Take The Money:
Protect Against Fraud

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CyberSource®
the power of payment

Today, you will learn...

Fraud loss figures

Industry challenges

Profit optimisation

The tools to help you

Welcome to CyberSource

Who are we

- Founded in 1994
- Pioneered fraud screening at inception of eCommerce

What we do

- Payment Management
    - Global Payment – Fraud Management – Payment Security
    - Helping merchants generate more revenue while reducing costs, complexity and risk

UK Online Fraud Report

Fifth edition;

surveyed 150 UK businesses & 1,000 consumers

Headline Messages

➢Fraud is an increasing burden for merchants

➢Online fraud consumes >1% revenue for 41% of merchants

➢Nearly 70% of merchants rely on manual order review

➢Many consumers still fear online shopping

Airline Online Fraud Report

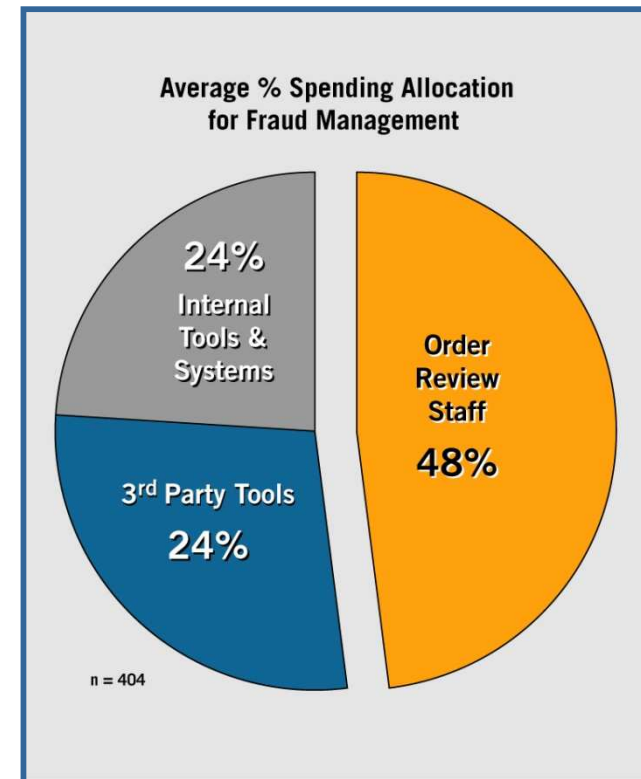Surveyed full fare, low cost and business carriers, worldwide

Headline Messages

➢Worldwide revenue loss $1.4 billion in 2008

➢Average revenue loss rate on airline website around 1.3%

➢30% of bookings manually reviewed
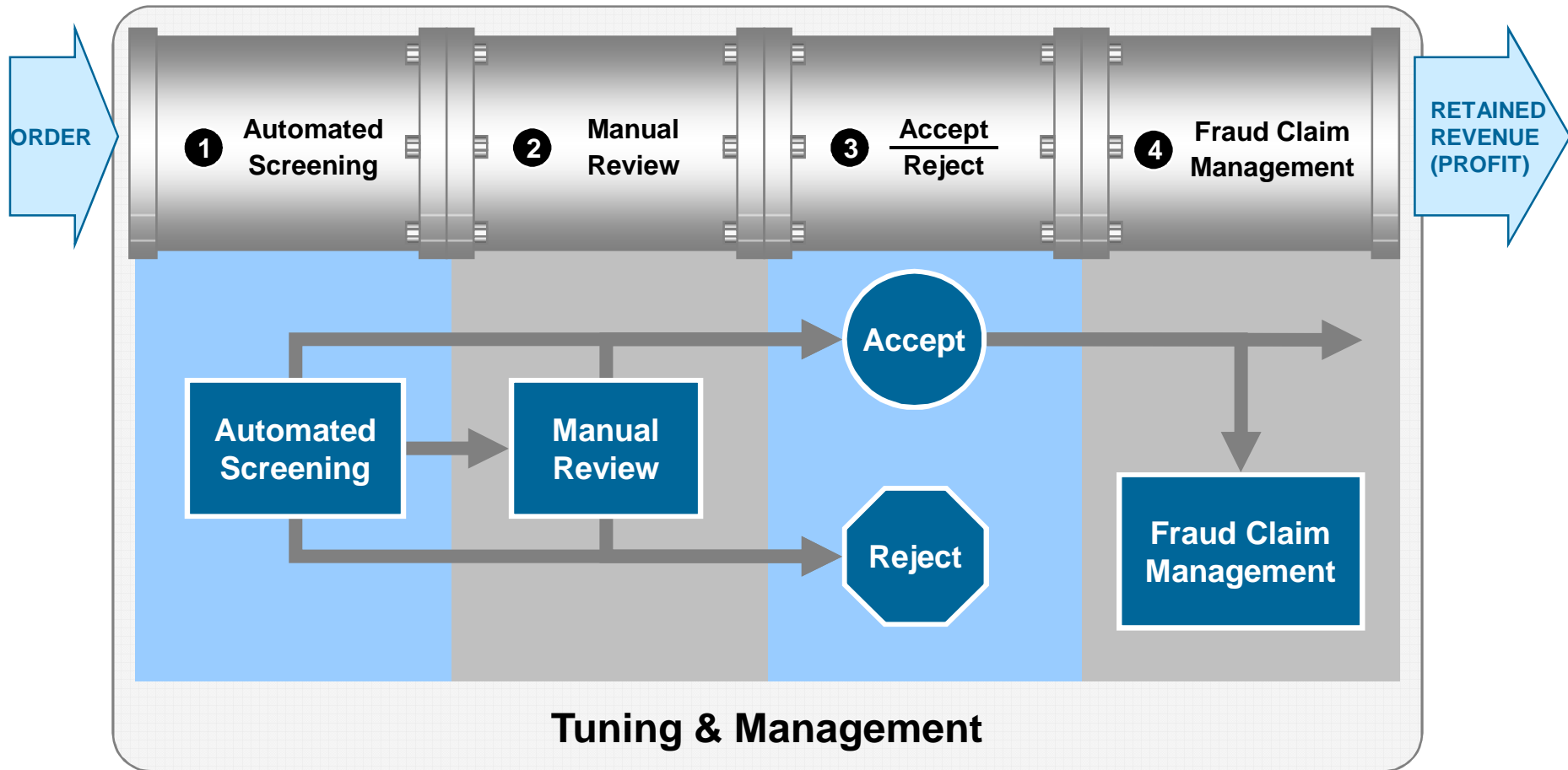
AirlineInformation

Challenges in the Travel Industry

Excessive reliance on manual review of orders

- Many travel merchants still manually reviewing over 80% of orders

- Headcount is expensive

- Cannot scale review teams with projected increase in volumes

- Can result in a negative customer experience

Average % Spending Allocation for Fraud Management

24% Internal Tools & Systems

Order Review Staff 48%

3rd Party Tools 24%

n = 404

The Pipeline Approach

Diagram showing the pipeline flow: ORDER entering into four stages — (1) Automated Screening, (2) Manual Review, (3) Accept/Reject, (4) Fraud Claim Management — leading to RETAINED REVENUE (PROFIT). Below, a process flow shows Automated Screening → Manual Review branching to Accept and Reject, with Fraud Claim Management, all under Tuning & Management.
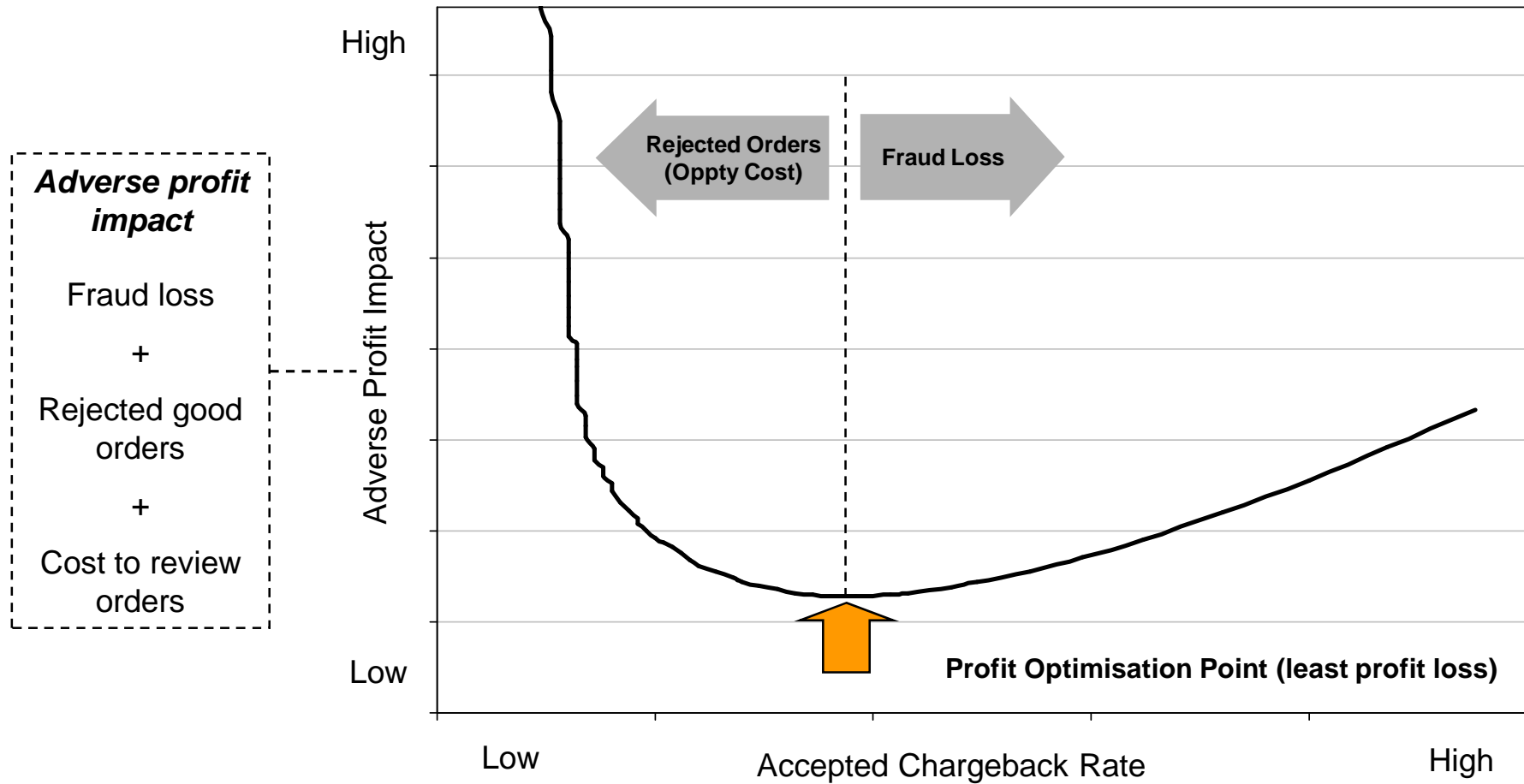
The True Cost of Fraud

Chargeback rates can mask fraud costs

- A common mistake by merchants is to define their fraud costs solely by their chargeback rate

Consider direct and indirect costs

- Chargebacks
- Review team
- Rejected orders – false positives
- Cost of maintaining internal screening systems
- Cost of third party services

Profit Optimisation

Adverse profit impact

Fraud loss

+

Rejected good orders

+

Cost to review orders

Adverse Profit Impact

High

Low

Rejected Orders (Oppty Cost)

Fraud Loss

Profit Optimisation Point (least profit loss)

Low — Accepted Chargeback Rate — High

No Single Tool is Sufficient

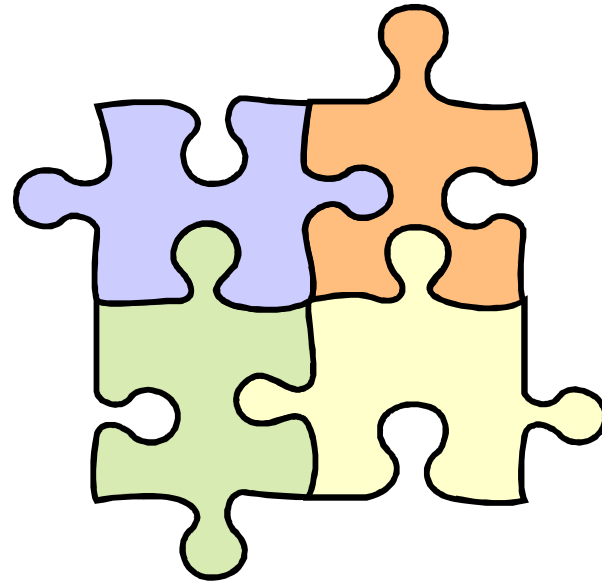**Verified by Visa / MasterCard SecureCode**
Mandatory in the UK for Maestro processing

IP Geolocation
Useful, but can give misleading results

AVS
Only checks the first and last numeric of the card holders address

Address Validation
Checks to see if the address given actually exists. May not be accurate for certain countries.

Card Security Code
Easily compromised by theft

Velocity Checking
Both merchant specific and globally.

Device Fingerprinting

Going beyond IP geolocation

- Scripts on website gather non-personal information
- Detect fraudsters who may be spoofing IP addresses

Name	Email	Country	IP	Fingerprint
Mary Jones	mj123@gmail.com	UK	103.34.100.3	**34r5tr5yy7h543sdf5=**
Abdul Omah	abdul@hotmail.com	US	43.67.32.104	87ujsjh467458fh36=
Gary Clark	g.clark@yahoo.com	AU	212.99.10.56	**34r5tr5yy7h543sdf5=**
Amit Patel	patel@gmail.com	IN	78.34.174.134	**34r5tr5yy7h543sdf5=**
Sarah Kent	kent@yahoo.com	UK	163.61.11.9	1w3e4rtg6y7uhd49=

Centralising Decision Management

Bringing it all together

- Combine the results from all of the tools

- Utilise all available data – PNR information, flight details etc.

- Think globally – don't just focus on local data

- Leverage your business knowledge – build custom rules

Managing the decision process

- Utilise a single platform designed for business users

- Maximise straight-through-processing and minimise reviews

- Where targeted review is required, provide a single portal for reviewers to assess all information efficiently

In Closing...

Consider both direct and indirect fraud costs

Focus on profits, not on fraud

There is no magic bullet – use a suite of tools

Deploy a central decision management platform

More Information

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