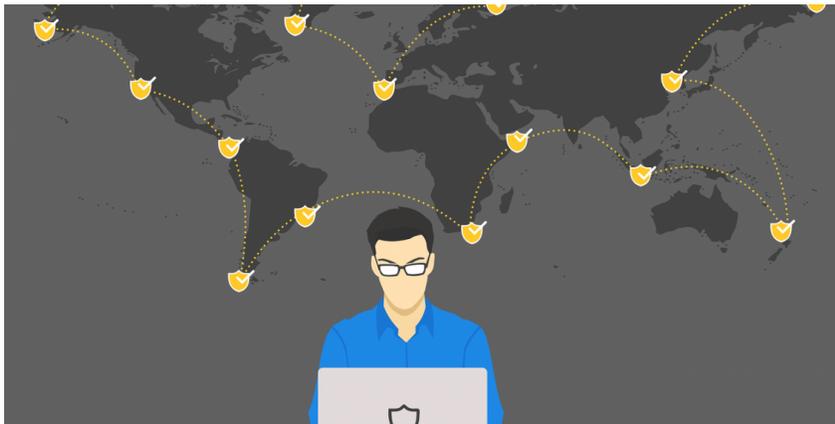


# A Smart Solution to Manage Card Fraud



by **Mukesh Gidwani** — December 21, 2018



Share on Facebook

Share on Twitter

Share on LinkedIn

**\$24.26**  
billion in  
2017

Worldwide gross fraud losses incurred by issuers, merchants, and merchant acquirers

Global Card fraud losses have been escalating and seem to be growing at an alarming rate. Worldwide gross fraud losses incurred by issuers, merchants, and merchant acquirers stood at \$24.26 billion in 2017, and is expected to reach **\$34.66 billion by 2022** – of which \$12.12 billion is expected to be in the U.S., as per the Nilson Report.

With the 2018 holiday season round the corner, merchants are anticipating a 15% increase in ecommerce sales, and together with this a fraud spike. Card Fraud has been one of the major challenges for all the key players within the cards industry including merchants, issuers and merchant acquirers/ payment processors – with **issuers typically absorbing 62%, and merchants bearing 38% of losses**. The shortened dispute and chargeback resolution time limits mandated by VCR are difficult for merchants to adhere to, especially if they are manually reviewing these disputed transactions – merchants now have less than 30 days to draft and submit a dispute response. Merchant Acquirers, though they do not bear any direct financial implications from disputed transactions, do play the role of the entity who merchants and issuers look up to for speedy dispute and chargeback resolution. So it is important for them to resolve disputes quickly, efficiently and accurately.

## Must Reads



**How Mobile Facilitates Payments and More in the Corporate User Space**

DECEMBER 28, 2018



**No More Holding Back on Mobile**

DECEMBER 27, 2018



**Big Breaches Breed Bad Bots**

DECEMBER 26, 2018



**The Role of Customer Expectations and Security in the Digital Transformation of Business Payments**

DECEMBER 24, 2018



**Debunking the Last-Minute Holiday Fraudster**

DECEMBER 21, 2018



**The Ripple Effect of Fraud on Payments**

DECEMBER 20, 2018

**A How-To Guide for Building the Best Banking App**

DECEMBER 19, 2018

## So how do merchant acquirers help merchants and issuers handle fraud spikes?

Some of the larger acquirers have invested in dispute resolution technology to help merchants and issuers with quicker and faster dispute resolution.

On the flip side, most of the mid-size and small acquiring firms, that form a major chunk of the acquiring ecosystem in the country, find it impractical to invest in new and advanced dispute technologies. They typically have a team in-house dedicated to the resolution of these dispute transactions. However, during times of seasonal spikes and increased fraud spikes, these small to mid-size acquiring firms are forced to further ramp up their existing manpower to help their merchants resolve disputes within the stringent timelines. Or they fall behind in their response time. Adding additional resources means adding to fixed costs, which may not be utilized in the lean season, thus reducing overall profitability. As a result many of the merchant acquirers are now partnering with third party service providers who can manage the whole dispute resolution function.

### Is Outsourcing Dispute Resolution a viable option for Merchant Acquirers?

Merchant acquirers are continuously striving to deliver a superior customer experience, faster turn times and competitive pricing to their merchants. In this current environment of heightened competition, outsourcing dispute resolution functions definitely makes sense. They should partner with service providers with experience and who have deep domain expertise in dispute resolution and related fraud. For example, being conversant with the latest categories and correct dispute reason codes helps the acquirer resolve both issuer and merchant disputes well within the stringent resolution timelines. And in addition, the acquirer can also lower their operating cost by taking advantage of the 'pay per click' pricing option that some of the mature service providers offer.

You can learn more about dispute resolutions [here](#)

**Tags:** [Fraud Risk and Analytics](#) [Merchant](#) [Merchant Acquiring](#)

 [Share on Facebook](#)

 [Share on Twitter](#)

 [Share on LinkedIn](#)



## Analyst Coverage, Payments Data, and News Delivered Daily

Sign up for the PaymentsJournal Newsletter to get exclusive insight and data from Mercator Advisory Group analysts and industry professionals.

SUBMIT

---

# Debunking the Last-Minute Holiday

# Fraudster



by [Michael Reitblat](#) — December 21, 2018

Share on Facebook

Share on Twitter

Share on LinkedIn

Holiday shopping procrastination is real. While you may have already wrapped up your gifts and put them under the tree, the same can't be said of all shoppers. In fact, a whopping 24% of individuals [surveyed by the National Retail Foundation](#) said they would continue shopping through the weekend, and 7% would finish their shopping on Christmas Eve. Even still, 4% of shoppers will buy their final gifts *after* the holidays. This means that retailers can't let down their defenses. Not only do they need to deliver a great customer experience to their loyal patrons, they also must keep themselves safe from fraud.



individuals said they would continue shopping through the weekend

While fraudsters don't work overtime during the holidays, they know that [retailers may be overwhelmed](#) with an influx of online traffic, and use this to their advantage. And with the number of holiday shopping procrastinators growing, so too does the fraudsters' opportunity. Merchants need a fraud solution that scales in order to protect their customers and their bottom line.

## Popular Targets for Holiday Fraud

Digital goods are popular with fraudsters year round, but they are also among the top holiday gifts to give and receive. Because shoppers can acquire digital goods instantaneously, this makes them prime items for the last-minute shopper and the fraudster alike — they are easy to liquidate and also don't require too much information to complete the transaction (think: shipping address). This year gaming goods were of particular interest to fraudsters, with Xbox digital goods seeing attack rates nearly ten times above average, according to [Forter's 2018 Fraudster Wish List](#).

[According to Deloitte](#), about one-third of annual sales in the electronics industry occur between Thanksgiving and New Year's. Their steep sticker value and their high market appeal make electronics an ideal target for fraudsters. Forter saw a 66% increase in

## Must Reads

### How Mobile Facilitates Payments and More in the Corporate User Space

DECEMBER 28, 2018

### No More Holding Back on Mobile

DECEMBER 27, 2018

### Big Breaches Breed Bad Bots

DECEMBER 26, 2018

### The Role of Customer Expectations and Security in the Digital Transformation of Business Payments

DECEMBER 24, 2018

### Debunking the Last-Minute Holiday Fraudster

DECEMBER 21, 2018

### The Ripple Effect of Fraud on Payments

DECEMBER 20, 2018

### A How-To Guide for Building the Best Banking App

DECEMBER 19, 2018

### ACI Helps Cross Payment Fraud Off Your Holiday List

DECEMBER 18, 2018



increase in fraud attacks on  
the electronics industry this  
year

fraud attacks on the electronics industry this year, and a 3X spike on gaming consoles over Black Friday weekend. Fraudsters also tend to target mid-range designer items, such as shoes and watches, because they are not so expensive that retailers scrutinize each purchase, but they also provide a high resale value.

### Keeping Your Online Store Safe

A spike in last-minute online shoppers could mean overworked risk and fraud teams and hefty manual review queues. Merchants must ensure that they have protection in place that is not only accurate and effective, but also scalable.

Be sure that your fraud prevention strategy offers more than a “one-size-fits-all” solution. [Each business has their own fraud pain points](#) and should customize their strategy for these issues, whether that be bot attacks or friendly fraud. As much as possible, you should also ensure that your fraud prevention is automated. Old-school fraud detection that relies on rules and manual reviews can cut into holiday revenue by denying good customers and simultaneously letting fraud slip under the radar. Your fraud solution should work as well on the busiest day as the slowest day of the year.

### But Don't Forget About Your Loyal Customers

**A [recent Forster study](#) found that half of Americans agree they're less likely to buy something online if the entire checkout process takes longer than half a minute.**

Keeping your site safe doesn't mean that it should make the customer experience treacherous. By partnering with a fraud prevention solution that can instantaneously [identify good customers from bad actors](#), through machine learning and artificial intelligence, you'll ensure that fraud prevention doesn't impact the shopping experience.

Beyond putting too many barriers in place to ensure a customer is who they say they are, customers can also be impacted by a fraud prevention solution that is too aggressive in declining transactions. If a shopper is wrongfully accused of being a fraudster, and their transaction is denied, this can insult the shopper and prompt them to shop elsewhere. In the near term, it costs you a sale. In the long term, it costs you a customer.

The holiday season is particularly vulnerable to customer insults. A last-minute shopper is relying on retailers to deliver their items on time. If manual reviews delay order fulfillment, and a customer is left gift-less on Christmas morning, those shoppers will be lost for good. In the end, merchants need to not only keep customers safe, they also need to provide an ideal experience for last-minute shoppers. A good fraud prevention system should add protection and remove barriers, making for happy shoppers through the holiday season.

**Tags:** Fraud Risk and Analytics

 Share on Facebook

 Share on Twitter

 Share on LinkedIn



# Analyst Coverage, Payments Data, and News Delivered Daily

Sign up for the PaymentsJournal Newsletter to get exclusive insight and data from Mercator Advisory Group analysts and industry professionals.

SUBMIT

## Connect With Us



## Advertise With Us

[About Us](#)

[Terms of Use](#)

## Analyst Coverage, Payments Data, and News Delivered Daily

Sign up for the PaymentsJournal Newsletter to get exclusive insight and data from Mercator Advisory Group analysts and industry professionals.

SUBMIT

© 2018 PaymentsJournal.com

[Analysts Coverage](#) / [Truth In Data](#) / [Podcasts](#) / [Industry Opinions](#) / [News](#) / [Events](#)

x

x

## Login

Username

Password

Remember Me

LOG IN

[Register](#) | [Lost your password?](#)

| [Back to Login](#)