New SSA Agreement Has The Potential to Stop Synthetic Identity Theft For Good

September 18, 2019 â€" The Social Security Administration has announced that it will begin testing a service known as Electronic Consent Based Social Security Number Verification (eCBSV) in June of 2020. The service will provide near-real-time identity verification for SSNs and has the potential to completely stop synthetic identity theft within the financial services community. But that may take a little time. In the SSAâ€™s pilot program, only ten companies will have direct access to the service and of those, we believe that only one of those companies â€" IDValidation - will be reselling the service to the greater financial services community. And under the terms of their agreement, they are limited to a maximum of 20 resale clients during the pilot.

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s.src = 'http://widgets.digg.com/buttons.js';
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Synthetic ID theft is the fastest growing form of identity theft. It occurs when someone uses a real social security number in conjunction with their own (or a made up) name and other personally identifiable information. Without access to government systems, it has been nearly impossible to stop. The current systems used by lenders and other financial services companies only flag 5% of loan applications using synthetic IDs for further review. Last year alone, it is estimated this issue cost the financial services industry $6 Billion; all of which is passed on to the general public in the form of higher costs.

CBSV has been around for a while now but it has been cumbersome to use. Thatâ€™s because the SSA requires what are known as â€œwet signaturesâ€• from companies using the service. That means the person who was issued the Social Security Number and who is having their identity verified needs to sign an actual piece of paper before the SSA will run a query on them. For companies dealing with millions of transactions annually, thatâ€™s a lot of paperwork that needs to be signed and managed, and many of them have found it to be too cumbersome.

eCBSV is pretty well the same service, but it allows for the use of electronic signatures and thatâ€™s a game changer. It ends the need to handle and manage hard-copy signature forms and it allows signatures to be handled in real-time. As soon as the consumer signs electronically, the forms can be handed off via an API to Social Security. And the turnaround time for verification is almost immediate.

Current law limits the use of eCBSV to financial services companies and companies doing employment back ground checks. But weâ€™re hopeful at some point that individual consumers will be able to use the service on their own. Anyone who ran an inquiry on their own SSN would be able to learn immediately if their identity had been stolen, and theoretically

the government should be able to tell them who is actually using their SSN. This would provide a far superior consumer and law enforcement solution when compared to currently available services such as credit monitoring.

by Jim Malmberg
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