multiple applications from the same device, applications from unexpected locations, or the use of newly-created email addresses.

All are factors that might indicate a higher risk of potential fraud and require further investigation before the application is accepted.



The Solution

Zopa looked at suppliers and chose LexisNexis® Risk Solutions, a provider with a proven track record and two solutions ideal for their requirements –ThreatMetrix® and Emailage®. Both tools leverage vast and unique global databases and can be combined with advanced technologies like behavioural biometrics to deliver fast and accurate authentication results.

Using device identification capabilities within these solutions – Zopa has significantly enhanced its ability to identify potentially fraudulent links and associations that would otherwise have gone unnoticed. Through its advanced analytics offering, ThreatMetrix and Emailage can help customers like Zopa layer this intelligence with a range of additional identity attributes such as device ID, GPS location data, email addresses and behavioural biometrics, to help identify fraud risk far more effectively, at the point of application.

LexisNexis® ThreatMetrix®

ThreatMetrix® balances a frictionless customer experience with the ability to confidently detect and prevent fraud. It enables thousands of businesses globally, like Zopa Bank, to harness intelligence related to devices, locations, identities and past behaviours and almost instantly distinguish between trusted and fraudulent behaviour.

LexisNexis® Emailage®

Emailage® delivers global email intelligence to provide a powerful fraud risk scoring solution which benefits both provider and customer. An email address is a unique global identifier that unlocks digital engagement and transactions in every industry because it is used in virtually all online transactions, is rich in transaction history and behaviour intelligence, and it links multiple online accounts.

Powered by a global network

Both ThreatMetrix and Emailage are powered by the LexisNexis® Digital Identity Network®, a global, crowdsourced intelligence database aggregating more than 78 billion global transactions each year, including logins, payments, and new account creations. Using this information, a unique digital identity for each and every user is created, based on an analysis of the myriad connections that users make as they transact online. These digital identity profiles help Zopa recognise trusted users and understand what is normal for them, highlighting anomalous behaviour.

How does LexisNexis Risk Solutions help Zopa Bank?

Identify trusted customers

- Make accurate customer trust decisions in near real time, even during the first interaction with the digital persona.

Identify abnormal activity

- Spot suspicious activity relating to a customer’s attributes, such as their email address or mobile device, or associations with other accounts and activities, e.g. multiple applications originating from a network of linked devices and email addresses.

Reduce fraud losses

- ThreatMetrix is one of Zopa’s most effective solutions against fraud, helping to prevent millions of Pounds of potential fraud losses since August 2020.

Improve customer experience

- Reduce abandoned transactions with frictionless authentication.

Share insight

- Collectively fight fraud and facilitate information exchange between ThreatMetrix and Emailage customers and develop focused customer consortium groups to share intelligence about fraud networks.



Reduce third-party fraud

As well as benefiting customers with fair, rapid and seamless authentication, ThreatMetrix and Emailage also help protect unintentional customers, whose stolen credentials are used to create accounts and carry out fraudulent transactions in their name. According to recent analysis, nearly 1 in 7 UK frauds (13%) is classified as 3rd party account takeover fraud.¹ LexisNexis Risk Solutions helps clients protect against this pernicious threat, helping ensure victims don’t suffer stress and anxiety from financial loss or adverse credit ratings caused by attempted fraud that they may not even be aware of.



¹ UK Finance Annual Fraud Report 2022



Building a strong relationship

ThreatMetrix and Emailage support a range of Zopa’s products and applications. Thanks to the success of the relationship to date, Zopa is considering expanding the implementation of the ThreatMetrix solution in additional areas.

The relationship is built on trust, ease of use and substantial reputational and business benefits.

Simplicity of use

The solution is easy to use and capable of ‘plug and play’ integration with Zopa Bank’s existing front and back-end systems. Minimal training is required for day-to-day operations, and it makes pre and post investigations straightforward.

Reliability and service

The system is ultra-reliable – in the words of one of the Zopa team: *“It doesn’t seem to break, but if there is a problem, it’s fixed quickly.”*

Value for money

Other solutions on the market offer less for more. Notably few include the powerful, layered insights of pure behavioural biometrics technology, or the breadth of coverage that comes with email intelligence. Conversely, LexisNexis Risk Solutions tools offer more for less by dramatically reducing lost revenue through fraud.

Reputation

Zopa’s other partner organisations recognise them as having the best performing customer journey among peers. That’s important strategically and commercially, because if their partners are positive about them, consumers are too.

A flexible business partner

For companies wanting a basic level of fraud detection support, LexisNexis Risk Solutions is a reliable, highly experienced source of support where it’s needed. For businesses with more complex needs, we can form a close partnership with shared goals. That could well be the next step for Zopa Bank, with tailored services to suit their evolving needs.

Conclusion

Zopa Bank processes hundreds of thousands of credit applications per year. ThreatMetrix and Emailage help ensure that applications are processed with appropriate speed, accuracy and risk assessment, whilst mitigating millions of Pounds of potential fraud. It helps protect both Zopa’s reputation as a secure lender and its customers from the stress and anxiety of financial loss or adverse credit ratings caused by attempted fraud. The effective identity verification processes provided by LexisNexis Risk Solutions enables Zopa to scale as a secure financial services provider, promoting growth and protecting their customers and revenue by tackling the growing challenges of identity theft and fraud.





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 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 across industries. For more information, please visit risk.lexisnexis.co.uk and www.relx.com.



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