

Verification After Cheap Forgery: Credit Files in an Era of Generated Documents

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Abstract

Generative tools have collapsed the cost of faking a financial statement or bank letter, while the credit they unlock has not changed. One rule sorts them: information the applicant hands over is a claim, information confirmed through a channel the applicant does not control is evidence. Most standard file components land on the claim side by default. Verification cost then gets priced against exposure across three tiers, cheap at the low end and thorough at the top.

An assumption that no longer holds

Commercial credit files have always rested on an assumption so basic that most credit departments have never had to state it: the documents a customer submits are hard enough to fake that submitting them means something. A financial statement, a bank reference letter, an insurance certificate, a signed guarantee: none of these were ever impossible to forge. But forging them convincingly took skill, time, or inside access, and the population of applicants willing to invest that effort in defrauding a trade creditor was small. The document functioned as evidence because fabricating it was expensive relative to the credit being sought, not because it was verified.

That economic logic has quietly reversed. Generative tools can now produce a plausible balance sheet, a bank letterhead, a certificate of insurance, or a scanned tax return in minutes, at effectively no cost, by someone with no design skill and no access to anything. The cost of the fake has collapsed while the value of what it unlocks, an open trade line on net 30 or net 60 terms, has stayed the same. When the cost of forgery falls below the value of the credit it obtains, the forgeries arrive, as a matter of arithmetic rather than prediction.

For several years the main sources of data on this shift were companies selling fraud detection software, which gave credit leaders a legitimate reason to...

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