CASE STUDY

Combating Identity Fraud at Auto Dealerships with IDEMIA & Kudelski IoT's ID&V Joint Solution



IDEMIA
PUBLIC SECURITY



About IDEMIA Public Security

About IDEMIA Public Security: IDEMIA Public Security, a division of IDEMIA Group, is the premium provider of convenient and trusted biometric solutions revolutionizing the fields of public security and identity, travel and transportation, and access control around the world. Built on privacy and trust, our market-leading iris, fingerprint, and facial recognition solutions excel in independent benchmarking for accuracy, fairness, and scalability.

For more than 50 years, we have fostered longstanding relationships with major governmental, trans-governmental and private organizations across the globe. Our solutions—designed using the most advanced security features and encryption technologies available on the market and with a commitment to privacy, accuracy and fairness—enable our clients to build safer and fairer societies where people can live, interact, and move about freely.

With more than 3,800 employees, IDEMIA Public Security is the largest global provider of law enforcement biometric systems. We provide TSA's next generation Credential Authentication Technology (CAT2) and hold a market-leading position in identity documents in the U.S, including the issuance of over 70 million smart credentials in the United States.

U.S. auto dealers turn to IDEMIA and Kudelski IoT for identity verification solution.

Solution for cutting fraud and enhancing customer confidence for millions of vehicle transactions annually.

Challenge:
Soaring Identity Fraud Threatening Auto Dealerships

In recent years, auto dealerships across the U.S. have faced a dramatic rise in identity fraud. Criminals increasingly use sophisticated fake or stolen driver's licenses to exploit vulnerabilities in the car-buying and test-driving process. Fraudsters have impersonated legitimate buyers to obtain financing, or even used counterfeit IDs to steal vehicles during test drives—driving off the lot and vanishing without a trace. In a survey[1] conducted by eLend Solutions it was revealed that 79% of dealers this kind of incident, and the total cost to the industry was over $619 million annually.

According to advisory firm Brady Ware[2], identity theft poses a serious and growing financial risk to dealerships, especially those offering in-house financing. Meanwhile, digital retailing has made it even easier for fraudsters to game remote approval processes using synthetic identities. Auto retailers need identity verification tools that work just as well online as they do in person, but without introducing friction for legitimate buyers.

In 2024, IDEMIA partnertned with Kudelski IoT to identify a modern identity verification solution that could protect car dealerships from these scams. The dealerships wanted to validate customer identities before allowing test drives or loan approvals, without performing a check against Department of Motor Vehicles (DMV) data (to which access is restricted in California).

[1] https://elendsolutions.com/wp-content/uploads/2022/10/eLEND-2022-Fraud-Survey-Report-10-21-2022-FINAL.pdf

[2] https://bradyware.com/dealership-identity-theft/#:~:text=Identity%20theft%20poses%20serious%20financial,of%20these%20thefts%20are%20paramount

Solution:
Secure Identity Verification using IDEMIA's ID&V Platform

Through their partnership, Kudelski IoT and IDEMIA Public Security combined their strengths to launch a proof of concept tailored to auto retail challenges. Kudelski IoT integrated IDEMIA Public Security's Identity and Verification (ID&V) APIs into its Recover ID Check service to launch a proof of concept in partnership with Kudelski's auto dealership network. IDEMIA's ID&V platform combines biometric facial matching, document authentication, liveness detection, and trusted data sources to remotely verify identity with high assurance—all while respecting privacy.

In light of California's restrictions on accessing DMV records, the solution by IDEMIA Public Security' and Kudelski IoT's offered a layered approach that allowed the dealerships to achieve the level of trust they needed in the identity documents being presented:

- **Document Authentication:** Customers capture photos of their driver's license or government-issued ID, which is validated for tampering, photo swapping, or other signs of forgery.
- **Biometric Matching:** Users then take a selfie, which is analyzed for liveness and matched against the photo on the ID.
- **Privacy-First Architecture:** Personal information is never stored in a centralized database. Instead, identity attributes are verified against authoritative systems in real time, and only as needed

The proof of concept was successful, and its results were showcased at the National Automobile Dealer Association (NADA) Conference in New Orleans in January 2025. With the millions of automotive transactions every year in the US alone, the demand for scalable remote identity verification in auto retail was clear.



9.8%
average annual revenue lost to digital fraud by U.S. companies[1]

79%
of auto dealerships experience identity fraud-related vehicle loss[2]

$619 million+
auto dealership annual identity fraud losses in 2022[2]

1 https://www.infosecurity-magazine.com/news/digital-fraud-costs-companies/
2 https://elendsolutions.com/wp-content/uploads/2022/10/eLEND-2022-Fraud-Survey-Report-10-21-2022-FINAL.pdf



The Results:
Security, Efficiency, and a Frictionless Experience

By March 2025, joint IDEMIA-Kudelski solution had gone live. Together, the partners now enable dealerships to:

- Verify identities before test drives or loan approvals
- Reduce losses from vehicle theft and fraudulent financing
- Increase operational efficiency by digitizing formerly manual verification steps
- Improve customer trust and experience by offering a seamless, remote-friendly identity check

The solution supports in-person, remote, and hybrid use cases—crucial for modern dealerships navigating both showroom and digital sales channels.

Importantly, the approach leverages IDEMIA Public Security's NIST-validated biometric algorithms alongside Kudelski's integration expertise, providing a best-in-class fraud prevention tool without compromising on customer experience.

Delivering Business Security through Identity Authenticity

Auto dealerships are no longer just in the business of selling cars—they're managing risk in an increasingly digital world. The partnership between IDEMIA Public Security and Kudelski IoT delivers a powerful, scalable, and privacy-respecting solution for high-confidence identity verification. By combining IDEMIA's world-leading ID&V platform with Kudelski's IoT integration and deployment capabilities, the solution helps auto dealers stay ahead of increasingly sophisticated fraud, protecting both their business and their customers.

> At Kudelski, we partner only with organizations that demonstrate exceptional technological leadership and reliability. Working with IDEMIA has shown what's possible when security and user experience come together. Their technology gives dealerships the confidence to know who they're dealing with, without slowing down the sales process. It's a solution that feels both practical and forward-looking, exactly what this industry needs as it adapts to more digital, high-risk environments.
>
> **Patrick HAUERT**
> Senior Vice President
> **Asset Tracking**

About Kudelski IoT:

Kudelski IoT is the Internet of Things division of Kudelski Group and provides end-to-end IoT solutions, IoT product design, and full-lifecycle services to IoT device manufacturers, ecosystem creators, and end-user companies. These solutions and services leverage the group's 30+ years of innovation in digital business model creation; hardware, software and ecosystem design and testing; state-of-the-art security lifecycle management technologies and services and managed operation of complex systems. For more information about Kudelski IoT, please visit

www.kudelski-iot.com.

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