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Fraud Detection Methods Explored

Various technologies claim to assist in detecting fraud, but how do they deliver? When it comes to safeguarding your business and residents against fraud, it is crucial to comprehend the available technologies and their effective application. Let's explore these different tools and evaluate their ability to detect fraud.

Optical Character Recognition (OCR)

Optical Character Recognition (OCR), also known as text recognition or data extraction, is a technology used to extract and repurpose data from various sources, such as scanned documents, images, and image-only PDFs. This software identifies individual letters within an image, converts them into words, and arranges them into sentences, thereby enabling users to access and edit the original content.

Some OCR solutions can assist with income verification by automatically calculating an applicant's income. However, if that data has been falsified, it won't be useful.

OCR isn't considered comprehensive fraud detection because it can't detect basic tactics employed by fraudsters, such as HTML replacement. Additionally, OCR can be easily fooled by minor changes in the text, making it an unreliable method for safeguarding important information.

Bank Linking

Leasing teams often ask applicants to use a bank-linking service as a way to verify their income. However, the downside is that this method can't be enforced. Applicants are allowed to opt out, virtually eliminating the possibility of any verification process. Additionally, bank linking can be easily manipulated by fraudsters who are able to fake bank statements or provide false account information. This technology is best used in combination with document fraud detection and other income verification methods.

Connected Payroll

Connected Payroll, or payroll linking, is an alternate method for verifying income and employment. It involves connecting directly with an applicant's employer through a secure portal to verify their salary and job status. Similar to bank linking, applicants can opt out of this technology, or their employer's payroll provider may not be connected to the system, bypassing any verification system. Connected payroll should be paired with document fraud detection and other income verification methods to offer the strongest defense against fraud.

Employment Databases
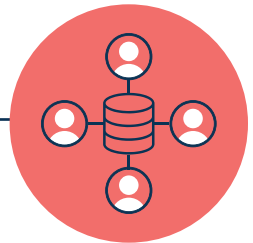
Employment databases are commonly used to quickly verify that an applicant actually works where they say they do. While this tool can be a great addition to your arsenal, solely checking an employment database is not an effective way to stop fraud. Not all applicants' employers will be in the database, and applicants can still provide false information, use a fake company name, or make edits to their income documents during the application process.

Comprehensive Fraud Detection

Now that we've explored the tools that contribute to a fraud detection system, let's review what a real, robust fraud detection suite looks like.

The first crucial part of effective fraud detection is document fraud detection. Effective document fraud detection technology should examine a document's metadata and structural elements. Nowadays, most manipulations are invisible to the naked eye, and fraudulently created documents are visually identical to legitimate ones. Only by using technology that conducts a comprehensive forensic scan of a document can you be confident that a document is legitimate.

The most effective fraud detection solutions go a step further, leveraging machine learning and AI technology to identify and flag fraudulent document patterns. This advanced approach catches the latest types of fraud, such as inception fraud and payroll fraud.

Next, you'll want to implement an additional layer of income verification. This can include bank linking, payroll linking, employment database checks, or automatic income calculation. It's important to have both document fraud detection and income verification – if the documents you're reviewing aren't legitimate, the verified income becomes irrelevant.

Lastly, you'll need ID verification as part of your comprehensive fraud detection system. This powerful tool verifies applicants' identities through government-issued IDs and biometric facial recognition technology. This added layer of security ensures that the person applying for an apartment is who they say they are, further reducing the risk of fraud.

Lucky for you, Snappt does all of these things! Snappt's AI-powered fraud detection software has scanned over 8 million documents and has a 99.8% accuracy rate in detecting fraud. Our advanced algorithms can detect any changes or edits made to income documents, including those that are often missed by human reviewers. Enhance your system with our swift and secure ID and income verification services, streamlining the application process for property managers and applicants alike.

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