

Closing the Gap: How Grasshopper Bank Achieved Efficient, Secure Client Onboarding with NeuroID

Customer Challenges



Operational costs of fraudulent accounts increasing overhead and draining resources, challenging the lean, highly efficient team



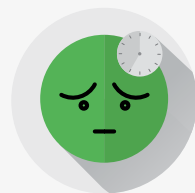
New product launches attracting **fraud upticks**



Potential **vulnerabilities in fraud detection** and client onboarding



Preventing fraud **without adding friction to “good” clients**



Lean team scaling services to meet astronomical growth

NeuroID Results



More accurate rejection at top-of-funnel onboarding, **drastically reducing manual review costs and API calls**



Streamlined client onboarding through advanced fraud detection tools



Refined cost-awareness, informing operational spending for the acquisition team as well as fraud team



Fraudsters today almost have cleaner identities than normal people. Traditional resources don't go as far as they used to; fraudsters can fake a driver's license or formation doc. **NeuroID lets us dig deeper where we couldn't see before to find what's really going on.**

- Kaylee Sandberg, Fraud Manager, Grasshopper Bank



Grasshopper Overview

At its launch in 2019, Grasshopper was the first digital commercial bank in the U.S. focused only on serving a select group of entrepreneurs and venture investors in the innovation economy. Four years later, Grasshopper assets now total more than \$733M and their services have expanded to a suite of products tailored to small business, start-ups, venture capital and private equity firms, fintech-focused Banking-as-a-Service (BaaS) and commercial API banking platforms, SBA lending, commercial real estate lending, and more.

Grasshopper's Challenges

Grasshopper employs only about 100 people, but it onboards 1,000+ new SMB and start-ups a month. **With that ratio, efficiency isn't just a goal—it's a necessity.** "We run a really qualified, lean team here," said Kaylee Sandberg, Fraud Manager at Grasshopper. "We're always trying to make everything better and scale faster. We're focused on growing fast while still ensuring a great experience for clients from start to finish, with a frictionless process for onboarding."

Staying lean couldn't mean compromising on growth. But as Grasshopper focused on expansion initiatives, they also noticed a trend of cascading fraud costs related to closing fraudulent accounts. Not adding headcount while experiencing astronomical growth in clients and fraud attacks was a struggle: Grasshopper's fraud team wanted to solve it quickly. "Fraudster applications look cleaner than real people at this point," said Teddy. "But sometimes you get an uncanny valley type feeling, where everything looks perfect, but doesn't quite add up. We knew we were missing something. I talked to our Alloy representative to see if they had a best-in-class behavior vendor to fill that gap. And he introduced us to NeuroID."

The NeuroID Solution

Scaling while staying secure, without overburdening their small team, was an immense challenge as Grasshopper got ready for a new product launch. "With this launch, we knew third-party fraud was going to be a problem," said Teddy Gordon, Grasshopper's Director of Data. "So it was essential for us to implement an innovative solution to help proactively address any vulnerabilities that could otherwise be exploited during the onboarding process."

The NeuroID solution immediately closed fraud gaps and extended operational savings. Within days after NeuroID implementation, both Grasshopper's fraud and their acquisition teams were able to identify specific marketing campaigns that were leading to increased fraud. Fortunately, as quickly as NeuroID could flag these accounts, Kaylee and her team were right behind closing them.

“We obviously do some cost analysis for any new vendor. With NeuroID, we didn't even get to the point of factoring in the cost-savings of not needing to close out fraud accounts. **We realized that putting NeuroID at the beginning of our waterfall more than paid for itself by reducing other services,** like our standard KYC or fraud or quality checks later in the waterfall.”

- Teddy Gordon, Director of Data, Grasshopper Bank

With that additional behavioral-level visibility, Grasshopper's fraud team is able to not only shut down fraudsters more efficiently but pivot operational costs accordingly: "Anything that we find on the fraud side helps us direct where we spend our marketing dollars," said Teddy. **"Now, we're able to effectively advise our acquisition team on reallocating funds from less secure channels to those that attract higher quality applicants.** NeuroID gives us confidence to make decisions not just on fraud, but where to dial up and down the marketing depending on trends we're seeing. It makes our lives easier, and the acquisition team's lives easier because their dollars go further."

By providing behavioral analytics to their fraud workflow, NeuroID helps Grasshopper identify and address vulnerabilities in its client onboarding with predictive visibility for better decisioning at the top of the fraud funnel. "The alert functionality that we get from NeuroID is huge because it shows when there's any uptick," said Kaylee. "I use NeuroID on a daily basis just to monitor the risky users and see the patterns. I live in there. It gives us that added visibility to follow the crowd trends and be ready for when we get that alert. I love it."

“At some point, everyone in the industry is going to realize that **NeuroID behavioral analytics are a necessity for safe, frictionless client onboarding.** But before that point, a lot of institutions are going to take some pretty big losses. We didn't want to be one of them.

- Teddy Gordon, Director of Data, Grasshopper Bank

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Timeline



Grasshopper is founded to serve a select group of entrepreneurs and venture investors, but quickly expands to offer a suite of products and services tailored to small businesses, start-ups, venture capital and private equity firms, BaaS and commercial API banking platforms, commercial real estate lending, and more.

Grasshopper's expansion outpaces their staffing, sending Grasshopper searching for solutions that can support their growth without placing too much strain on their lean team.

Grasshopper turns to NeuroID. After implementing NeuroID, they're immediately able to reduce manual review costs and API calls, while also closing fraud gaps and preventing losses.

With NeuroID in place, Grasshopper has constant visibility into crowd trends. This allows them to proactively protect against fraud attacks **without sacrificing their team's efficiency or clients' experience.**

About NeuroID

NeuroID, a part of Experian, is the global leader in behavioral analytics and offers a friction-free, privacy-centered, and tailored solution to online identity screening. After more than a decade of researching human-online interactions, our solutions provide a front line of defense by differentiating between genuine users and potential threats in real-time. NeuroID solutions assess a user's intent—be it a genuine prospect, fraudster, or bot—by analyzing their interactions with a digital device. Our unique crowd-level insights, paired with expert guidance support modern risk management so global leaders can see fraud faster, reduce losses, and increase

About Grasshopper Bank

With total assets of approximately \$733 million, Grasshopper is a client-first digital bank serving the business and innovation economy. Grasshopper replaces the traditional one-size-fits-all approach to banking with a suite of products and services tailored to specific industries, and a passionate team of experts with deep expertise in their fields. Grasshopper's banking solutions cover small business, venture-backed companies, fintech-focused Banking-as-a-Service (BaaS) and commercial API banking platforms, SBA lending, commercial real estate lending, and more. Headquartered in New York City, the bank is a member of the Federal Deposit Insurance Corporation and is an Equal Housing/Equal Opportunity Lender. For more information, visit the bank's website at www.grasshopper.bank or follow on LinkedIn and Twitter.