Leverage Chain-of-Custody Visibility and Address Data Quality to Prevent Fraud

A GrayHair Business-Ready Intelligence White Paper

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MAIL THEFT REPORTS SOARED BY

600%

OVER THE PAST THREE YEARS,
FROM ABOUT 25,000 IN 2017

TO ROUGHLY 17,000

THROUGH AUG. 24 OF 2020.

Identity Theft and Credit Card Fraud on the Rise

Thieves can commit mail fraud by simply stealing mail—such as bank statements, credit card offers, or checks. The Federal Trade Commission received 2.2 million fraud reports from consumers in 2020, with imposter scams remaining the most common type of fraud reported to the agency.

Consumers alone reported losing more than $3.3 billion to fraud in 2020, up from $1.8 billion in 2019. Nearly $1.2 billion of losses reported last year were due to imposter scams.

Rising Identity Theft In the US

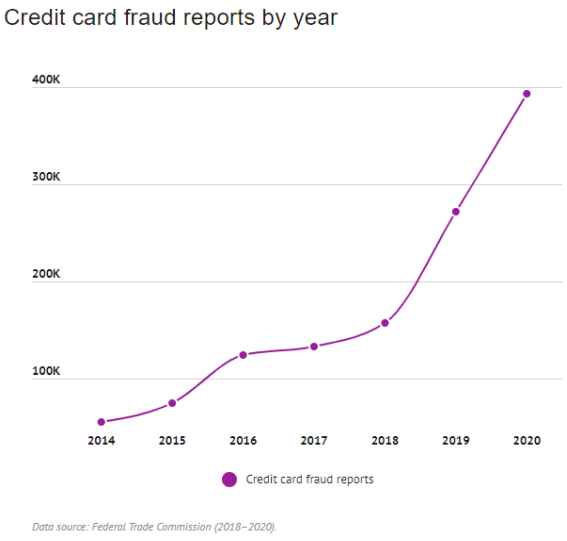
According to a Federal Trade Commission article[1] there were nearly 1.4 million reports of identity theft in 2020. Identity theft was the most common type of complaint lodged by consumers. In fact, identity theft accounted for 29.4% of all the reports received by the FTC.

The number of reports of identity theft doubled increasing by 113% from 2019 to 2020. It's important for mailers to remember that identity theft can begin at the mailbox. The financial losses linked to identity theft are not just linked to consumers — all parties involved are hit with the loss. Be part of the solution to prevent identity theft by taking steps to protect your mail campaigns and your customers.

Credit Card Fraud Reports Soar Worldwide

Credit card fraud is no small problem either. From 2017 to 2019, credit card fraud was the most common type of identity theft. It was unseated by government benefits fraud in 2021, but it still ranked second, and credit cards remained a popular target for fraudsters.

It's rarely the consumer who pays for credit card fraud. Liability typically comes down to the bank that issued the card or the merchant who processed the transaction.



[1] FTC Article: New Data Shows FTC Received 2.2 Million Fraud Reports from Consumers in 2020, Published: February 4, 2021

According to the December 2021 Nilson Report Newsletter, the collective loss of merchants and acquirers of merchant and ATM transactions collectively lost $28.58 billion worldwide, to card fraud in 2020.[2] Over the next ten years, the industry anticipates losses to total $408.50 billion. These are significant figures that can be reduced by taking proactive steps to safeguard customer mailings.

The Challenge of Monitoring Mail

The theft of high-value mail is on the rise. Fraudulent activity exists within the postal system, third party vendors and is spread across the US with thieves using an array of strategies to steal mail once it is on route to its destination.

The problem is especially daunting for financial institutions and insurance companies that regularly send out millions of letters containing new and replacement credit cards, reimbursement checks and policies.

Criminals seek this mail out for financial gain, which often leads to identity theft. Mail security is overseen by US Postal Inspectors, however no formalized internal system for tracking mail theft which leaves those companies frequently sending high-value mail vulnerable.

The pandemic has affected customer address data. Nearly 36 million people requested address changes in 2020. 15.9 million people moved within a 6-month period, including a 27 percent increase in temporary movers over the previous year. With this additional disruption, a company's ability to ensure the safe and timely delivery of a mailpiece has its challenges.

Closer monitoring of high-value mail can be accomplished by gaining visibility of the journey to it destination through postal data feeds.

You've put in place internal safeguards to maintain your mail's security, as well as control credit card fraud. However, there is one useful data point you are likely missing.

Knowing your mail is traveling along its journey successfully and receiving alerts when it is not can fortify existing mail theft safety practices. You will gain enhanced chain-of-custody monitoring, improved protective measures prior to mail entering the system, and better-informed customers through notifications.

Using Postal Data to Monitor and Protect Mail

Postal data can be a valuable tool in reducing mail theft. Maximizing address data quality minimizes costs associated with lost and stolen mail. At the same time, gaining visibility into the mailpiece's journey, by monitoring mail tracking event data which provides valuable insights into the mail delivery process. Which, in turn grants an organization the ability to react and respond as needed to reduce the impact of mail theft. GrayHair helps companies leverage postal data by seamlessly integrating that data with fraud processes and

[2] Nilson Report Newsletter Article: Card Fraud Losses World Wide, Published: December 2021, Newsletter Issue 1209.

systems already in place. We have the technical expertise to manage and interpret the data that is provided by the USPS®.

Fraud Prevention

WHAT WE KNOW

Mail theft is at an all-time high with credit card fraud a major concern for many credit card companies & banks.

WHAT WE DO

Prevent incidents of fraud with chain-of-custody visibility and alert system for high-value mail.

Pre-Mailing Screening
Preprocessing with enhanced address data quality to reduce the impact of mail theft.

Proactive Monitoring
Visibility into high-value mail processing and delivery using multiple check points to identify suspicious activity and to know when a mailpiece is or is not delivered.

Fraudulent Trends Identification
Use analytics and real-time dashboards to understand data inconsistencies in the post-mailing process.

Protective Measures Prior to Mailing

Preprocessing with Address Data Quality Tools Minimizes Fraud

Many companies use address data quality tools to cleanse their customer databases. These include the USPS Coding Accuracy Support System (CASS™) and National Change of Address (NCOALink®), which are usually run upstream and required by the USPS for mailing accuracy and postage discounts. Even with proper use of these tools, gaps can remain in confirming a customer's correct address.

We leverage our proprietary change of address database on top of standard tools, like CASS and NCOALink to confirm and correct undeliverable addresses. This unique process reduces the opportunity for mail to be delivered to the wrong recipient. For heightened fraud security, we advise a further address validation cleanse just prior to mailing to capture the most recent address changes. In doing so, you have access to the most current information before a card is sent out and can monitor for fraudulent activity.

Chain-Of-Custody Monitoring

Identify Suspicious Activity by Gaining Visibility into High-Value Mail

By monitoring multiple checkpoints during mail processing and delivery, suspicious activity can be identified, and an organization can better protect its mailings. Using predictive insights, our platform tracks and anticipates a mailpiece's movement through the postal system.

GrayHair can manage all of this data for you while actively monitoring for disruptions. We can provide dashboards, reports, and data feeds to help you better determine when your mail will be delivered and notify you if it's not.

With our advanced real-time notification system, you can quickly restrict and minimize fraudulent activity.

Creating a Superior Customer Experience

Access to the mailpiece's journey allows an organization to keep its customers better informed.

Reducing Call Center Volume

Anticipating issues and proactively dealing with concerns before they occur ensures your customer's journey is a positive one and is the mark of a top-performing customer service organization.

The same postal delivery data used to help your fraud department can also be leveraged to provide a better customer experience.

Access to postal delivery data allows a company to capture status information of where a mailpiece during its journey so that customers can receive notifications of its status right up to out for delivery.

Visibility Over Mail Delivery Status

Increasing visibility means customers are more aware of the process and can alert you of any issues in a timelier manner.

With newfound access to each step of a mailpiece's journey, companies can reduce call volume by proactively notifying customers of delivery status, through email, SMS, or an online portal. Agents who have visibility into this data can resolve inquiries in a single call.

Improving Address Data Quality

Stop incorrect addresses from going to print. Millions of Americans move annually, and many do not file a Change of Address (COA) with the USPS. These outdated addresses increase paper and postage costs. They also keep organizations from staying Move Update compliant and getting USPS discounts.

GrayHair can collect and store address-change and undeliverable-mail data and forward it to an organization, giving them accurate and timely address updates.

Our proprietary business rules, which are defined on a per job basis, let organizations generate detailed reports enabling them the use of best practices for address quality.

Once an address is corrected in one database, the information can be shared internally to update multiple databases through an organization, providing value enterprise wide.

Actual Business Benefits Realized by Our Clients

We are proud of the many long-standing business relationships with our customers. Our clients benefit from our extensive industry knowledge, as well as an unwavering commitment to data security and compliance. We have a personalized customer engagement approach, centered on our client's objectives and achieving results. This section will review a client use case that illustrates how our client attained enterprise-wide benefits with GrayHair's Business-Ready Intelligence solution.

Use Case – Major US Credit Card Company Benefits from Chain-of-Custody Monitoring and Address Data Quality Solutions

A major US Credit Card Company (the "Company") sends 30–40 million credit cards a year with the majority mailed through the USPS. These mailings included cards for new customers and replacements. The Company was experiencing a high number of fraud issues related to the theft of the cards in the delivery chain, from production to in-home.

As discussed above, mail theft is not uncommon. For years the practice of stealing cards from suppliers and while in possession of the USPS has been prevalent. Most often, theft occurs as the result of a very organized crime operation. The Company's fraud prevention team decided it wanted access to mail delivery information to help them monitor and understand anomalies in delivery events which could relate to a mailpiece being stolen.

GrayHair set up a Business-Ready Data Feed that updates every six hours. The feed provides delivery event data on each mailpiece and the latest Address Change Service (ACS™) data. The delivery data indicates if the USPS received the mailpiece and when it is out for delivery. From this data, the time that a mailpiece has

traveled is monitored, and the account can be flagged, if it has not been seen at any step in the delivery process or is taking longer than expected.

The ACS data signals if a mailpiece cannot be delivered or if the client has a new address. The Company uses this information for the same flagging purposes, and to update customer address information to help ensure future communications are not affected.

After the solution was live for six months, the Company reported having prevented “over seven figures” worth of fraud by having access to this data and information.

GRAYHAIR

Transforming Data into Actionable Insights

About GrayHair Software

Since 2000, GrayHair has become the leading consumer and provider of postal data, processing over 55 billion data points annually. We work with many of the largest companies in the US, turning data into Business-Ready Intelligence that enables decision-makers to prevent fraud by reducing mail theft, enhancing client experience, improving marketing effectiveness, and optimizing mail operations. Our clients benefit from our extensive industry knowledge, as well as an unwavering commitment to data security and compliance. For more information on how you can improve your customers’ experience, visit our website.

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