GSMA Open Gateway

Know Your Customer Match API

SIM Swap APIs

Leading lender steps up detection of fraudulent digital loans

Case study for digital lending using the CAMARA-standardised Know Your Customer Match and SIM Swap APIs - View API Descriptions

Business Problem

Instant credit providers have seen a surge in fraudulent activity involving fakebrokers. This type of fraud occurs when a fraudster poses as a legitimate broker affiliated with a credit provider to deceive individuals into disclosing personal information used to apply for a loan in the victim's name. If necessary, the fraudsters swap SIM cards so they can intercept one-time passwords used by credit providers to authenticate customers.

Technical Solution

A leading instant credit provider in Europe is leveraging the CAMARA-based Know Your Customer Match API to verify that identity data is legitimate. It can detect discrepancies in phone number ownership, preventing fraudsters from bypassing mobile authentication. The digital lender has also employed the CAMARA-based SIM Swap API to detect recent changes in phone number ownership.

Impact

The digital lender automatically blocks credit applications if the associated phone number was changed within the past 24 hours. The information provided by the APIs also support real-time risk scoring to determine whether a manual review is required before a loan approval. As a result, 0.5% of loan applications are blocked due to suspicious SIM swap activity, while broker fraud cases have fallen by 70%.

Value

The implementation of standardised APIs has significantly reduced the digital lender's financial losses due to fraud, while improving regulatory compliance,strengthening its brand and building greater trust in instant digital lending services.

"False broker fraud is an emerging challenge in the digital credit industry, particularly affecting instant loan providers. Traditional fraud detection mechanisms were unable to effectively counter this threat, necessitating a multi-layered approach to identity verification that detects and prevents fraudulent loan applications. As fraud tactics continue to evolve, leveraging mobile network APIs will be critical for securing digital lending ecosystems and ensuring fintech consumer protection."

The Digital Lender