

MARKET BRIEF

Strengthen your Fraud Solutions with Authoritative Data

Find New Strength in Numbers

Mobile phone numbers are now the primary way that billions of people worldwide are identified when buying and selling online, opening accounts, verifying their age and authenticating themselves to contact centers. The rise in using mobile phone numbers as the preferred identifier means that banks, credit card companies, payment gateways, e-commerce providers, insurance companies, hospitals and other organizations should reassess how they obtain and use mission-critical information about each number, including:

- Line type, such as mobile, wireline, VoIP and toll-free
- SIM tenure for mobile numbers
- Service provider ownership
- Porting history
- Status such as premium rate, unallocated and high risk
- Country of assignment

These types of insights enable customer service, marketing, risk management, fraud prevention and other departments to quickly and confidently verify a person's identity, detect possible phone scams and support other business processes. These use cases also highlight how mobile phone numbers directly affect revenue, losses, brand reputation and customer satisfaction.

As reliance on mobile phone numbers grows, so does their attractiveness to fraudsters. In fact, nearly half of all fraud reported to the U.S. Federal Trade Commission starts with a text message or a phone call. These trends highlight the importance of partnering with a trusted source to protect both customers and the companies they do business with.



Overcome the Limitations of Traditional Identifiers

While other digital identifiers such as names, addresses, email addresses, IP addresses and biometrics will continue to play a role in fraud prevention and risk management, none of these are as dependable and consistent on a global basis as the phone number. Accurate phone number information provides businesses with additional insights that can overcome inherent drawbacks to other identifiers. For example, names and addresses are inconsistent due to character sets and abbreviations. Individuals and companies tend to have multiple email addresses, which can change frequently or be created on demand. IP addresses can be spoofed or masked via VPNs.

The effectiveness of biometrics varies geographically because many countries have different regulations and authorized uses. There is also the rapidly emerging risk of fraudsters using artificial intelligence (AI) and other technologies to impersonate legitimate users. Phone numbers provide a consistent way to authenticate users across countries despite such limitations and restrictions, for example:

- There is a finite number of possible phone numbers
- The syntax for phone numbers is consistent for each country and known globally
- Allocated, legitimate and premium rate phone numbers are known
- Each phone number is linked to a specific device via the IMSI/MSISDN





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Defend and Differentiate with Data

Fintech identity solutions give companies powerful new options to enhance and differentiate their solutions by leveraging authoritative mobile phone number data. This enables them to provide their financial service customers with an even more robust offer to:

- Augment existing processes and systems to further mitigate account takeovers, streamline registration/account setup and stop fraud throughout the customer lifecycle.
- Optimize customer experience by reducing friction.
- Protect brand reputation by instantly confirming the identity and trustworthiness of customers via mobile numbers.
- Comply with Telephone Consumer Protection Act (TCPA), the Telecom Sales Rule (TSR), the INFORM Consumers Act and anti-money-laundering (AML) regulations.

Fortunately, industry-standard platforms enhance Know Your Customer (KYC) and Know Your Business (KYB) initiatives by instantly confirming the identity and trustworthiness of each user's mobile phone number.

The Financial Action Task Force's 2020 Guidance on Digital ID¹ report says that when changes to customer information or transactions can be reacted to immediately, customers can be categorized into the correct risk ratings. These insights enable financial services organizations to allocate valuable resources to the right customers and help make more accurate assessments.

Robust digital identity solutions help fraud deterrent, identification verification and risk assurance specialists ensure that their marketplace customers can meet the law's requirement of verifying the seller's phone number within 10 days. In addition to ensuring regulatory compliance and avoiding expensive penalties, this verification helps the marketplace protect its brand reputation as a trusted place to buy and sell.



1. www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/Digital-identity-guidance.html

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