

# Index

- Account takeovers, 82
- Acquiring bank, 35
  - Code 10 authorization, 95
  - credit card orders, merchant usage, 41
  - request routing, 41
- Address verification, 45
- Address verification services (AVS), 127–132
  - features, 128
  - in-house construction, 132
  - process, explanation, 130
  - quality, 128–129
  - results, usage, 131–132
  - risk, indication, 131
  - techniques, 129
- Administration costs, management, 3
- Advanced address verification (AAV+), 132–134
  - American Express, impact, 133
  - in-house construction, 134
  - process, explanation, 133–134
  - quality, 132–133
  - results, usage, 134
- Advertising/promotional providers, 4
- Affiliate fraud, 82–83
- Age verification, 135–137
  - in-house construction, 137
  - process, explanation, 136
  - quality, 135–136
  - results, usage, 137
  - techniques, 135
- Alternative payments, 4
  - advertising, 18–19
    - examples, 18
  - growth, probability, 6–7
  - options, 4–6
  - providers, 21
- American Express
  - AAV+ services, 133
  - card association, 37
- Analytic providers, 122
- Analytics, 231
- Area code check, 254
- Authorization, 42, 44–47
  - accumulation, 45–46
  - amount, 46–47
  - expiration, 46
  - funds commitment, 45
  - reversal, 42, 47
- Authorization (real time), 190–194
  - in-house construction, 194
  - process, explanation, 192–193
  - quality, 190–192
  - results, usage, 193–194
  - techniques, 191
- Automated Clearing House (ACH)
  - electronic network, 9
  - network, growth, 13
  - online banking payment rails, leveraging, 11–12
  - payment providers
    - examples, 10–11
    - push/pull method, usage, 9
  - payments, 3
- Back-office MSP, 115
- Back-ordered goods, 147
- Bank identification number (BIN) checks, 194–197, 254
  - common card types, 196e
  - in-house construction, 197
  - process, explanation, 195–196
  - quality, 195
  - results, usage, 197
  - techniques, 195
- Bank payments, 3
- Bank services, 9–13
  - costs, decrease, 10
- Bayesian models, 236
- Bill Me Later, 15

- Biometrics, 247–249
  - process, explanation, 249
  - quality, 247–249
  - results, usage, 249
  - techniques, 248
- Botnet-based attacks, 260–261
- Bustout, 78
- Card associations, 36–37
- Card authentication, 43–44
- Card-not-present (CNP). *See* Consumer-not-present (CNP)
- Card security schemes, 137–141
  - authorization, 140
  - CVV2 request, example, 141
  - in-house construction, 141
  - process, explanation, 139–141
  - quality, 138–139
  - results, usage, 141
  - techniques, 139
  - validation, 140
- Case management, 197–198
  - process, explanation, 198
  - quality, 197–198
  - techniques, 197–198
- Cash alternative payments, 16–18
  - providers, 16–17
- Cash-alternative providers, 4
- Chargeback representation, 198–199
  - quality, 198–199
  - techniques, 199
- Chargebacks, 43, 48–53
  - categories, 48–49
  - coding, 49
  - fees, variability, 51
  - fraud, possibility, 42
  - impact, example, 52–53
  - liability, example, 50–51
- Charge verification, 141–144
- Check verification services, 144–146
  - process, explanation, 146
  - quality, 144–146
  - techniques, 145
- Cobranding, concept, 34
- Code 10 authorization, 95
- Collusive fraud, 83–84
- Commercial fraud solutions, merchant
  - considerations, 111–113
- Communications technologies, impact, 29
- Consumer authentication, 146–151
  - process, explanation, 149–150
  - quality, 146–149
  - results, usage, 151
  - techniques, 147–148
- Consumer-not-present (CNP)
  - fraud losses, responsibility (mind share), 68–69
  - payments/fraud, 1
  - sales, growth, 111
  - space, 44
  - transactions, credit card fraud, 33
- Consumer-perpetrated fraud, 73–74
- Consumer-present (CP), credit card fraud, 33
- Consumers
  - data protection requirements, 97–99
  - online purchase fears, 30–31
  - preferences, 5
  - satisfaction fraud, 75–76
- Crackers, 90–91
- Cred-Ex, 15
- Credit, 43, 48
- Credit card charge verification, 141–144
  - in-house construction, 144
  - process, explanation, 143
  - quality, 142–143
  - results, usage, 143–144
  - techniques, 142
- Credit cards
  - associations, 8
  - authentication, 42, 43–44
  - AVS, 103
  - BIN check, 254
  - fraudster collection, 71–72
  - generator fraud, 74–75
  - information, consumer supply, 40–41
  - Internet, impact, 61–65
  - market penetration, 9
  - money flow, 40, 42
  - payments, 7–9
  - theft, rate, 67
  - validity, 41
- Credit check, 151–153
  - in-house construction, 153
  - process, explanation, 152–153
  - quality, 151–152
  - results, usage, 153
- Credit report, locations, 277–278
- Credit/return fraud, 76–77
- Credit-term providers, 3
- Credit terms providers, 15–16
- Criminal gangs, 93–94
  - audacity, 93
- Cross-border transactions, 24–25
  - impact, 68
- Cross-merchant velocity, 184
- Customer base, 5
- Customer service chargebacks, 50

## Index

287

- Data availability/breadth, 112
- Data collection, 160–161
- Data quality, 238
  - providers, 123
- Data sharing, 272–276
  - in-house construction, 276
  - problem, 274–275
  - process, explanation, 274
  - quality, 272–274
  - results, usage, 276
  - techniques, 273–274
- Delivery address verification, 238–240
  - in-house construction, 240
  - process, explanation, 240
  - quality, 238–240
  - results, usage, 240
  - techniques, 239
- Delivery time, reduction, 113
- Denied party checks, 242–246
  - in-house construction, 245–246
  - process, explanation, 244–245
  - quality, 243–244
  - results, usage, 245
  - techniques, 244
- Deposit check, 153–156
  - in-house construction, 156
  - process, explanation, 155
  - quality, 154–155
  - results, usage, 156
  - techniques, 154–155
- Development skills, 112
- Device identification, 258–261
  - in-house construction, 260
  - process, explanation, 260
  - quality, 259–260
  - results, usage, 260
  - techniques, 259
- Digital signature, 254–258
  - in-house construction, 258
  - process, explanation, 257–258
  - quality, 255–257
  - results, usage, 258
  - techniques, 256–257
- Direct debit services, 9–13
  - costs, decrease, 10
- E-commerce fraud
  - consumer perspective, 27–32
  - magnitude, 66–68
  - merchant perspective, 32–34
  - prevention toolkit, statistical models, 234–236
- E-commerce insurance, 175–177
  - in-house construction, 177
  - process, explanation, 176–177
  - quality, 175–176
  - results, usage, 177
  - techniques, 176
- E-commerce payments
  - consumer perspective, 27–32
  - merchant perspective, 32–34
- E-commerce sales, growth, 111
- Electronic fraudsters, characteristics, 89
- E-mail authentication, 157–158
  - in-house construction, 158
  - process, explanation, 158
  - quality, 157–158
  - results, usage, 158
  - techniques, 157
- End-to-end MSP, 116
- Escrow services, 177–179
  - in-house construction, 179
  - process, explanation, 178
  - quality, 177–179
  - techniques, 178
- European Union Privacy Directive on Protection of Personal Data, 95
  - framework, 96–97
- Fair Credit Reporting Act, 96
- Financial loss, 112
- Fraud
  - attacks, organization, 65
  - basics, 56
  - cross-border transactions, impact, 68
  - evolution, 61–65
  - expertise, 112
  - globalization, impact, 68
  - Internet, impact, 60–61
  - management terms, 102–103
  - merchant cessation, 64
  - metrics, understanding, 69–70
  - reporting, 94
  - rings, 80–82
    - cessation, 81–82
  - schemes, 71
  - screening tool chest, 116
  - solutions, merchant considerations, 111–112
  - suspicion, action, 94–95
  - terminology, 101–106
  - tool/solution categories, 117–124
- Fraud Practice, solution map (core categories usage), 116
- Fraud prevention
  - data, usage, 66
  - techniques, 104, 127
  - understanding, 95–96
- Fraud-prevention strategy, development, 2
- Fraud-related chargebacks, 146–147

- Fraud scoring, 183–188
  - in-house construction, 188
  - process, explanation, 186–187
  - quality, 183–186
  - results, usage, 187–188
  - techniques, 185–186
- Fraud-scoring providers, 120
- Fraud-screening techniques, 81–82
- Fraud-solution providers, 111, 117–118
- Fraudsters
  - case study, 88–94
  - credit card collection, location, 71–72
  - identification, 87
  - identity creation, 86
  - Internet usage, 61–65
  - repeat offenders, 77–80
  - theft process, 56–59
- Fraud strategy
  - anatomy, 106–108
  - design, risk exposure basis, 109–110
  - example, 281–282
  - phases, 106, 107e
- Fraudulent activities
  - observation/cessation, 59
- Fraudulent activities, types, 57
- Freight forwarders, 158–161
  - data collection/identity verification, 160–161
  - in-house construction, 160
  - process, explanation, 159
  - quality, 158–159
  - results, usage, 160
  - techniques, 159
  - usage, 81–82
- Front end (core category), 116
- Gateway services, 35–36
- Geolocation, 249–254
  - in-house construction, 253–254
  - process, explanation, 252–253
  - quality, 250–251
  - results, usage, 253
  - techniques, 251, 252
- Globalization, impact, 68
- Guaranteed fraud-solution providers, 117–118
- Guaranteed payments, 175, 179–182
  - in-house construction, 182
  - process, explanation, 181
  - quality, 179–181
  - results, usage, 181–182
  - techniques, 180
- Hackers, 88–90
- Hactivists, 91–92
- Historical analysis, 237
- Hot lists, 199–203
  - implementation, 75–76
  - in-house construction, 202–203
  - process, explanation, 201–202
  - quality, 200–201
  - results, usage, 202
  - techniques, 200–201
- Hybrid-managed solutions, 115
- Identity authentication, 161–163
  - process, explanation, 163
  - quality, 162–163
  - results, usage, 163
  - techniques, 162
- Identity proofing, 127
- Identity providers, 118–119
- Identity theft, 57, 84–87
  - protection, 277–280
  - statistics, 84–85
- Identity verification, 160–161
- Interchange fees, 7–8
- Internal fraud, 57, 82–84
- Internal projects, sponsorship (absence), 112
- Internal rules, 203–208
  - in-house construction, 208
  - process, explanation, 205–207
  - quality, 203–205
  - results, usage, 207–208
  - techniques, 204
- Internationalization, 24–25
- Internet
  - fraud, categories, 67–68
  - impact, 61–65
- Internet Protocol (IP) address
  - check, 254
  - tracking, 80
- Invoice services, 23–24
  - providers, examples, 23
- Invoicing payment providers, 4
- Issuer, 34
  - auto enrollment, 150
- Issuing bank, 34–35
  - consumer contact, credit card dispute, 73
- Know Your Customer (KYC) requirements, 162
- Law, understanding, 95–96
- Managed service provider (MSP), 114–115
- Managed services (outsourcing), 113–117
  - offloading/outsourcing, description, 114
  - understanding/evaluating, importance, 113–114
- Manual reviews, 208–212

## Index

289

- basics, cost, 210–211
- process, explanation, 211–212
- quality, 208–210
- results, usage, 212
- techniques, 209–210
- Mastercard, card association, 37
- Master merchants, 13
- M-commerce payment providers, market, 22–23
- Merchant
  - consumer selection, 28
  - threats to, 30
- Merchant aggregators, service, 13
- Mobile payments, 19–23
  - providers, 4
  - examples, 21–22
- Mobile phone geolocating, 268–271
  - process, explanation, 270
  - quality, 269–270
  - results, usage, 271
  - techniques, 269–270
- Mod 10 check, 240–242
  - in-house construction, 242
  - process, explanation, 242
  - quality, 241–242
  - results, usage, 242
  - techniques, 241
- Money flow, 38–43
  - understanding, 38
- Monitoring, 237
- Morphing
  - attack, 78–79
  - fraud, 77–80
  - fraudsters
    - catching, 79–80
- Multiple personality, 78
- National Finance Center (NFC) transactions/
  - money transfers, 20
- Neural nets, 231–237
  - in-house construction, 233–237
  - process, explanation, 232–233
  - quality, 231–232
  - results, usage, 233
  - techniques, 232
  - usage, 184
- Offerpal Media, 18, 19
- One-click technology transactions, 147
- One hit–multiple merchants fraud scheme, 72–73
- One hit–one merchant fraud scheme, 72–73
- Online banking
  - increase, 29
  - payment rails, leveraging, 11–12
- Online fraud, history, 59–60
- Online payments
  - gross value, 6
  - options, understanding, 1
- Operational capabilities (core fraud practice
  - category), 116
- Operational cost, decrease, 113
- Operational management (enterprise), 190
- Operational providers, 123–124
- Order processing, credit cards (usage), 38–39
- Out-of-wallet checks, 163–165
  - in-house construction, 165
  - process, explanation, 165
  - quality, 164–165
  - results, usage, 165
  - techniques, 164
- Outsourcing (managed services), 113–117
- Patriot Act, KYC requirements, 162
- Payments
  - aggregators, 3, 13–15
    - examples, 14
  - landscape, 3–7
  - processors, 35–36
  - solutions, categories, 3–4
- PayPal, 156
  - alternative payment type, 4
- PayLater, 15
- Phreaks, 91
- Point solutions, 115
- Positive lists, 199–203
  - in-house construction, 202–203
  - process, explanation, 201–202
  - quality, 200–201
  - results, usage, 202
  - techniques, 200–201
- Postscreen phase, 108
- Privacy policies, third-party organization, 99
- Private label credit cards, 34
- Proxy detection, 261–264
  - in-house construction, 264
  - process, explanation, 263–264
  - quality, 262–263
  - results, usage, 264
  - techniques, 262
- Real-time authorization, 190
- Red flag rules, FTC/NCUA regulations, 34
- Regression analysis, 237
- Represent, documentation, 43
- Representment, 48–53
- Return e-mail, 168–170
  - in-house construction, 170
  - process, explanation, 169–170
  - quality, 168–169

- Return e-mail (*Continued*)
  - results, usage, 170
  - techniques, 169
- Return on investment (ROI), 5–6
- Reverse lookups (phone/address), 166–168, 183
  - in-house construction, 168
  - process, explanation, 167–168
  - quality, 166–167
  - results, usage, 168
  - techniques, 167
- Risk, levels, 109–110
- Risk strategies, real-time control (importance), 217
- Rules engine, 212–218
  - process, explanation, 215–216
  - quality, 212–214
  - results, usage, 217
  - techniques, 214
  - types, 215–216
- Safe Harbor statutes, 97
- Sales conversion
  - focus, 3
  - increase, 112
- Script kiddies, 92–93
- Secure tokens, 264–266
  - process, explanation, 265–266
  - quality, 264–265
  - results, usage, 266
  - techniques, 265
- Service connectivity (core category), 116
- Settlement, 43, 47–48
- Shadowing, 237
- Shared negative files, 183
- Shared network providers, 121
- Shoulder surfing, 85
- Silver bullet syndrome, avoidance, 105–106
- Slow morph, 78
- Smart cards, 266–268
  - quality, 267
  - results, usage, 268
  - technique, 267
- Social engineering, 57
  - emergence, 65
- Solution
  - strategy, contrast, 104
  - term, usage, 103
- Solution map, core categories (usage), 116
- Split shipments, 147
- Strategy
  - design, risk exposure basis, 109–110
  - phases, 106, 107e
  - solution, contrast, 104
  - term, usage, 103
- Technical attacks, 62
- Technology
  - fraud prevention technique, 247
  - providers, 121–122
- Telephone number identification, 170–172
  - process, explanation, 171–172
  - quality, 170–171
  - results, usage, 172
  - techniques, 171
- Telephone verification, 172–174
  - in-house construction, 174
  - process, explanation, 173–174
  - quality, 172–173
  - results, usage, 174
  - technique, 173
- Total Risk Management Methodology (TRMM), 103
- TrialPay, 19
- Unfair Trade Practices Act, 97
- Velocity of change, 223–229
  - in-house construction, 229
  - process, explanation, 225–227
  - quality, 224–225
  - results, usage, 227–229
  - techniques, 224–225
- Velocity of use, 218–223
  - in-house construction, 222–223
  - process, explanation, 220–222
  - quality, 218–220
  - results, usage, 222
  - techniques, 219
- Vendors, technical attacks, 62
- Visa, card association, 37
- Vishing, 85
- Warm lists, 199–203
  - implementation, 75–76
  - in-house construction, 202–203
  - process, explanation, 201–202
  - quality, 200–201
  - results, usage, 202
  - techniques, 200–201
- What-if historical analysis, 237
- White-collar criminals, 93–94
- Zip code check, 254