

Case study: Pacific Marine Credit Union

Credit union saves
500 hours per month
in labor.



Pacific Marine Credit Union (PMCU) implemented Experian's Knowledge IQSM product and Precise IDSM platform to improve its process for identifying members and detecting fraud. PMCU saved more than 500 hours per month in fax labor after switching to Experian's risk-based authentication tools, which feature a challenge question approach.

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— **Kate Baker**
Member Solution Center Manager

Client

Since 1952, PMCU has been serving the financial needs of marines, sailors and civilian employees living in Southern California. The credit union has more than 73,000 members worldwide, with 12 branch locations and international ATM access.

The credit union is a not-for-profit organization owned and controlled by its members. As a not-for-profit cooperative, it returns all profits to its members in the form of services, lower interest rates on loans, and higher earnings on savings and investments.

PMCU is a member of the "shared branch" network, which allows its members to do business at more than 2,400 credit union offices in the United States, Guam, Italy, Japan, Puerto Rico and South Korea.

Challenge/Objective

PMCU needed a better process to identity-proof its members. Before the credit union implemented Experian's risk-based authentication tools — which combine the leading-edge analytics and decisioning technology of Experian's Precise ID scores with the sophisticated Knowledge IQ challenge-response questions — PMCU members sometimes were locked out of their accounts for weeks if they forgot their account information.

"Members would call asking for sensitive information, and if we weren't confident we were speaking with the actual member, we'd have the member fax a written request with a copy of identification," says Kate Baker, Member Solution Center Manager at the \$617 million credit union.

However, faxes often spelled doom for the relationship, says Baker. "Members may not have access to a fax or a scanner or someone acting as power of attorney. It could take them weeks to fax us. When you put up a roadblock such as a fax, members are going to go somewhere else for their financial needs."

Alternatively, members could show identification at a branch, but with PMCU's combination of 70 percent military and 30 percent civilian membership spread across the world, a branch visit often was inconvenient or impossible.

Resolution

In 2008, PMCU ceased using faxes as the primary means of verifying who's on the other end of a call. The credit union began verifying member identity by asking out-of-wallet questions, reserving the burdensome fax process for extreme cases.

Experian's Knowledge IQ automatically generates the questions — which include examples such as "What color is your car?" or "With whom did you live in 2004?" as well as some diversionary questions.

When a person calls a PMCU representative and asks about sensitive account information, Precise ID factors in the particular member's credit and noncredit data, scores and analytics as well as PMCU fraud policies. The platform then calculates a fraud risk score and produces out-of-wallet questions.

The questions are based on best practices in fraud prevention. Precise ID factors through categories of questions, as well as questions within those categories, that let the good guys through but are toughest to answer for a fraudster.

At PMCU, Knowledge IQ presents call center representatives with three multiple-choice challenge questions, which they use to verify caller identity, says Baker. "If the caller gets any wrong, Knowledge IQ gives us two additional challenge questions. The caller has to answer three out of five correctly." Questions can be weighted according to difficulty.

Precise ID then delivers an authentication decision. However, even when the Precise ID decision is a "pass," the credit union reserves the right to request fax verification if there's any question about identity.

PMCU also uses Precise ID for opening accounts online, for adding joint account holders online, and for wire transfers over \$3,500 and Western Union® transfers over \$1,500, Baker says.

"If we'd had the luxury of running fraudsters through Knowledge IQ years ago, we might have been able to stop part of a pretty big Western Union fraud case," she says.

Experian® is constantly working to bolster the effectiveness of Knowledge IQ by adding data to the question source pool. Currently, Experian is working with clients to see if they might provide transaction-based information or information on the last time and date accounts were accessed as the source for out-of-wallet questions.

Results

With about 1,000 calls per month requiring identity verification, the PMCU Member Solution Center has saved approximately 500 hours per month in labor after switching to Knowledge IQ and the Precise ID platform.

For more information on Knowledge IQ and the Precise ID platform, contact your Experian account executive or call 1 888 414 1120.