

— FRAUD INTELLIGENCE REPORT

Auto Lending Fraud Trends 2026

Drawing on 90 billion proprietary risk elements derived from more than 300 million applications representing \$5 trillion in consumer loans, this report exposes the evolving schemes targeting auto lenders, banks, and credit unions.

REPORT OVERVIEW

Table of Contents

SECTION ONE - THE BIG PICTURE

Letter from Chief Fraud Strategist	04
Executive Summary	05
69% of Auto Fraud Is First Party Fraud	06

SECTION TWO - RISK INDEXES

Synthetic Identity Risk Index	08
Affordability Risk Index	09
Early Payment Default Risk Index	10

SECTION THREE - EMERGING THREATS

Bust Out Fraud Hits Record Level	12
Credit Washing: Gaming the System	13
The Data Breach Method	14
Synthetic Identities Coming Off Historical Highs	15
Synthetic Identity Cross-Lender Bot Attack	16
AI Dealer Cloning: A Growing Threat	18
Title Washing: The Silent Threat	19
The Negative Employer List	20
AI-Generated Paystubs: A 5x Surge	21
Income Deviations Isolate High-Risk Applicants	22
Top Risk Signals by Default Multiplier	23
More Risk Signals From the Data	24

SECTION FOUR - GEOGRAPHIC & VEHICLE RISK

Top 20 Riskiest States	26
Highest Risk ZIP Codes	27
Highest Fraud Rate Vehicles	28
Highest Early Payment Default Vehicles	29

SECTION FIVE - 2026 PREDICTIONS

Five Predictions for 2026	31
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SECTION SIX - ABOUT POINT PREDICTIVE

How We Prevent Fraud	33
The Guardians of the Industry	34
The Product Suite	35



01

SECTION ONE

The Big *Picture*

AI-powered fraud is infiltrating auto lending while first party fraud continues to soar. This section provides the executive summary, key trends, and the full fraud breakdown for 2026.

— A MESSAGE FROM FRANK MCKENNA

The Fraud Landscape Is Shifting Under Our Feet

Every year Point Predictive publishes our Auto Lending Fraud Trends report, the story gets more complicated. Fraud rates continue to climb. New schemes emerge. And distinguishing truth from fiction gets harder. In 2026, every auto lender, bank, and credit union needs to know that the fraud you're fighting today isn't the same as it was two years ago.

Two forces have hit auto lenders at the same time. The first is AI. It's here, and it's inside auto lending right now. Fraudsters are generating synthetic pay stubs, building deepfake identities that sail right through automated checks and using off-the-shelf AI chatbots to help them wash their credit fraudulently. AI is truly everywhere.

The second force is the shift to more first party fraud. Lenders poured money into identity verification and third-party fraud detection, and honestly, those defenses worked. But criminals adapted. Income misrepresentation, credit washing, bust out schemes and use of CPN profiles to apply for auto loans are soaring. These are first party plays where the borrower is the fraudster. The identity is real, which is exactly what makes them so hard to catch.

Meanwhile, credit repair gurus on social media are teaching people how to game the data breach dispute process at scale. They call it a "life hack" and a way to improve credit. Many of these consumers genuinely believe there's nothing wrong with disputing a legitimate tradeline - and that is the problem.

Bust out fraud is one of the fastest growing threats in auto lending. These are first party fraudsters that shotgun loan applications rapidly across multiple lenders to stockpile cars and monetize them. Our consortium data shows that bust out has grown 83% over five years. Combined with credit washing, title washing, fraudulent mechanics liens, and subleasing schemes this problem is worse than ever.

The pages ahead lay out exactly what we're seeing across our consortium. I hope this helps you understand not just where fraud stands today, but where it's going next.



Frank McKenna

Co-Founder, Point Predictive



— THE SIZE OF THE PROBLEM

Auto Lending Fraud Has Reached Record Levels

ESTIMATED TOTAL AUTO LENDING FRAUD EXPOSURE

\$10.4 Billion

Drawing on 90 billion proprietary risk elements derived from more than 300 million applications representing \$5 trillion in consumer loans, Point Predictive's analysis of consortium data reveals that auto lending fraud exposure has grown nearly **five-fold since 2010** and has nearly doubled since 2015. What was once a \$2.1 billion problem has become a \$10.4 billion crisis that touches every corner of the auto finance ecosystem.

The \$1.2 billion year-over-year increase represents **13% growth**, driven by two forces converging at once: an intensification of income and employment misrepresentation schemes, and the continued surge in bust out fraud, which has grown 83% since 2021 and now represents a significant share of total fraud exposure.

FRAUD EXPOSURE GROWTH (BILLIONS)

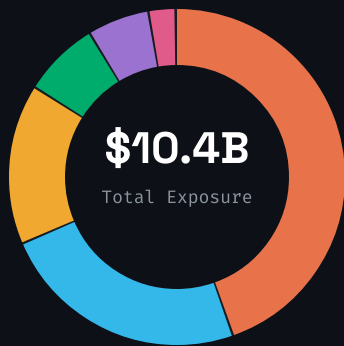


— 2026 FRAUD DISTRIBUTION

69% of Auto Fraud Is First Party Fraud

The 2026 analysis reveals significant structural shifts in how fraud is distributed across the auto lending ecosystem. Bust out fraud continues its sharp upward trajectory, growing 83% since 2021, and first-party fraud now accounts for 69% of all auto lending risk exposure.

FRAUD CATEGORY BREAKDOWN



Income / Employment	45.2%	\$4.68B
Synthetic / Credit Washing	24.0%	\$2.52B
True Name Identity Theft	15.4%	\$1.60B
Powerbooking / Collateral	7.2%	\$750M
Bust Out Fraud	2.4%	\$250M
Straw Purchases	5.8%	\$600M

KEY CATEGORY INSIGHTS

Income / Employment

Up \$780M (+21%) YoY. While the vast majority of borrowers report income accurately, income deviation flags identified misrepresentation patterns across scored applications.

True Name Identity Theft

Flat at \$1.6B with validation alerts stable at 2.2% of flagged apps. Now a declining share of the pie as other fraud types accelerate around it.

Straw Purchases

Stable at \$600M. Borrower alerts detected in 13.9% of flagged applications. Volume remains consistent year over year.

Synthetic / Credit Washing

Up 7% YoY. Piggybacking on authorized tradelines remains a persistent pattern across the consortium, with credit washing techniques becoming more sophisticated.

Powerbooking / Collateral

Up 19% to \$750M. Powerbooking and collateral risk increased as the markets have shifted, resulting in more collateral risk to lenders.

Bust Out Fraud

Up 83% since 2021 to \$250M. Organized fraud rings exploit multiple lender relationships simultaneously. Cross-lender consortium data is critical for detection.



02

SECTION TWO

Risk

Indexes

Point Predictive's proprietary risk indexes track synthetic identity fraud, vehicle affordability pressure, and early payment default trends across the industry's largest consortium dataset.

— SYNTHETIC IDENTITY RISK INDEX

Synthetic Identity Index Retreats from Historic Peak

Updated quarterly, Point Predictive's Synthetic Identity Risk Index tracks 37 separate synthetic identity risk signals on more than 300 million auto loan applications from 2017 through 2025. These signals include SSN misuse patterns, death master file matches, piggybacking indicators, and other factors that collectively measure the level of synthetic identity risk across the industry.

501

Peak Index (Q3 2024)

390

Current Index (Q4 2025)

-22.2%

Decline from Peak

3.9x

Above 2017 Baseline

Synthetic Identity Risk Index 2025



KEY FINDINGS

The Synthetic Identity Pattern Index climbed from its baseline of 100 in Q1 2017 to an all-time high of 501 in Q3 2024, a five-fold increase driven by Credit Privacy Numbers and sophisticated identity fabrication. After a COVID dip in 2020, the index surged through 2021-2024.

Since peaking, the index has declined 22% to 390 by Q4 2025. Detection improvements are having an impact, but the index still sits nearly 4x above baseline, confirming synthetic identity fraud remains a persistent threat.

WHAT'S DRIVING THE SHIFT

- SSA's eCBSV system is making it harder to use fabricated SSNs at the point of application
- Consortium-based fraud scoring is flagging synthetic patterns pre-funding
- Credit Privacy Numbers (CPNs) remain widely marketed, sustaining the pipeline of new synthetics
- AI-generated documentation is making surviving synthetics harder to detect

AFFORDABILITY RISK INDEX

Affordability Pressure Eases but Remains a Fraud Catalyst

Point Predictive's Affordability Risk Index measures the relationship between car prices, loan amounts, and borrower financial factors including income, credit scores, and loan terms. Higher numbers indicate greater financial strain on buyers.

<p>150</p> <p>Peak Index (Q4 2023)</p>	<p>144</p> <p>Current Index (Q4 2025)</p>	<p>-3.9%</p> <p>Decline from Peak</p>	<p>+44%</p> <p>Above 2017 Baseline</p>
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KEY FINDINGS

After reaching an all-time high of 150 in Q4 2023, the Affordability Risk Index has declined modestly to 144 by Q4 2025. Used car prices have stabilized after years of increases, longer loan terms have become more common, and wage growth has begun outpacing inflation in some sectors.

Despite this improvement, affordability remains significantly challenged. The current index of 144 is still 44% above the 2017 baseline, and affordability pressure continues to directly fuel fraud growth as financially stretched borrowers turn to income misrepresentation and other first-party fraud tactics.

WHAT'S DRIVING THE INDEX

- Interest rates remain the primary driver, with the rate index peaking at 8.04 in Q4 2023
- Price-to-income ratios declining from 2022 peak of 3.52 to 2.85 by late 2025
- Loan terms have stabilized near pre-pandemic levels since 2019, limiting further stretch
- Elevated affordability pressure directly fuels income misrepresentation and first-party fraud

— EARLY PAYMENT DEFAULT RISK INDEX

Early Payment Default: Elevated Risk Refuses to Retreat

Point Predictive's Early Payment Default (EPD) Risk Index tracks the rate at which auto loans default within 90 days of origination relative to a 2017 baseline of 100. EPD is one of the strongest indicators of origination fraud, as loans built on fabricated data collapse quickly under repayment pressure.

216

Peak Index (Q4 2022)

212

Current Index (Q4 2025)

-1.9%

Decline from Peak

2.1x

Above 2017 Baseline

Early Payment Default Risk Index 2025



KEY FINDINGS

The Early Payment Default index closed Q4 2025 at 212, sitting just 2% below the all-time peak of 216 set in Q4 2022. Unlike synthetic identity and affordability risk, EPD has shown no meaningful retreat, with 2025 posting the highest sustained readings in the index's history.

Over 70% of early payment defaults contain evidence of origination fraud. At 2.1x above baseline, the index signals that fraudulent loans continue to be originated at scale, collapsing within 90 days as fabricated income and employment data fail to support repayment.

WHAT'S DRIVING EPD RISK

- Fabricated income and employment data enable borrowers to secure loans they cannot service
- Dealer-assisted fraud schemes push unqualified buyers into loans designed to fail at origination
- Synthetic identities and bust-out rings target auto lending for quick extraction before vanishing
- High vehicle valuations give fraud actors more room to extract equity before defaulting



03

SECTION THREE

Emerging *Threats*

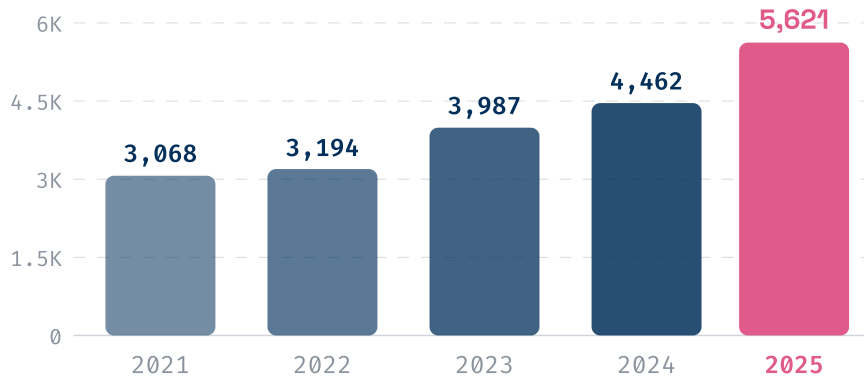
Bust out fraud, credit washing, and the data breach method are reshaping risk for auto lenders. This section examines the fastest-growing threat categories identified across Point Predictive's consortium data.

BUST OUT FRAUD

Bust Out Fraud Hits Record Level

Bust out fraud has always existed in auto lending, but its growth trajectory has accelerated dramatically. Consortium data shows reports grew 83% over five years, rising from 3,068 in 2021 to 5,621 in 2025. Organized fraud rings are increasingly exploiting multiple lender relationships simultaneously.

ANNUAL BUST OUT REPORTS



Annual bust out reports classified via consortium velocity patterns

5,621

Bust Out Reports in 2025

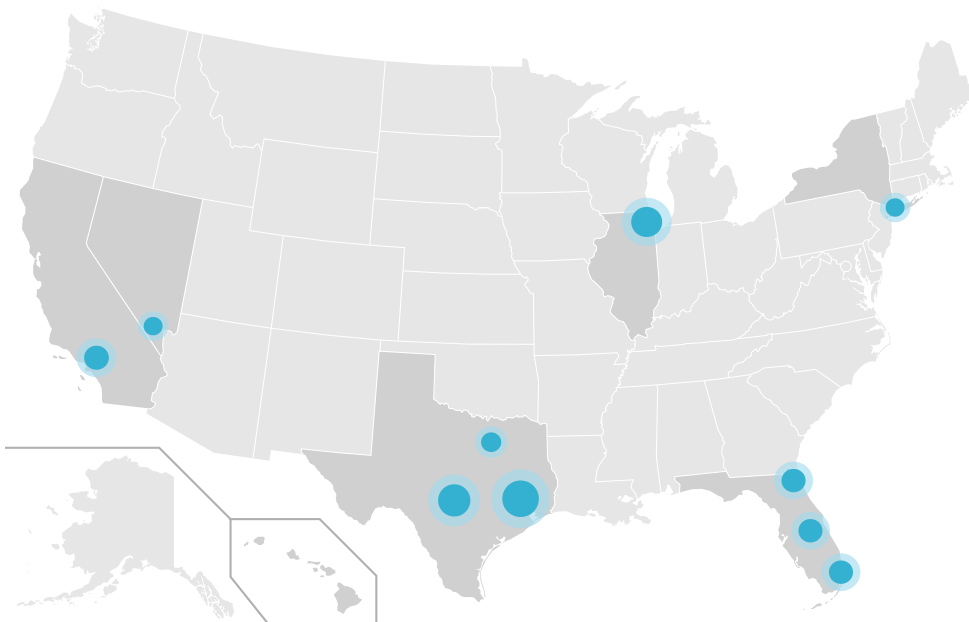
+83%

Growth Since 2021

+26.0%

Year-Over-Year (2025)

TOP 10 CITIES FOR BUST OUT ACTIVITY



- 1 **Glendale, CA**
- 2 **Houston, TX**
- 3 **San Antonio, TX**
- 4 **Chicago, IL**
- 5 **Miami, FL**
- 6 Flushing, NY
- 7 Las Vegas, NV
- 8 Orlando, FL
- 9 Jacksonville, FL
- 10 Dallas, TX



Fraud rings in Glendale have been conducting bust out fraud for over a decade, historically focused on credit cards. They've recently turned to auto lending, contributing to a \$250M problem.

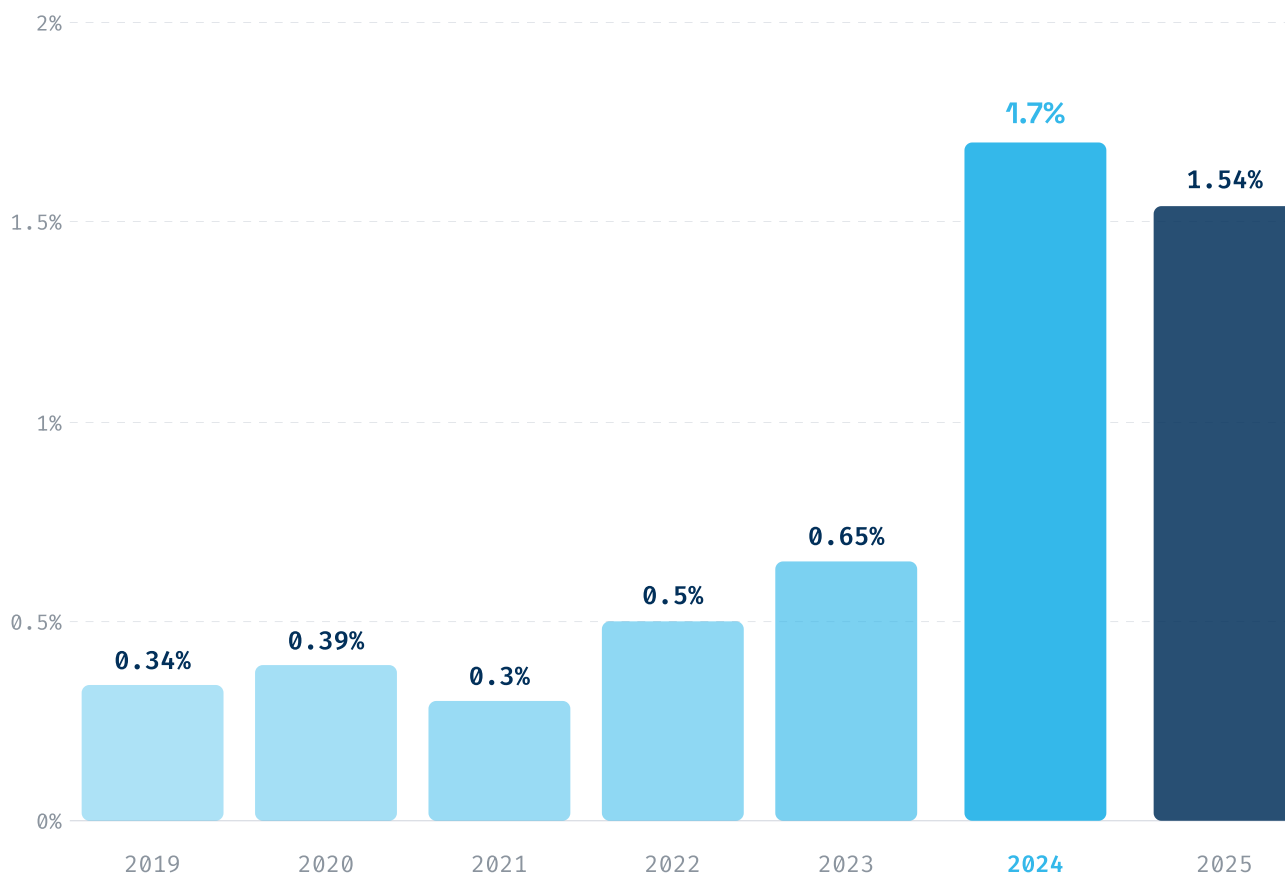
Justin Davis, VP, Product Delivery

— CREDIT WASHING

Cleaning the Record, Gaming the System

Point Predictive's credit washing alert measures the share of all applications with dramatically increasing credit scores that coincide with a significant reduction of derogatory tradelines within a short period of time. This pattern is the hallmark of credit repair fraud, where consumers or credit repair companies file false disputes to strip legitimate negative items from credit reports. The alert rate surged 5x from 2019 to 2024 and remains elevated in 2025.

THE CREDIT WASHING ALERT RATE

**5x**

Rate increase from 2019 to 2024

1.7%

Peak alert rate reached in 2024

1.54%

Current rate in 2025, still elevated

Despite pulling back from 2024's peak, the 2025 rate of 1.54% remains nearly five times higher than pre-2022 levels. Credit repair companies continue to exploit the dispute process at scale, and AI-powered dispute generation is creating new challenges for bureaus.

— CREDIT WASHING

The Data Breach Method: A New Credit Washing Loophole

A growing number of consumers and credit repair companies are exploiting a powerful loophole: contacting credit bureaus to claim personal information was exposed in a data breach, then demanding that negative tradelines be removed or investigated as potentially fraudulent. Unlike the traditional FTC dispute method, this tactic bypasses the formal identity theft reporting process entirely, and it is spreading fast.

HOW IT WORKS

- 1 A consumer contacts a credit bureau claiming their personal data was compromised in a data breach
- 2 They request that negative tradelines be flagged, investigated, or removed as potentially fraudulent
- 3 Bureaus are overwhelmed with disputes and often remove items without verification, artificially improving the consumer's score
- 4 The "cleaned" borrower then applies for new auto loans or credit with an artificially inflated score

FUELED BY SOCIAL MEDIA



Credit repair "gurus" openly promote the data breach method to thousands of followers on social media.

Social media has turned credit washing from a niche tactic into a mainstream movement. Credit repair "gurus" on TikTok, Instagram, and YouTube market the data breach method as a simple life hack, framing it as a harmless way to "fix" your credit. Many consumers genuinely believe there is nothing wrong with disputing legitimate debt this way. The result is a flood of fraudulent disputes driven by people who see themselves as savvy consumers, not fraudsters.



"It's hard for auto lenders to counterattack credit washing schemes because it's being aggressively touted by credit repair gurus on social media."

Frank McKenna

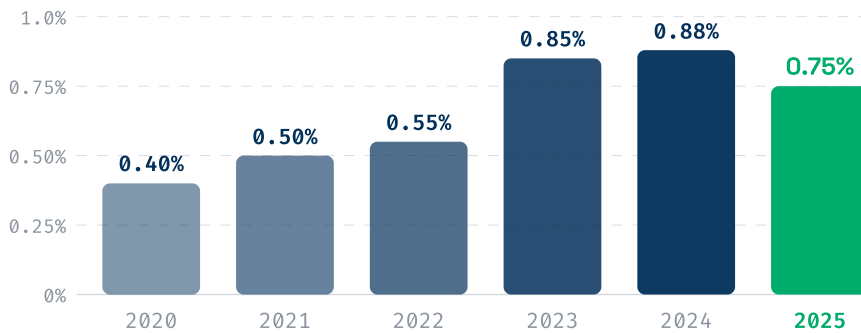
Co-Founder, Point Predictive

— SYNTHETIC IDENTITY

Synthetic Identities Coming Off Historical Highs

The synthetic identity attack rate on auto lenders is nearly twice 2020 levels. In 2025, Point Predictive identified 142,465 synthetic identity applications across nearly 19 million scored loans, yielding a national attack rate of 0.75%. These fabricated identities are built using combinations of real and fictitious data, nurtured over an average of 14.5 months before being used to secure financing.

SYNTHETIC IDENTITY ATTACK RATE



Attack rate pulled back from 2024 peak but remains 88% above 2020 levels

142,465

Fake Identity Apps in 2025

1 in 133

Applications Are Synthetic

14.5 mo

Avg. Time-in-File Before Use

HIGHEST ATTACK RATE CITIES

1	Hallandale Beach, FL	3.39%
2	Winter Garden, FL	2.87%
3	Miami Beach, FL	2.75%
4	Des Plaines, IL	2.58%
5	Doral, FL	2.49%
6	Weston, FL	2.37%
7	N. Miami Beach, FL	2.36%
8	Boca Raton, FL	2.23%

Florida dominates the top 8, with 7 of 8 cities in the state confirming it as the epicenter of synthetic identity fraud.

FASTEST GROWING CITIES

1	Savannah, GA	+1.90%
2	Denver, CO	+1.56%
3	Columbus, OH	+1.50%
4	Cleveland, OH	+1.26%
5	Bakersfield, CA	+0.89%
6	Los Angeles, CA	+0.57%
7	Norcross, GA	+0.68%
8	Framingham, MA	+0.87%

Growth spans the Midwest, Southeast, and both coasts, signaling nationwide expansion of synthetic identity fraud beyond Florida.

-15% YoY

While the 2025 attack rate pulled back from the 2024 peak, synthetic identities are being cultivated longer and deployed more strategically. AI-generated documentation is making these fabricated personas harder to detect.

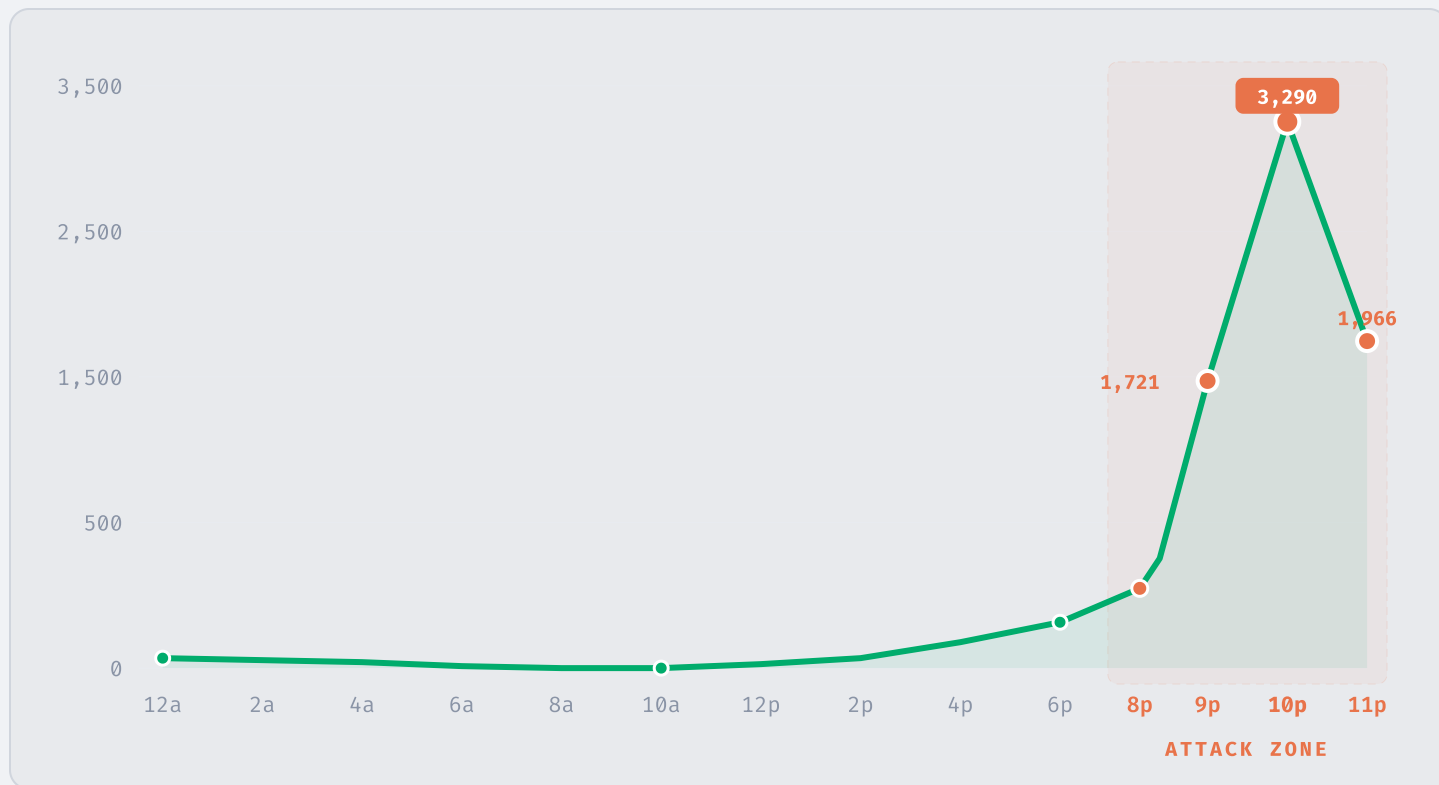
— CASE STUDY: OCTOBER 20, 2025

Synthetic Identity Cross-Lender Bot Attack

On October 20, 2025, Point Predictive's AI Intelligence Agents detected a coordinated bot-driven fraud attack that flooded multiple lenders with over 8,700 fraudulent applications in a single day, peaking with 1 in 4 applications at targeted lenders scoring as fraudulent.

<p>7,400+</p> <p>Fraud Apps in 4 Hours</p>	<p>25.4%</p> <p>Peak Fraud Rate (10 PM)</p>	<p>85%</p> <p>Volume in 4 Hours</p>	<p>3,290</p> <p>Peak Hour (10 PM)</p>
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CONFIRMED FRAUDULENT SYNTHETIC IDENTITIES BY HOUR



ATTACK PHASES

<p>12 AM - 6 AM</p> <p>Overnight tapering. 162 residual apps from prior day cycle.</p>	<p>7 AM - 10 AM</p> <p>Dormant period. Near-zero activity while systems probe.</p>	<p>11 AM - 8 PM</p> <p>Gradual ramp. Volume blends with legitimate traffic.</p>	<p>4-Hour Window</p> <p>Full attack. 7,400+ fraud apps in 4 hours.</p>
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8.6x Surge | The fraud rate jumped from 2.8% at 8 PM to 25.4% at 10 PM. This escalation speed is only possible through automated bot networks targeting multiple lenders simultaneously.

— CASE STUDY: OCTOBER 20, 2025 (CONTINUED)

Inside the Attack: What the Data Revealed

Analysis of the 8,730 fraudulent applications revealed a sophisticated operation using realistic synthetic profiles, targeted lender selection, and deliberate evasion of rule-based alert systems.

LENDER TARGETING

LENDER	FRAUD APPS	SHARE	VOLUME
Primary Target	5,996	87.0%	
Lender B	224	3.2%	
Lender C	179	2.6%	
Lender D	89	1.3%	
Others (4+)	242	3.5%	

FRAUD RATE BY HOUR



BOT ATTACK SIGNATURES

Alert Evasion

Zero alerts fired despite fraud score 999. Crafted to avoid rule-based triggers.

Cross-Lender Shopping

Same VIN and borrower submitted to multiple lenders within seconds.

Synthetic Profiles

45% had no credit score. Fake employers, inflated incomes, 80%+ Gmail.

Off-Hours Execution

85% of volume in a 3-hour evening window when monitoring is reduced.

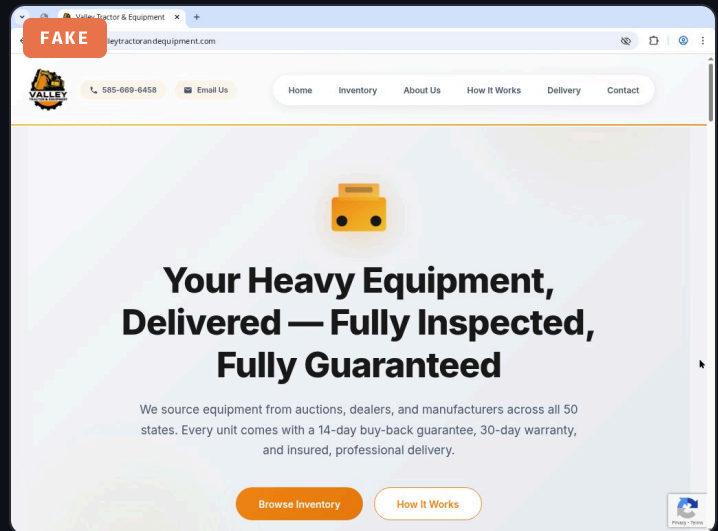
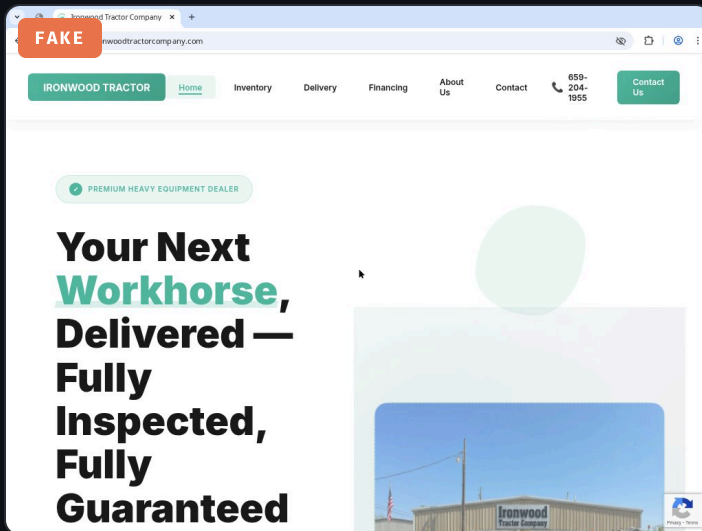
AI Detection While zero rule-based alerts fired, Point Predictive's AI model scored every application at 999, the maximum fraud score. This demonstrates why model-based detection is critical over traditional rule-based systems.

— INVESTIGATION REPORT

AI Dealer Cloning: A Growing Threat

Scammers are using AI to build fake dealer websites that look completely legitimate. They steal inventory photos, post them at prices 30-50% below market, and vanish after victims wire tens of thousands of dollars for vehicles that do not exist. Point Predictive identified a coordinated network of 101+ cloned websites all built from the same template.

FAKE SITES IDENTIFIED



Different names, identical template. Every site uses the same "14-Day Buy-Back Guarantee" and "Trust Kit."

Disclaimer: At time of analysis, these appeared to be suspicious.

HOW THE SCAM WORKS

- 1 Build a fake site.** AI generates a complete dealer website in minutes with stolen inventory photos priced far below market.
- 2 Victim makes contact.** Listings get indexed by Google. Victims find what looks like an incredible deal.
- 3 The "Trust Kit" hook.** Scammers send fabricated VIN verification and dealer credentials to build false confidence.
- 4 Irreversible payment.** Wire transfers, ACH, or cashier's checks demanded. Once sent, the money is gone.
- 5 Site vanishes, reappears.** The entire cycle can happen in two weeks under a new domain name.



Read the Full Investigation

Scan to access the complete dealer cloning report.

landing.pointpredictive.com/dealer-cloning

SERVICING FRAUD

Title Washing: The Silent Threat Rising in 2026

When a lender sends a repossession team to recover a vehicle, the assumption is simple: the lien is on the title. In 2026, that assumption is increasingly wrong. Title washing fraud is appearing more often across the industry, and Point Predictive's fraud consortium is registering a spike in reports. Unlike application fraud, title washing is a servicing problem. By the time a lender discovers the lien is gone, the borrower has often already sold the vehicle or used it as collateral elsewhere.

FORGED VEHICLE TITLE



Sample reconstruction of a forged Certificate of Title. Fraud rings use widely available design software to fabricate lien releases that DMV clerks accept without real-time lender verification.

FORECLOSURE LIENS TAKE CENTER STAGE

Consortium members have flagged a rise in title washing cases concentrated around state DMV lien removal schemes. In **Oregon**, fraud rings are exploiting a lien foreclosure process normally reserved for abandoned vehicles, filing false claims to obtain clean titles on actively financed cars. When lenders contacted the Oregon DMV, the agency redacted claimant details and indicated that vetting documents is outside its scope.

Title washing mirrors credit washing: a government body presides over a process that removes a lender's rights, and **the lender is the last to know**. Most states do not notify lienholders when a title is transferred or a lien removed.

THREE SCHEMES DRIVING LOSSES

01

Fake Lien Release

Fraudster fabricates a lien release and presents it to a DMV clerk. With no real-time access to lender records, the clerk issues a clean title. The vehicle is resold before the lender ever knows.

02

Transport Lien Scheme

A shell company files a lien for unpaid transport services that never occurred. If uncontested within the statutory window, it obtains clean title through summary foreclosure. Florida is a primary target.

03

Bounced Payment Payoff

A large fake payment posts, dropping the stated payoff. The fraudster trades in the vehicle at a dealer before the payment bounces 72 hours later. The lender loses both the balance and the collateral.

WARNING SIGNS

- Loans flagged as **unperfected** after refinance

- Rates auto-escalated to **unsecured tier**

- Large payments near **payoff quotes**

- Repo orders with **no title on file**

— THE NEGATIVE EMPLOYER LIST

The Worst Fake Employers Targeting Auto Lenders

Point Predictive maintains a negative file of over **17,300 confirmed fake employers** used to fabricate income and employment on auto loan applications. In 2025, borrowers listing these employers had 16,973 applications that received fraud scores of 999, representing approximately **\$412.9 million in total loan exposure**. Below are the most active fake employers of the year.

<p>17,300+ Confirmed Fake Employers Tracked</p>	<p>\$412.9M Total Loan Exposure (2025)</p>	<p>16,973 Applications Scoring 999</p>
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TOP 10 NEGATIVE FILE EMPLOYERS BY APPLICATION VOLUME

#	EMPLOYER NAME	APPS	LOAN EXPOSURE	VOLUME
1	US Staff ***** *	383	\$9.8M	<div style="width: 100%;"></div>
2	LAP *****	190	\$5.1M	<div style="width: 53%;"></div>
3	PRE *****	123	\$4.6M	<div style="width: 37%;"></div>
4	Dataflow *****	121	\$2.5M	<div style="width: 33%;"></div>
5	MBH *****	104	\$4.0M	<div style="width: 28%;"></div>
6	MGF *****	97	\$2.6M	<div style="width: 25%;"></div>
7	Primetime *****	84	\$2.2M	<div style="width: 22%;"></div>
8	Media Creation *****	76	\$2.2M	<div style="width: 21%;"></div>
9	Bryson Westgate *****	74	\$1.8M	<div style="width: 19%;"></div>
10	PAP Life ***** **	71	\$1.1M	<div style="width: 17%;"></div>

* US Staff ***** is a legitimate employer. However, borrowers claiming to work there frequently use phone numbers tied to fake employment verification (VEO) services, making those applications high risk.



Get the Full Top 35 Negative File Employers List

Download the complete list with phone numbers, application volumes, and loan exposure for all 35 confirmed fraud score 999 employers.

landing.pointpredictive.com/negative-file-employers

DOCUMENT FRAUD

AI-Generated Paystubs: A 5x Surge

AI-generated fraudulent documents increased nearly 500% between April and December 2025, according to research from Inscribe. The technology behind chatbots, voice clones, and deepfakes has become a weapon of choice for fabricating paystubs and bank statements at scale.

FRAUD-AS-A-SERVICE: AI PAYSTUB SITES


Websites now openly advertise AI-powered paystub generation

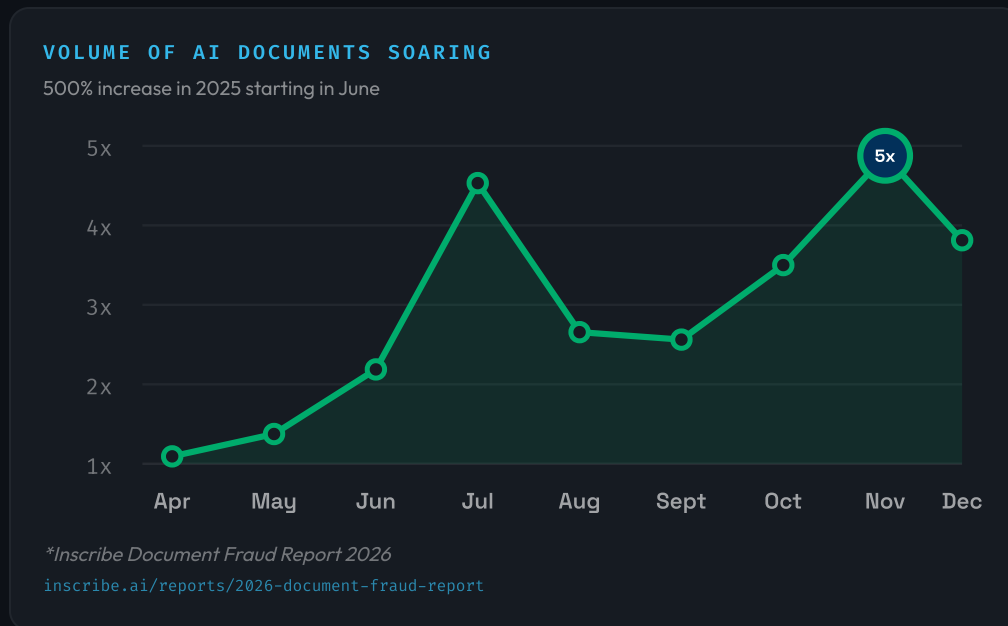
AI Paystub Maker

Create the realest-looking AI-generated pay stubs almost instantly. No more worrying again!

Build your AI Paystub Now >

★★★★★ Rated 4.7/5 (1300+ Reviews)





~500%

Increase in AI-generated fraudulent documents, Apr-Dec 2025

98%

of fraud leaders concerned about AI-generated documents

90 sec

to alter a paystub with auto-updated withholdings

HOW AI-ASSISTED FRAUD WORKS

- 1 Fraudster finds a real paystub template online or uses a dedicated AI paystub generator site
- 2 AI smooths fonts, alignment, and internal math so the forged document passes visual inspection
- 3 Withholdings, deductions, and net pay are auto-calculated, eliminating math errors that used to catch fakes

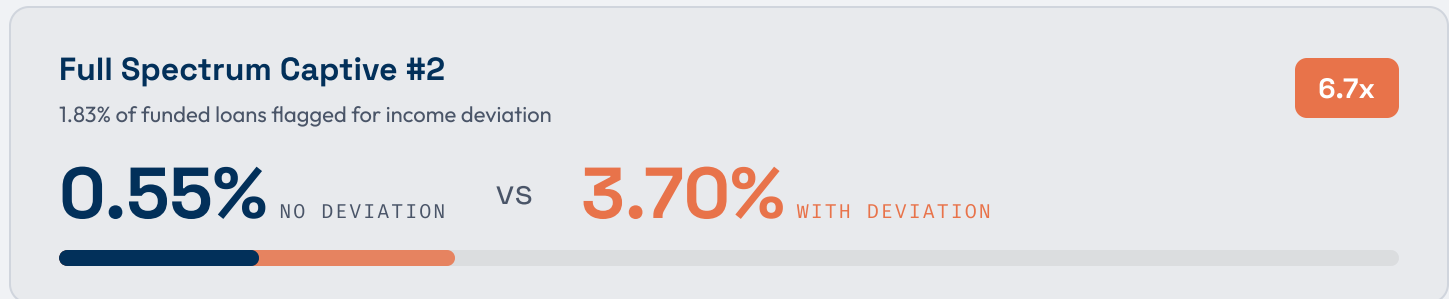
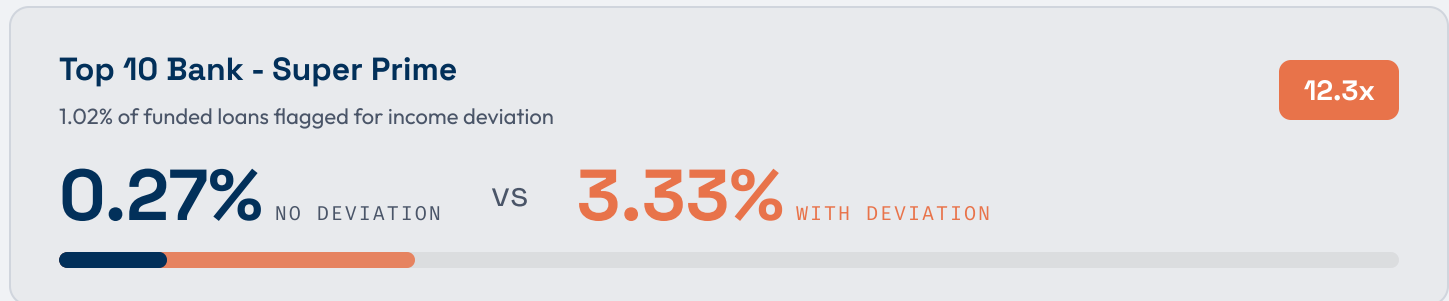
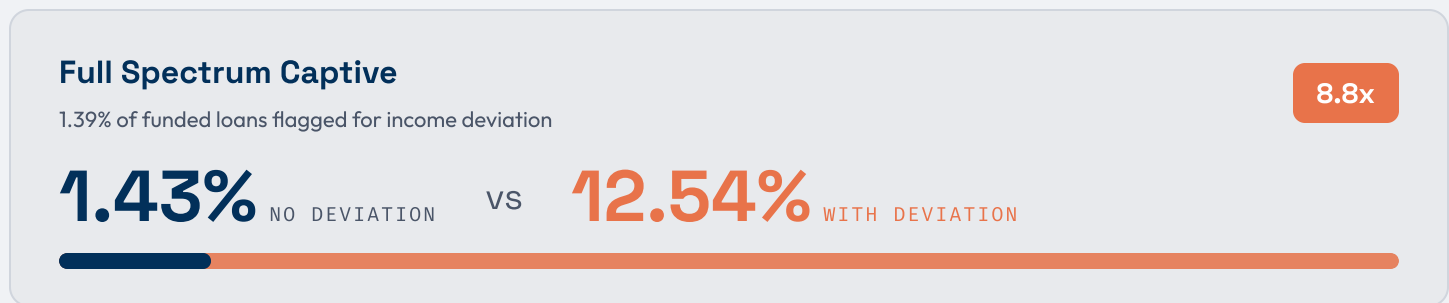
WHY TRADITIONAL DETECTION FAILS

- ! AI-generated documents have no visual tells visible to human reviewers
- ! Metadata fingerprints differ by AI model version, requiring specialized forensic tools to detect
- ! Guardrails in tools like ChatGPT and Gemini are easily bypassed for document alteration

— INCOME DEVIATION ANALYSIS

Income Deviations Isolate High-Risk Applicants

When applicants report significantly different income figures across lenders, it is one of the strongest early warning signs of potential default. Across three different lender portfolios, income deviation flags consistently identify applicants with dramatically higher EPD rates.



When an applicant reports \$80K to one lender and \$55K to another, that's not a rounding error. That inconsistency is highly predictive of early payment default.

Mike Kennedy, AI Data Scientist

— RISK FACTOR ANALYSIS (CONTINUED)

Top Risk Signals by Default Multiplier

Point Predictive's consortium intelligence evaluates hundreds of proprietary risk signals per application. The table below ranks the highest-performing risk indicators by their peak default multiplier relative to the general population. Each signal has been validated across multiple lenders.

RANKED BY PEAK DEFAULT MULTIPLIER

RISK SIGNAL	CATEGORY	PEAK EPD	MULTIPLIER	RISK LEVEL
Multiple Addresses Across Lenders	IDENTITY	50.00%	46x	
Multiple Bust-Out Risk Patterns	VELOCITY	70.00%	38x	
Negative File Phone Reuse	CONSORTIUM	80.00%	36x	
Rapid Application Velocity	VELOCITY	39.09%	30x	
Multiple Email Identities	IDENTITY	37.50%	30x	
Income Inconsistency Across Applications	VELOCITY	53.85%	24x	
Prior Association with Suspected Fraud	CONSORTIUM	66.67%	24x	
Recent High Fraud Score on File	CONSORTIUM	47.37%	21x	
Shared Phone Across High-Risk Apps	CONSORTIUM	37.04%	20x	
Phone Number Tied to Prior Fraud	CONSORTIUM	33.33%	20x	

46x Higher

The strongest risk signal carries a peak default rate 46 times the general population. Identity, velocity, and consortium signals are most powerful when layered together on a single application.

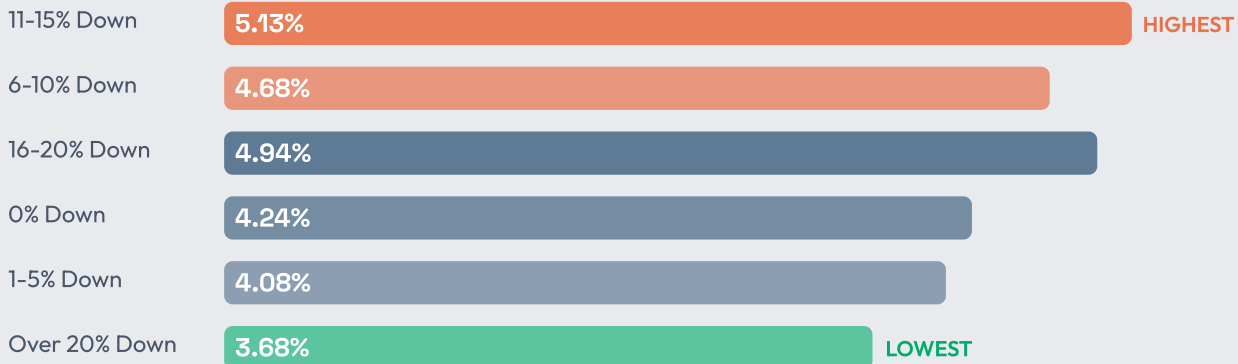
RISK FACTOR ANALYSIS (CONTINUED)

More Risk Signals From the Data

Beyond employer and contact data, down payment structure and reported occupation are strong predictors of default losses due to misrepresentation. Applicants in certain high-risk industry categories default at more than 4x the overall average, and down payment brackets reveal counterintuitive risk patterns.

RISK FACTOR: DOWN PAYMENT AMOUNT

COMBINED DEFAULT RATE BY DOWN PAYMENT BRACKET



The 11-15% bracket is most risky - not 0% down. Moderate down payments can indicate inflated vehicle prices or dealer manipulation to hit lender sweet spots.

Over 20% down is safest - borrowers with real skin in the game default at significantly lower rates than the 11-15% bracket.

RISK FACTOR: HIGH-RISK OCCUPATION CATEGORIES

OCCUPATION CATEGORY	MULTIPLIER	RISK LEVEL
Labor / Repair / Construction	4.5x	
Airlines / Travel Staff	4.4x	
Office Worker	4.1x	
Security	4.0x	
Customer Service	3.5x	
Warehouse	3.2x	
Overall Average (baseline)	1.0x	

Why It Matters

These occupations frequently appear on fabricated employment records. Combined with a fake employer match, they are strong indicators of misrepresentation.



04

SECTION FOUR

Geographic & *Vehicle Risk*

Where fraud concentrates and which vehicle brands carry the highest risk. Geographic and vehicle-level analysis reveals the ZIP codes, states, and makes that demand the most scrutiny from lenders.

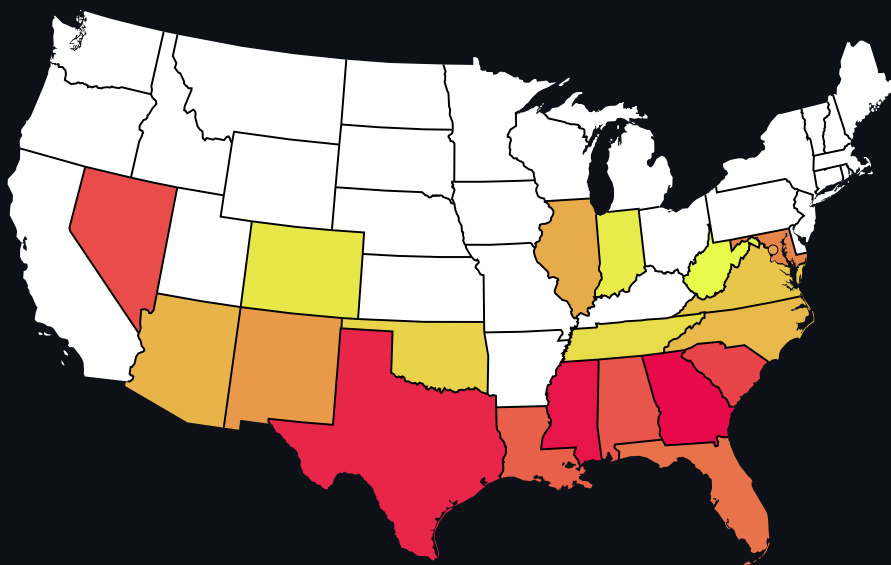
— GEOGRAPHIC INTELLIGENCE

Georgia, Mississippi & Texas Lead Fraud Per Capita

Fraud per capita rates were calculated based on applicant home address by comparing state populations to applications receiving the highest fraud score (999) and/or having confirmed fraud or early payment default. Mississippi and Oklahoma posted significant increases.

TOP 20 HIGHEST RISK STATES

#	STATE	CASES	PER 100K	YOY	#	STATE	CASES	PER 100K	YOY
1	Georgia	49,084	584.3	-3.5%	11	Washington DC	2,225	386.9	-13.0%
2	Mississippi	13,175	565.4	+6.0%	12	Illinois	34,646	348.2	-5.7%
3	Texas	124,950	535.4	-5.3%	13	North Carolina	29,078	343.7	-4.2%
4	Nevada	12,719	504.7	-15.9%	14	Arizona	18,274	323.2	-8.8%
5	South Carolina	19,221	458.8	+0.9%	15	Virginia	21,189	310.2	-5.8%
6	Alabama	17,833	458.2	-3.5%	16	Oklahoma	8,776	283.6	+12.6%
7	Louisiana	16,601	454.8	-3.9%	17	Tennessee	15,023	272.2	-1.5%
8	Florida	81,259	450.2	-12.8%	18	Colorado	11,108	242.3	-4.5%
9	Maryland	21,161	435.3	-7.2%	19	Indiana	12,341	233.7	-6.9%
10	New Mexico	6,591	392.3	-0.9%	20	West Virginia	2,906	200.4	+2.1%



Georgia, Mississippi, and Texas topped the highest fraud risk in the nation, driven by synthetic identity, credit repair fraud and bust out.

— ZIP CODE ANALYSIS

Highest Risk ZIP Codes in the US

The riskiest ZIP codes were identified by synthetic identity rate: the share of applications flagged as synthetic out of all applications in that ZIP code. Results are filtered to ZIP codes with a minimum of 2,000 applications in 2025. Florida dominates the list, holding 13 of the top 20 spots.

TOP 20 HIGHEST RISK ZIP CODES BY SYNTHETIC IDENTITY RATE

#	ZIP	CITY	RATE	YOY	#	ZIP	CITY	RATE	YOY
1	77036	Houston, TX	3.85%	-0.33%	11	20164	Sterling, VA	3.01%	+1.21%
2	34116	Naples, FL	3.56%	-0.23%	12	33166	Doral, FL	2.96%	-0.32%
3	33009	Hallandale Bch, FL	3.40%	-0.20%	13	22311	Alexandria, VA	2.92%	-0.05%
4	33130	Miami, FL	3.23%	-0.15%	14	80247	Denver, CO	2.91%	+0.33%
5	33135	Miami, FL	3.20%	-1.00%	15	33160	Sunny Isles Bch, FL	2.90%	-0.54%
6	33614	Tampa, FL	3.18%	-0.52%	16	34104	Naples, FL	2.87%	+0.26%
7	34787	Winter Garden, FL	3.17%	+0.15%	17	33013	Hialeah, FL	2.84%	+0.31%
8	33014	Hialeah, FL	3.14%	+1.01%	18	33172	Miami, FL	2.84%	+0.03%
9	60016	Des Plaines, IL	3.14%	+1.67%	19	33433	Boca Raton, FL	2.82%	+1.62%
10	34747	Kissimmee, FL	3.09%	-0.35%	20	33126	Miami, FL	2.81%	-0.22%

FASTEST RISING ZIP CODES - YOY SYNTHETIC IDENTITY RATE INCREASE

#	ZIP	CITY	2024	2025	CHANGE	#	ZIP	CITY	2024	2025	CHANGE
1	19140	Philadelphia, PA	0.58%	2.76%	+2.18%	6	80214	Lakewood, CO	0.70%	2.36%	+1.66%
2	90640	Montebello, CA	0.31%	2.23%	+1.92%	7	33433	Boca Raton, FL	1.20%	2.82%	+1.62%
3	94538	Fremont, CA	0.77%	2.59%	+1.82%	8	77007	Houston, TX	0.54%	2.15%	+1.61%
4	22204	Arlington, VA	0.98%	2.74%	+1.77%	9	60634	Chicago, IL	1.12%	2.71%	+1.59%
5	60016	Des Plaines, IL	1.47%	3.14%	+1.67%	10	60625	Chicago, IL	1.22%	2.72%	+1.50%

Key Takeaway

Florida holds 13 of the top 20 highest-rate ZIP codes. Houston's 77036 leads the nation at **3.85%** synthetic identity rate.

Geographic Spread

The fastest-rising ZIPs span **8 states** from coast to coast. Philadelphia (+2.18%) and Montebello, CA (+1.92%) lead, signaling synthetic identity fraud is no longer concentrated in traditional hotspots.

— VEHICLE INTELLIGENCE

Highest Fraud Rate Vehicles

Risk of fraud above baseline measures how many times more likely a vehicle is to appear in a fraudulent application compared to the industry average. A value of 6.3x means that vehicle carries over six times the normal fraud risk. Luxury and exotic brands dominate the top of the list, driven by high resale value and identity fabrication on high-dollar loans. Commercial chassis vehicles also rank high, often tied to bust-out schemes targeting fleet financing. Mercedes-Benz alone accounts for 12 of the top 50 entries, signaling concentrated brand-level exposure that lenders should monitor closely.

#	MAKE	MODEL	RISK	#	MAKE	MODEL	RISK
1	GMC	Sierra 3500HD	6.3x	26	Mercedes-Benz	GLA	4.2x
2	McLaren	570	5.9x	27	BMW	8 Series	4.2x
3	Mercedes-Benz	Maybach	5.6x	28	Ford	F-250 Super Duty	4.1x
4	Mercedes-Benz	AMG GT	5.4x	29	Mercedes-Benz	EQE	4.1x
5	Bentley	Mulsanne	5.2x	30	Freightliner	Cascadia	4.1x
6	Genesis	Electrified GV70	5.2x	31	Mercedes-Benz	AMG GT (all)	4.1x
7	Lamborghini	Aventador	5.1x	32	Porsche	Taycan	4.1x
8	Mercedes-Benz	EQS	5.0x	33	Ferrari	California	4.0x
9	Mercedes-Benz	AMG GLE Coupe	4.9x	34	McLaren	GT	4.0x
10	Mercedes-Benz	EQE Sedan	4.8x	35	BMW	i8	4.0x
11	Mercedes-Benz	AMG S-Class	4.8x	36	Bentley	Bentayga	3.9x
12	Chevrolet	Express Comm.	4.7x	37	Rolls-Royce	Ghost	3.9x
13	Ram	5500 Chassis	4.7x	38	Tesla	Cybertruck	3.9x
14	Rolls-Royce	Cullinan	4.7x	39	Lexus	LX Series	3.9x
15	Porsche	Cayenne Coupe	4.6x	40	Volvo	C40 Recharge	3.9x
16	Mercedes-Benz	EQE SUV	4.6x	41	McLaren	570S	3.8x
17	Lamborghini	Urus	4.5x	42	Lamborghini	Huracan	3.8x
18	GMC	Magnavan	4.5x	43	Aston Martin	DB11	3.7x
19	Mercedes-Benz	AMG CLS	4.5x	44	BMW	X3 M	3.7x
20	Ram	3500 Chassis	4.5x	45	INEOS	Grenadier	3.7x
21	Mercedes-Benz	GLE Coupe	4.3x	46	Chevrolet	Express Pass.	3.6x
22	Land Rover	Defender 90	4.3x	47	Volvo	XC90 Recharge	3.6x
23	Cadillac	Escalade IQ	4.3x	48	BMW	8 Series (all)	3.6x
24	Land Rover	Defender 110	4.3x	49	Audi	RS Q8	3.6x
25	BMW	XM	4.2x	50	Range Rover	HSE	3.5x

Risk = fraud risk above industry baseline. 6.3x = 6.3 times more likely than average. Filtered to vehicles with 100+ applications. Risk multipliers for low-volume luxury brands should be interpreted with caution.

— VEHICLE INTELLIGENCE

Highest Early Payment Default Vehicles

Risk of default above baseline measures how many times more likely a funded loan on a given vehicle is to result in early payment default within six months compared to the industry average. Unlike the fraud rate page, mainstream and economy vehicles dominate here. Rapid depreciation leaves borrowers underwater quickly, while affordability-stretched buyers on subprime terms face the highest default pressure. Nissan and Ford models appear frequently, reflecting high subprime origination volume on depreciating assets. Tesla Model 3 leads the list at 6.9x, driven by volatile resale values and aggressive financing terms.

#	MAKE	MODEL	RISK	#	MAKE	MODEL	RISK
1	Tesla	Model 3	6.9x	26	Nissan	Altima	3.0x
2	Nissan	Versa	6.8x	27	Jeep	Grand Cherokee	2.9x
3	Ford	F-150 SuperCrew	5.7x	28	Nissan	Rogue	2.9x
4	Ford	Focus	5.5x	29	Nissan	Maxima	2.8x
5	Volkswagen	Jetta	5.4x	30	Chevrolet	Equinox	2.7x
6	Nissan	Sentra	5.1x	31	GMC	Terrain	2.6x
7	Chevrolet	Trax	4.6x	32	Honda	Civic	2.5x
8	Dodge	Charger	4.5x	33	Chevrolet	Impala	2.5x
9	Jeep	Renegade	4.3x	34	Toyota	RAV4	2.5x
10	Kia	Sorento	4.2x	35	Audi	Q5	2.4x
11	Jeep	Compass	4.2x	36	Chevrolet	Cruze	2.4x
12	Nissan	Murano	4.0x	37	Ford	Escape	2.3x
13	Hyundai	Elantra	3.6x	38	Acura	MDX	2.3x
14	GMC	Acadia	3.4x	39	Hyundai	Tucson	2.2x
15	Kia	Sportage	3.4x	40	Toyota	Camry	2.2x
16	Kia	Forte	3.4x	41	Kia	Optima	2.2x
17	Honda	HR-V	3.3x	42	Chevrolet	Malibu	2.1x
18	Nissan	Pathfinder	3.3x	43	Toyota	Sienna	2.1x
19	Subaru	Outback	3.2x	44	Ford	Explorer	1.9x
20	Ford	Fusion	3.2x	45	Jeep	Cherokee	1.9x
21	Toyota	Corolla	3.2x	46	Chevrolet	Traverse	1.9x
22	Kia	Soul	3.2x	47	Honda	Pilot	1.7x
23	Ford	Edge	3.1x	48	Toyota	Highlander	1.7x
24	Hyundai	Sonata	3.0x	49	Honda	CR-V	1.5x
25	Dodge	Durango	3.0x	50	Mazda	Mazda3	1.5x

Risk = default risk above industry baseline. 6.9x = 6.9 times more likely to default within 6 months. Filtered to 100+ funded applications.



05

SECTION FIVE

2026

Predictions

Five predictions for how auto lending fraud will evolve in the year ahead. From AI-powered schemes to shifting regulatory landscapes, these forecasts highlight the risks lenders must prepare for now.

— LOOKING AHEAD

Five Predictions for 2026

Fraud is evolving faster than the tools most lenders use to fight it. Based on fraud intelligence derived from more than 300 million consortium applications and the trends emerging across the industry, here is where we believe auto lending is headed.

01

AI Will Make Fake Documents Indistinguishable From Real Ones

AI tools can now generate photorealistic bank statements, pay stubs, verification of employment letters, and title documents in minutes for as little as \$5 on Telegram. The output is getting good enough to fool even experienced fraud reviewers. The era of spotting fakes by font and spacing is ending.

02

The Trust in Documentation Will Collapse Entirely

The paystub, the bank statement, the title document, the employment letter - all were built on the assumption that paper and PDFs were hard to fake. That assumption is gone. The honest question is no longer "does this look real?" but "can we verify this without relying on the document at all?"

03

Consortium Intelligence Will Become the Backbone of Loan Decisioning

Lenders who share intelligence will outperform those who don't. When a fraudulent employer, phone number, or identity pattern appears at one lender, consortium-connected institutions will recognize it instantly across the network. Risk signals derived from hundreds of millions of applications will replace static rules as the primary layer of fraud defense in auto lending.

04

Generative AI Will Supercharge the Fraud Analyst

The same generative AI that fraudsters use to fabricate documents will be turned against them. Purpose-built AI agents will investigate applications the way a seasoned analyst would, but at machine speed, cross-referencing employer details, verifying income patterns, and flagging synthetic identities across thousands of applications simultaneously.

05

The Fraud Arms Race Will Force Lenders to Choose: Adapt or Lose

Auto lending fraud has grown from \$7.9B in 2023 to \$10.4B in 2026. Fraud as a service is now a \$500M business that delivers a car with fake documents included. Lenders who still rely on manual review and static rules are fighting a 2025 problem with 2015 tools.

\$7.9B to \$10.4B

Auto lending fraud exposure has grown 32% in just three years. The next few years will separate lenders who build AI-powered, consortium-connected fraud programs from those who keep absorbing losses they cannot fully measure.



06

SECTION SIX

About

Point Predictive

How we protect the auto lending industry from fraud. Our technology, our team, and the products that power trust in every transaction.

— OUR APPROACH

Three Layers of Fraud Defense

Technology alone is not enough. Point Predictive combines deep learning AI, autonomous AI agents, and human fraud investigators into a unified defense system that catches what each layer would miss on its own.

AI + Deep Learning (LSTM Neural Network)



The only FCRA-compliant deep learning fraud model in auto lending, with a GLBA-compliant version also available to match each lender's intended use. Informed by proprietary attributes derived from more than 300 million consortium applications with confirmed fraud outcomes across 650+ lenders. Returns a risk score (1-999) and 150+ proprietary fraud alerts per application. As new fraud schemes are identified across the consortium, updated intelligence is made available to all lenders.

150+Fraud Alerts
Per App

AI Intelligence Agents



Eight specialized AI agents running 24/7, analyzing fraud signals across the consortium at a scale no human team could match. They identify fraud rings by connecting risk indicators across lenders, dealers, and states. They flag suspicious activity in real time and route it to our human investigators.

8Specialized
AI Agents

Forensic Fraud Investigators



Our fraud analyst team manually investigates suspicious patterns flagged by AI and our Intelligence Agents. They proactively alert lenders to emerging fraud, assist in building investigation strategies, and send real-time fraud ring alerts. They serve as an extension of your fraud team.

\$1.6BFraud
Prevented
Since 2017

Application Submitted

Consortium Intelligence

Score + 150 Alerts

Decision in Seconds

— OUR TEAM

The Guardians of the Industry

Point Predictive employs a dedicated team of forensic fraud investigators with decades of combined experience in financial crime. Working alongside our AI Intelligence Agents, they manually investigate the most complex cases, uncover fraud rings spanning multiple lenders, and proactively alert institutions to emerging threats before losses occur. In 2025 alone, analysts completed 7,876 fraud reviews covering \$230.2 million in loan exposure, with straw borrower, income fraud, and bust out accounting for over 65% of all findings.

7,876

Fraud Reviews
in 2025

\$230.2M

Fraud Losses
Prevented in 2025

2025 ANALYST TEAM FINDS BY FRAUD TYPE

FRAUD TYPE	SHARE	EXPOSURE	IMPACT
Straw Borrower	25.9%	\$59.3M	
Income Fraud	21.2%	\$48.7M	
Bust Out	18.2%	\$42.0M	
Employer Fraud	13.0%	\$30.0M	
Identity Fraud	7.6%	\$17.6M	
Synthetic Identity	6.0%	\$13.9M	
Commercial Use	3.2%	\$7.4M	
Employment Misrep	2.6%	\$5.9M	
Credit Washing	1.7%	\$4.0M	
Dealer Fraud	0.6%	\$1.4M	

Proactive Detection

Analysts don't wait for lenders to report fraud. They actively hunt for emerging schemes, identify fraud rings across the consortium, and issue alerts before a single dollar is lost.

Lender Partnership

Each analyst serves as an extension of the lender's fraud team, providing personalized briefings, investigation support, and real-time fraud ring alerts tailored to their specific portfolio risks.

AI + Human Synergy

Our AI Intelligence Agents flag anomalies using fraud signals derived from the consortium. Analysts then investigate the most complex cases, adding human judgment that AI alone cannot replicate.

— OUR SOLUTIONS

The Point Predictive Product Suite



AutoPass™

AI Fraud Risk Scoring for Auto Lenders

The only FCRA-compliant deep learning fraud model in auto lending, with a GLBA-compliant version also available to match each lender's intended use. AutoPass scores every application from 1 to 999 and returns 150+ proprietary fraud alerts, enabling lenders to automate up to 80% of fraud decisions. Informed by proprietary attributes derived from 307M+ consortium applications with confirmed fraud outcomes across 650+ institutions. As new fraud schemes are identified across the consortium, updated intelligence is made available to all lenders.

80% Automation

40-60% Fraud Reduction

150+ Alerts Per App



BorrowerCheck™

Identity Verification for Lenders & Dealers

KYC-compliant borrower verification that can stop first-party and third-party fraud at the point of sale. For dealers, a fast phone-based OTP replaces slow KBA surveys and prevents buybacks before they happen. For lenders, a single report covering identity, income, and employment catches fraud that traditional controls miss, automating up to 69% of verification decisions.

90% Detection

20-30% Loss Reduction

Fast OTP Verification



DealerCheck™

Dealer Risk Scoring & Monitoring

AI-powered dealer risk intelligence covering 68,000+ active dealer profiles. DealerCheck identifies risky dealers an average of 180 days earlier than traditional monitoring, allowing lenders to take action before losses accumulate. Compare your dealer performance against consortium benchmarks, track risk trends over time, and receive proactive alerts when dealer behavior changes.

180 Days Earlier

68K+ Dealer Profiles

Consortium Benchmarks



IEValidate®

True Income and Employment Verification

Instant income and employment verification without paystubs or VOEs. IEValidate leverages 360M reported incomes and 25M employer profiles to validate stated income and employment in real time. Detects 17,300+ known fake employers and flags income discrepancies that indicate misrepresentation, increasing pull-through rates by 50% or more while eliminating slips on verified applications.

70-85% Hit Rate

50%+ Pull-Through

360M Incomes



FRAUD INTELLIGENCE REPORT // 2026

You Fund More Loans. We Stop the Fraud.

READY TO SEE WHAT YOU'RE MISSING?

 www.pointpredictive.com

 San Diego, CA