How to Detect the 7 Types of Document and Identity Fraud

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Document and identity fraud: What's at stake?

The stakes are high, and ID fraud can bring down even the most successful businesses.

Not to mention, consumers are more demanding than ever. Instant gratification is king: 79% of users will leave if your onboarding experience doesn't live up to their expectations.[4] And in such a competitive market, you can't afford any mistakes. Instead, you have to strike that perfect balance: The convenience and speed your customers want. And the security and scalability your company needs.

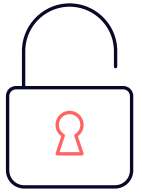
So what can businesses do to protect themselves and their customers? In the following pages, we'll dive into the 7 most common types of ID fraud, the 4 levels of fraud sophistication—and what you can do about it.

16.7 million

victims of identity fraud.[1]

$2,100,000,000

in estimated losses by 2019.[3]



1,253

publicly reported data breaches.[2]

Modified documents

Modified documents are original documents that have been altered. These documents typically come in two forms:

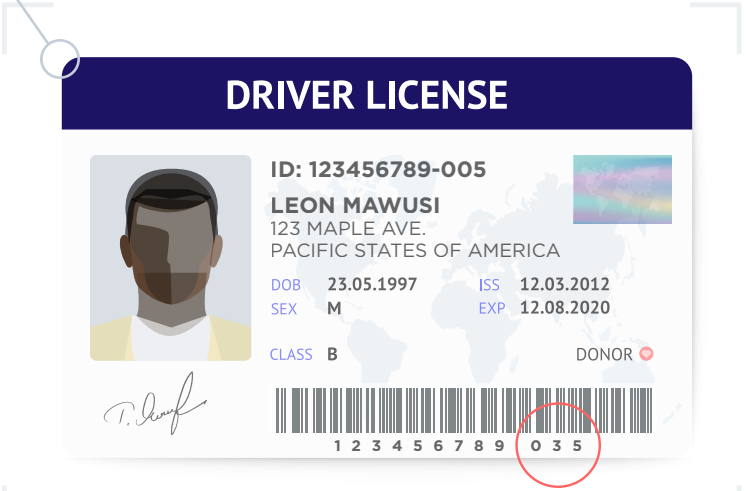
01 Forged Documents

There are various types of forgeries, but they all start the same: Fraudsters change information on the document to partly—or entirely—modify the identity. This may include:

- Changing the variable information
- Inserting real pages from another document
- Removing pages or specific information
- Applying false stamps or watermarks
- Digitally altering or adding information to an image of an original document

02 Blank Stolen Documents

Authentic documents start out blank. They become fraudulent when fraudsters leak these blank—or un-personalized—original documents from the manufacturing supply chain and fill in false information.



Inconsistent data on document.

How to Detect

Data integrity analytics will help identify these types of fraud. Look at data consistency throughout the document and ensure valid data—like the document registration number, expiration date, date of birth, gender, and other encoded data—is present in all areas on the card. Some documents include very specific data logic standards, so take it a step further and validate that those algorithm rules are being followed, and that any hidden chip information matches relevant databases. If things aren't lining up, you've got a modified document on your hands.

Illegitimate documents

While modified documents are altered originals, illegitimate documents may be entirely false creations. These documents typically come in three forms:

03 Counterfeit Documents

Like counterfeit money, counterfeit documents are imitations or reproductions of originals. Typically, a fraudster will obtain a template and insert fake information and photos. These are easily purchased illegally—and highly advanced counterfeits on the black market can sell for top dollar.

04 Compromised or Sample Documents

These are government-issued samples or images of documents that are publicly available. Documents shared on the web, documents in TV shows or presentations, and even documents reported to the police as stolen or compromised will fall into this category.

05 Fantasy or Camouflage Documents

Utopia. Rhodesia. The Republic of Texas. You shouldn't see these on an ID. But on fantasy or camouflage documents, you will. Fraudsters create issuing authorities that don't exist or aren't allowed to issue documents. This is fairly unsophisticated fraud, but has been known to slip through the cracks.

How to Detect

Visual document authenticity analytics will help prevent your business from falling victim to these types of fraud. Compare against templates—do things match up as they should? Look for digital tampering (such as modified digital ID photos or tampered pixels), font anomalies, or oddities in security features like watermarks, barcodes, and embossed text. These subtle differences distinguish genuine from illegitimate documents.

Falsely represented documents

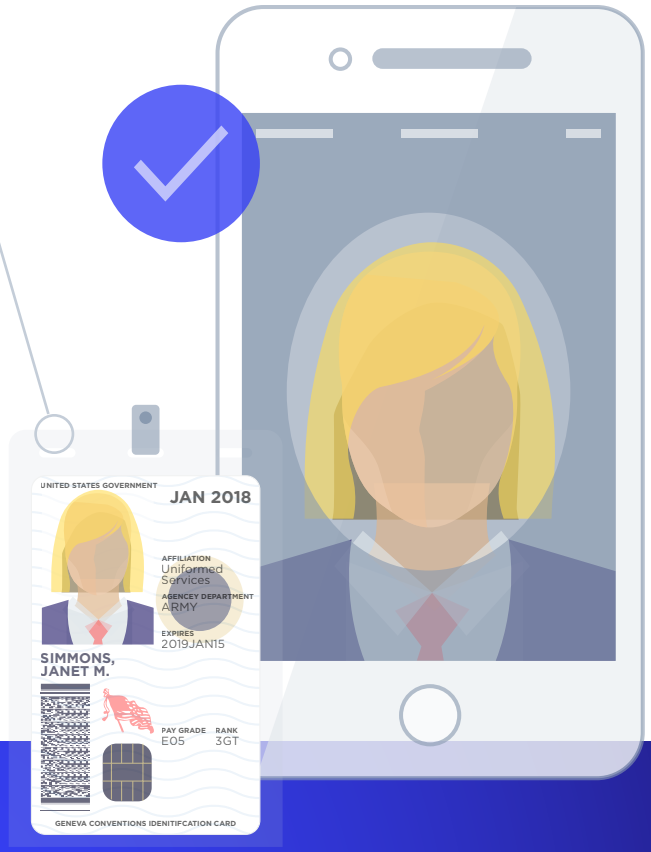
These are documents that may be legitimate or original, but don't belong to the person presenting them. The most difficult to detect without sophisticated identity verification technology, these documents typically come in two forms:

06 Fraudulently Obtained Documents

In this tricky category, fraudsters will lie on their applications in a myriad of ways—they may use a photo of someone else, apply with a fake document, or use different personal details—and authorities will issue them original, authentic documents that contain false information.

07 Imposter Documents

This type of fraud is exactly what it sounds like. The document itself is genuine, but it's presented by someone other than the legal holder of the document.



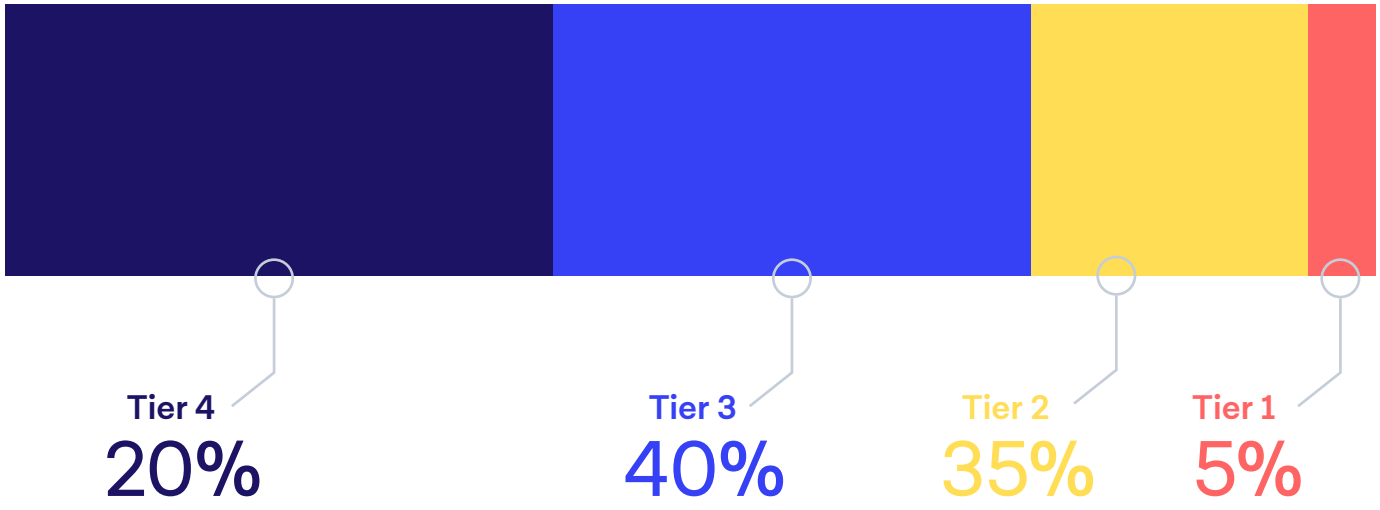
How to Detect

Proof-of-ownership verification is the only way to truly combat these types of fraud. The best detection is done by comparing some type of digital image of the user to the image on the ID card. Have the document holder take a short selfie video on the verification device to protect against common spoofing attempts, like providing a picture of a picture.

Combating all levels of fraud sophistication

Knowing how to identify the most common types of ID fraud is a start. But combating fraud also means knowing the degrees of sophistication your business might encounter.

Fraudulent documents typically fall into four tiers:



The levels of fraud sophistication increase from Tier 4 to Tier 1, with Tier 1 being the most sophisticated. The same type of ID fraud could fall into different tiers, depending on how well the fraudster applies his or her techniques. For instance, an extremely sophisticated forged document will look very different from an amateur one. But knowing what they are and how to fight them both is key to keeping your business safe.

The four tiers

Tier 4

These are typically amateur attempts at committing document fraud and often can be easily—and quickly—identified. Fantasy and camouflage documents are often the most common type of ID fraud in this tier.

Tier 3

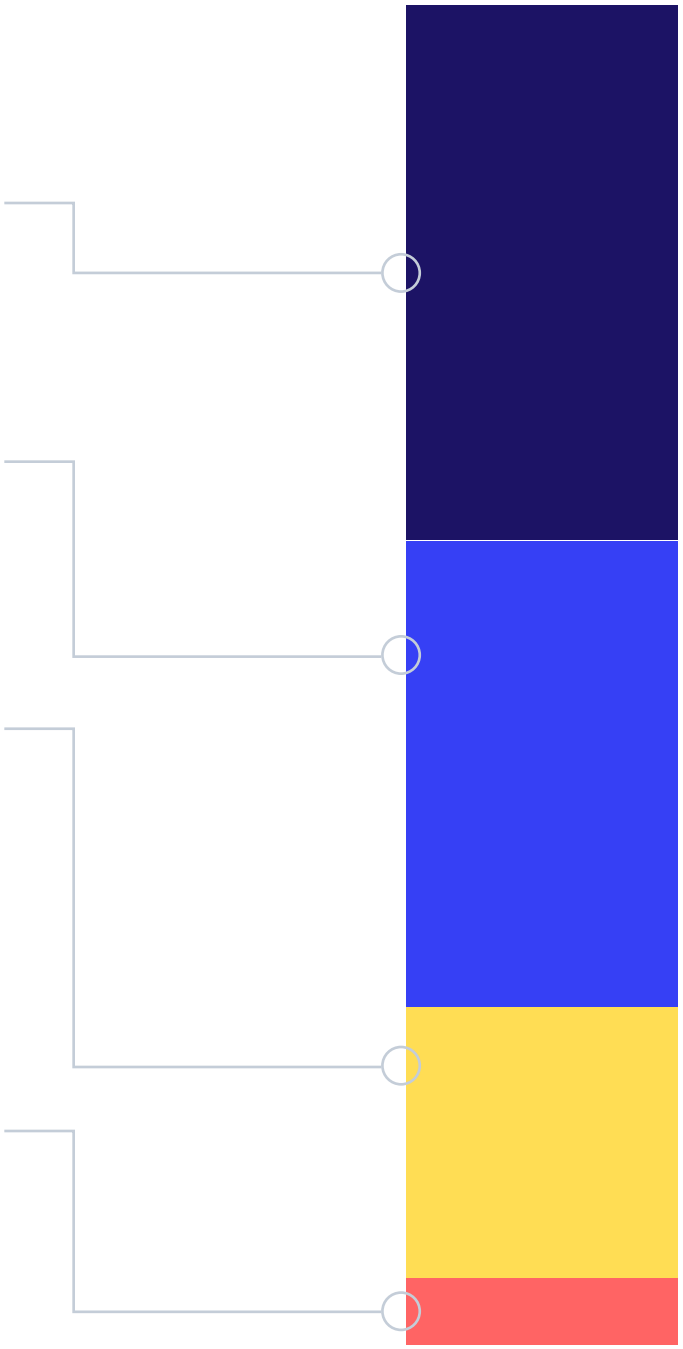
These are poorly manufactured or altered document templates. They're slightly more sophisticated than the amateur documents in Tier 4, and can typically be detected by looking at number formats or data inconsistencies within the document.

Tier 2

These are sophisticated document forgeries and counterfeits. All of the data present on a Tier 2 document is correct and makes logical sense, but trained experts or highly optimized technology can detect small variations in fonts, layout, and security features.

Tier 1

The most sophisticated attempts at ID fraud, Tier 1 documents are typically created through attacks on the supply chain of document issuers and manufacturers. The result? Stolen blank documents, fraudulently obtained genuine documents, or highly sophisticated counterfeits. Created by criminal organizations, these documents usually sell for large sums of money on the black market and can fool even the best-trained document experts—and any machine-based approach. The only way to combat this level of fraud is through extensive analysis of all the documents available to the individual, on top of database and biometric cross-checks.



7 types of ID fraud. 15 seconds to get to the truth

The more sophisticated the fraud, the more advanced your detection should be. But you shouldn't have to sacrifice the customer experience to keep your business safe. Powered by advanced machine learning technology with a human touch, Onfido ensures you can trust your customers and move forward in as little as 15 seconds.

Don't let ID and document fraud hold your business back from delivering a faster, more streamlined onboarding experience. Read the white paper to learn more about the latest approaches to identity verification techniques.

Read White Paper

onfido

Sources:
1 https://www.javelinstrategy.com/coverage-area/2018-identity-fraud-fraud-enters-new-era-complexity#
2 https://www.idtheftcenter.org/images/breach/2017Breaches/DataBreachReport_2017.pdf
3 https://www.juniperresearch.com/press/press-releases/cybercrime-cost-businesses-over-2trillion
4 Survey of businesses and consumers in the UK, conducted by Onfido in 2018.