



5 WAYS TO PROTECT YOUR DEALERSHIP FROM IDENTITY FRAUD RISKS



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Selling a car - only to discover later that the transaction turned out to be fraudulent - is a shared and often not talked about fear across the retail automotive industry. It is an expensive problem that risks damaging your reputation. Not to mention, an unwelcome distraction to the business of selling cars.

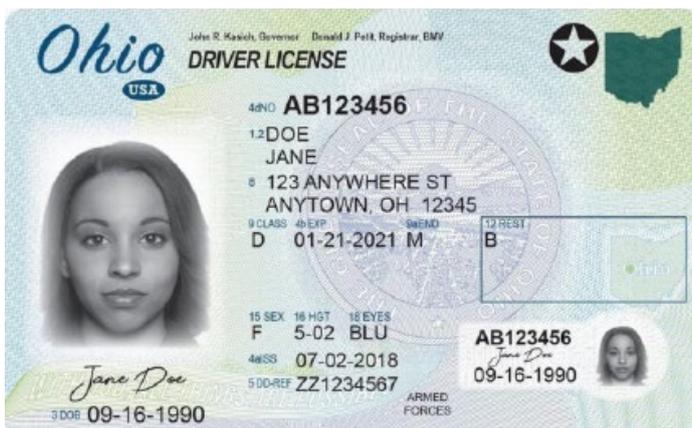
During these “self-isolating” times - and very possibly - the post COVID ‘New’ Normal - consumers are spending more time shopping and transacting online than ever before. Unfortunately, at the same time, bad intentioned fraudsters have also been very active. Reports of identity related fraud at car dealers across the country are on the rise - and their methods much more sophisticated. As a result, dealerships need to be vigilant. Do you have the right tools and culture in place to protect your store - and your customers?

Have A Strategy to Combat ID Fraud Risks

Before you start analyzing customer behavior, make sure your customer verification ‘strategy’ is as strong as possible. Here are a few things to consider:

1. Update your tech

Identity thieves are constantly updating their methods, which means you need to do the same in order to stay ahead. Even popular scanner solutions aren’t foolproof. These scanners can capture information fields but they cannot authenticate the identity document itself nor validate important information like name, address, or DOB. It’s an unfortunate truth that older technology - even in the hands of an eagle-eyed, experienced team member - is often inadequate in the face of ID fraudsters’ rapidly advancing tech.



To combat this, consider adding a [driver’s license authentication solution](#) to your sales process. In just seconds, technology performs 50+ forensic tests in real time for robust authentication - on any driver’s license or any other government issued ID document. This small investment upgrades your dealership’s capability to better identify, manage, and avoid fraud - ultimately protecting your business, your reputation and your customers’ safety.

2. Normalize scanning

Once you've decided to add ID authentication technology to your strategy, (and remember, you don't have to settle for a low tech, off the shelf scanner when you can access the same identity verification technology as the Department of Homeland Security and the Department of State), it's essential to make it part of your normal workflow. Using these scanners is quick and easy, but it can be easy to forget this 15 second step if it is not formalized into your workflow.

To counter this, implement a "must scan it" process. A 15 second process change can save you 10 minutes or more. The electronic data capture and CRM export alone saves time - not to mention fewer missed opportunities. And of course, no more DL photocopying either. And with the more reputable solutions, the technology is certified consumer privacy law compliant.

Additionally, most technology providers will stand behind their tech with free onboarding and ongoing training. In addition to training every possible user, identifying a 'champion' who is accountable for the workflow change is key to sustainable adoption and success. Even the best technology cannot protect your business if it's not being used.

3. Take advantage of identity verification services

In addition to document authentication, identity verification provides a vital service by flagging information that on the surface may seem true, but in reality, is questionable.

These warning messages focus on high-risk applicants' social security numbers, driver's licenses, and addresses. The service validates customer information against reliable databases while looking at a customer's credit behavior and credit relationships over time to uncover undetectable risks. No matter how successful your team has been at identifying ID fraud in the past, taking advantage of this existing ID technology will increase your ID-checking accuracy and save valuable time, both immediately and in the long run.

Out of Wallet (OOW) questions designed to speed the verification process and keep your customers in your store are available instantly - providing multiple choice questions that would be hard for an identity thief to answer. The verification service also screens the applicant against watch lists such as (OFAC). These services provide automated, consistent, and objective decisions that enable faster approvals, raise detection rates, and lower potential losses.

4. Have a Strategy to Identify Suspicious Behavior in the Dealership

Once you have a strategy in place and your employees are familiar with the protocol you can begin to analyze customer behavior. Here are a few things that should be considered abnormal:

The buyer comes in knowing exactly what they want

Obviously, if a customer comes to your location and knows what car they want without looking around, it's not cause to call the police. However, make a note of it and watch to see whether any other red flags come with their one-car devotion. If a visitor is planning to buy a car with someone else's information, they've likely planned their purchase out well in advance, including the exact car they want to leave with. Try talking to your customer about features they're interested in, or what it is about that particular car that they like. If they seem particularly vague or don't have an answer, it might be worth wondering why they're so fixated on one car.

The buyer acts distracted or impatient

Purchasing a car is a significant event in the average person's life, and if they're acting otherwise, it might be a sign that something else is going on. Potential fraudsters tend to be on their phone throughout the purchasing process, because they often aren't working alone and are in close contact with a partner or partners. They also generally won't want to linger on the lot any longer



than necessary. If your buyer doesn't seem to have any interest in the car's features or abilities and just wants to drive it off the lot right now, you may be dealing with a malicious buyer. Follow your instincts. Additional identity verification may be warranted.

The sale is too easy

As a professional in your field, never ignore a gut instinct. **If a sale seems much too easy**, there's likely a reason. Does your customer have excellent credit and an interest in financing 100% of the purchase price? Do they accept the purchase price and quoted finance terms without hesitation, and without any negotiating? These are potential red flag behaviors. If you feel uneasy, trust your instinct.

Engage with management in the necessary verification steps and remain compliant before proceeding with the transaction.

5. Commit to a ‘fraud prevention’ culture

Make sure you know what suspicious behaviors and documents look like. Equally importantly, make sure everyone on your staff does, too. While you may or may not have a fraud prevention specialist on your team, the job should never be on only one person’s shoulders. Your employees and team members should have at least a basic working knowledge of how to detect fraud and be thoroughly aware of what tools and technology are in place for validating new customers and protecting your dealership against identity theft and fraud risks.

As a team, it’s also important to have a formalized, compliant, and well communicated process for handling high-risk applicants information that on the surface may seem true, but in reality, is questionable.



By giving your employees and teammates the information and confidence they need to support their decisions when they’re wondering if they are dealing with a fraudster, you’ll stand a much better chance of identifying fraud before it happens. Having a system in place ensures safety for you, your business, and your customers. Learn more about dealership identity and financial fraud risks and the solutions we provide to combat it.



Ready to take the first step in protecting your dealership from ID Fraud? Check out **eLEND’s ID Drive**. This driver’s license scanner eliminates identity and financial fraud risks while helping you quickly authenticate and pre-qualify your showroom ups with the swipe of a Drivers License.

