

American National Bank Thwarts ID Thieves

To protect its clients, American National Bank goes beyond the standard ID theft notification letter by blanketing its customers with a recovery solution by Secure Identity Systems.

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A routine information security assessment triggered an ID theft prevention overhaul at American National Bank, a subsidiary of Denver-based Sturm Financial Group (\$2 billion in total assets). "During our incident response review in mid-2006, we decided that our industry's standard practice for alerting customers was insufficient," explains Janet Pearson, EVP of technology, operations and training. "We wanted a system for repairing our customers' credit that went beyond the required notification letter."

Within weeks, ANB received a solicitation from Secure Identity Systems (SIS), a division of Brentwood, Tenn.-based First Payment Services. SIS offered a modular identity theft monitoring and recovery solution delivered on an application service provider (ASP) basis. "Although we already offered a credit bureau monitoring product, the SIS inquiry definitely spurred us to look more broadly at the solutions in the marketplace," Pearson recalls.

Soon afterward, proposed changes to the Fair and Accurate Credit Transactions Act (FACT Act) were announced. Among other things, the proposal mandated an identity theft prevention program to cover all customers, without exception. This pending regulation helped ANB narrow the field of technology vendors to three: its existing vendor, which Pearson declines to identify; SIS and one other contender.

"SIS was the most comprehensive," Pearson asserts. It not only monitored thousands of databases -- from credit bureaus to motor vehicle records -- it also provided a professional "personal advocate" to perform incident recovery chores and insurance to cover recovery expenses, according to Pearson. "Other vendors offered some recovery services, but they were primarily educational, ... leaving recovery and repair tasks to the customer," she adds.

In late 2006 Pearson presented a two-tiered business proposal to her CEO. First, blanket all account holders with a basic incident recovery service, which included the personal advocate and post-incident credit bureau monitoring. Additionally, ANB would offer a fee-based Plus product that added proactive daily monitoring of all SIS databases, automatic theft-attempt alerts and reimbursement of incident recovery expenses, including lost wages. "One goal of the fee-based product was to offset the basic service's costs [to the bank]," Pearson explains.

By January 2007 ANB closed a deal with SIS. "Operationally, our main task was developing mainframe codes to accurately report the number of covered individuals and coverage type," notes Pearson. "This determined our monthly SIS premiums."

ANB's only IT chore was adding the Plus program to its Web and intranet sites. "The resource-intensive tasks were establishing pricing and incentives, testing SIS internally, developing an advertising campaign and training our staff to up-sell customers to Plus," Pearson says.

When ANB went live with SIS in April 2007, it catapulted ANB into FACT Act compliance nearly 18 months ahead of the deadline and cut customer attrition. "Being first in our market to offer robust blanket coverage that goes beyond regulatory mandates has really helped us compete against the superregional and large national banks," Pearson reports.

The bank did uncover a flaw with the solution that the vendor has promised to resolve by the fourth quarter of 2008. "At present, the only alert mechanism is e-mail," explains Pearson. "This leaves out a percentage of the population that is, arguably, the most susceptible to fraud."

Still, SIS has paid dividends by flagging prior external identity theft incidents as well as recent attempts. "It's gratifying to see the relief on our customers' faces when they don't have to figure out how to recover on their own," stresses Pearson. "SIS has definitely been a value-add."

Case Study Profile

Institution: American National Bank (a subsidiary of Denver-based Sturm Financial Group).

Assets: \$2 billion (Sturm Financial).

Business Challenge: Provide customers with leading-edge ID theft detection and recovery.

Solution: Secure Identity Systems' (a division of Brentwood, Tenn.-based First Payment Services) ID theft solution.