CyberSource®

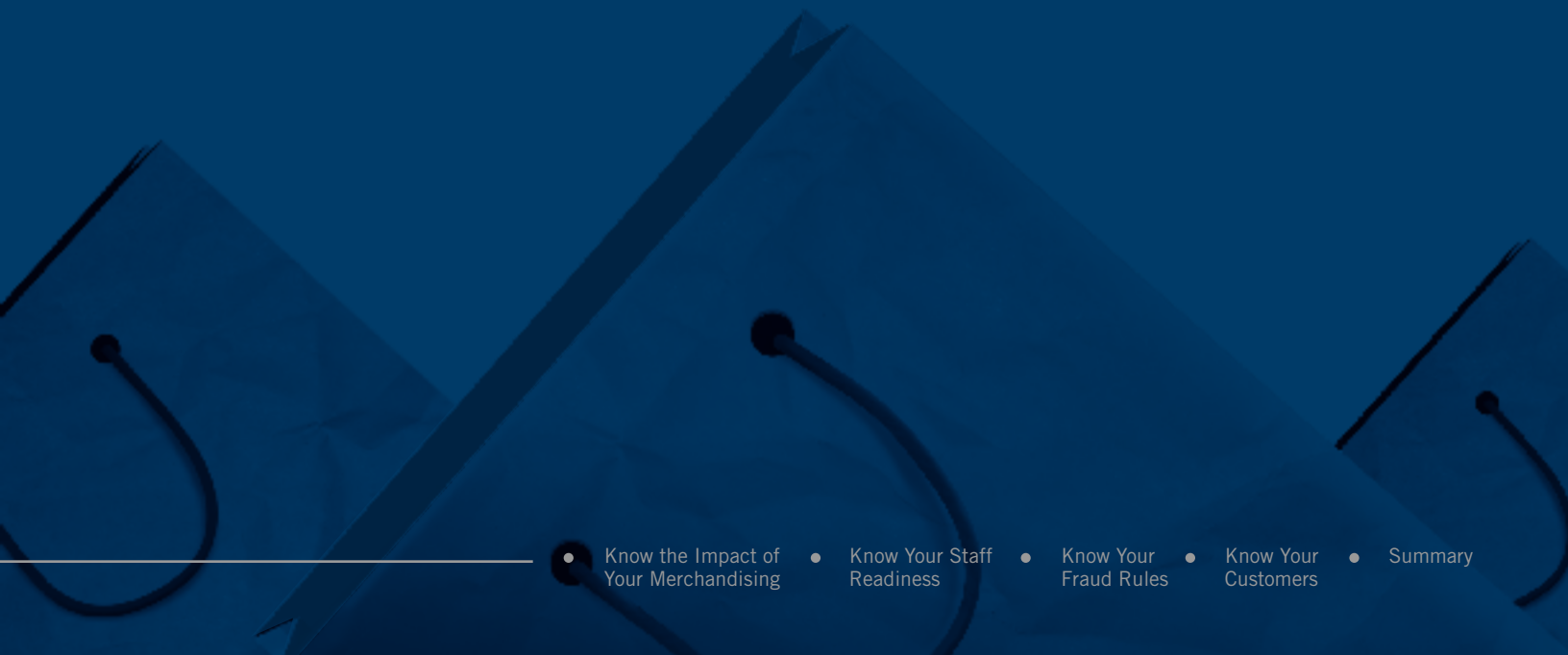
12 PEAK SEASON TIPS TO HELP MANAGE PAYMENT FRAUD

Keep fraudsters at bay while delivering a great customer experience.

For retailers and other businesses, the annual holiday sales peak is no longer one single day such as Black Friday or Cyber Monday in the U.S., post-holiday sales in the United Kingdom, or Singles Day in China. As the digital economy grows more global and more complex, peak season is becoming longer and taking on new forms, creating increased demand. Adding to the challenge, consumers around the world are purchasing more and expecting faster delivery times.

With holiday peak season around the corner, now is the time to start planning for increased consumer purchasing. In addition to keeping up with demand and heightened consumer expectations, you need to ensure you can quickly adapt your fraud strategies to best handle the peak season rush and keep fraudsters at bay.

Here are 12 peak season tips distilled from years of experience helping businesses better manage fraud. We hope they will help you plan for the holiday season and better protect your business from fraudulent online purchases.



Assess the Impact of Your Merchandising

1. **KNOW YOUR MERCHANDISING STRATEGY** – Will you be running special promotions on new or featured products during the holiday season? You may want to apply extra fraud prevention efforts on these promotions by creating product-specific fraud rules.

2. **PUT SOME FOCUS ON YOUR HIGH-VALUE ITEMS** – Fraud often happens where fraudsters can get the most value with the least amount of effort. Consider implementing rules that monitor online purchases of high-value products.

Ensure Staff Readiness

3. **STAFF UP** – If you're like most businesses, you need to work as efficiently as possible with your existing team. But be sure you have enough team members to handle the influx of orders and the potential for increased online fraud. Also, make sure your manual review staff are properly trained so they can quickly make the correct decision on each order.

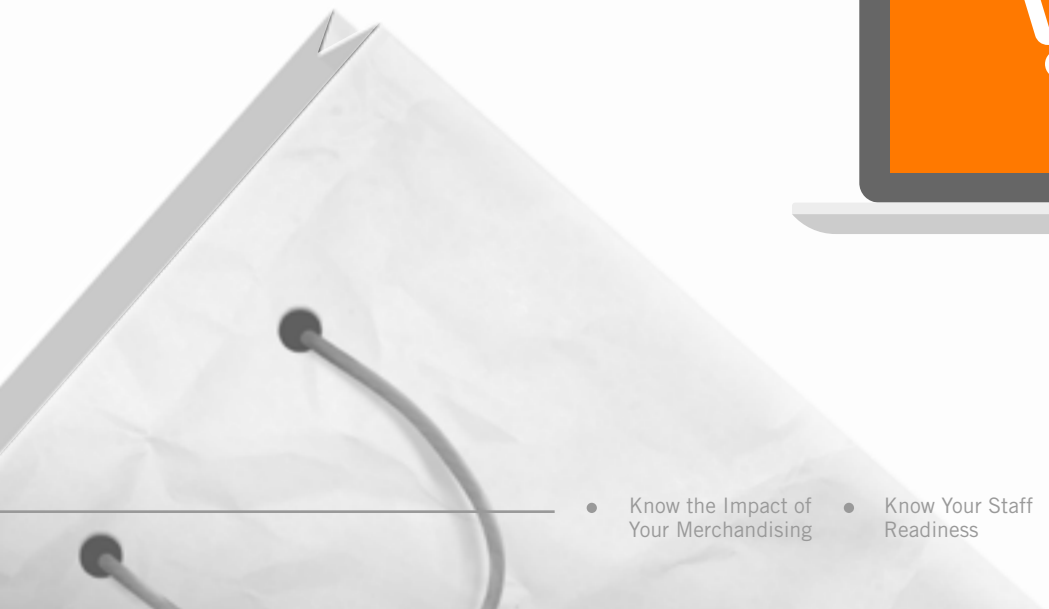
4. **RELY ON AUTOMATION** – A highly automated fraud management process, including a good case management system, can help relieve the burden on your existing holiday season staff and ensure your review process is as effective as it can be.

5. **TAKE ADVANTAGE OF A FRAUD MANAGEMENT EXPERT** – Consider employing the services of a fraud expert to help you proactively address emerging fraud threats, and to recommend strategies for you based on factors such as holiday spending behavior, trusted customer orders, shipping cutoffs, prioritized order fulfillment, and staffing limitations.

Take Another Look at Your Fraud Rules

6. **REASSESS YOUR RISK TOLERANCE** – Fraud management is a constant balancing act between providing a positive customer experience, reducing fraud losses, and minimizing operational costs with more automated fraud decisions and a streamlined review process. Rejecting good orders reduces revenue captured in the short term, and it can offend good customers who may be less likely to shop with you in the future. As your sales go up during peak season, ask yourself what level of fraud you are willing to tolerate to ensure your good customers stay happy.

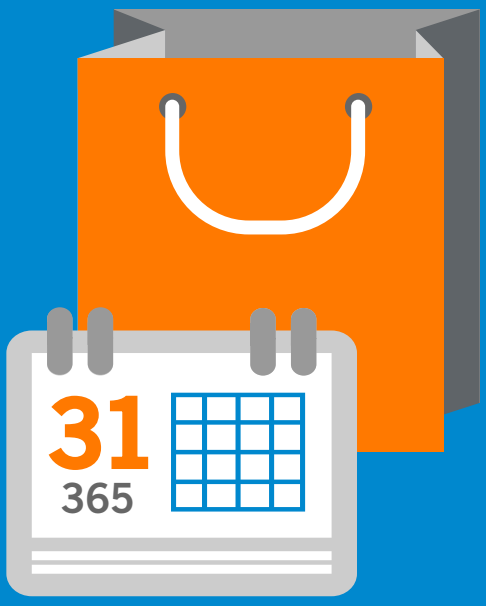
7. **USE THE PAST AS A WINDOW TO THE FUTURE** – Look at historical trends and patterns from your last few peak seasons. Are there insights you can glean about past tactics that fraudsters may repeat today?



8. **CONTINUE TO REFINE YOUR FRAUD RULES** – It is not a set and forget for peak season, but constantly evaluate throughout peak season, just like you should be doing year-round. Fraud is a dynamic problem that requires constant rule re-evaluation, yet it can take up to three months to evaluate the impact of a new fraud strategy. Start early to test and quantify your fraud rule changes before activating them in your live production environment.

9. **ESTABLISH MOBILE-SPECIFIC FRAUD RULES** – Normal customer behavior on a mobile device is generally different than on a PC (a laptop or desktop computer), and eCommerce fraud detection rules are often designed for typical PC behavior. Consider mobile shopper behavior and mobile-specific data such as device type, activity, or usage patterns that can help you tailor your fraud strategies.

Maintain a Great Customer Experience



10. **PROTECT CUSTOMER ACCOUNTS FROM ACCOUNT TAKEOVER** – As traffic to your website increases during peak season, your loyal customers may have accounts that become more vulnerable to fraud. To reassure and protect these customers, it is important to put in place monitoring of both new account creation and existing account usage to more accurately identify which sessions are valid and which are high-risk.

11. **UNDERSTAND YOUR CUSTOMERS' PEAK SEASON SHOPPING PATTERNS** – Normal consumer behavior changes during peak periods. For example, gifts are often sent to a different shipping address than the purchaser's address on file, and the recipient might be different from the buyer. Customers may also start a transaction on one device such as a smartphone, and complete the order later using a different device such as a laptop. By understanding these behaviors and applying season-specific fraud rules, you can avoid disrupting your good customers' order experiences while staying vigilant about stopping bad transactions.

12. **REMEMBER THAT IT'S A YEAR-LONG PLANNING PROCESS** – Build a timeline that starts with understanding how product forecasts and strategies tie into your fraud management practices. Move on to evaluate your existing fraud rules, assess staffing levels and assignments, and plan for any peak season training. Finally, allow enough time to pretest your planned holiday fraud rules until you have them ready for smooth operations.

Cut Here

Here's a summary list of tips that you can print out for quick reference:

Are you in the know about peak season fraud prevention?

KNOW THE IMPACT OF YOUR MERCHANDISING

1. **Know your merchandising strategy** – Understand what new products are being released and what special promotions you will be running.
2. **Put some focus on your high-value items** – Implement rules that monitor online purchases of these high-ticket products.

KNOW YOUR STAFF READINESS

3. **Staff up** – Make sure you have enough team members to handle the influx of orders, and that they are adequately trained.
4. **Rely on automation** – Help relieve the burden on your existing staff, and help optimize the review process.
5. **Take advantage of a fraud management expert** – Consider employing the services of a fraud specialist.

KNOW YOUR FRAUD RULES

6. **Reassess your risk tolerance** – What level of fraud are you willing to tolerate in relation to how your fraud management systems positively or negatively affect the customer experience?
7. **Use the past as a window to the future** – Look at historical trends and patterns from your last few peak seasons.
8. **Continue to refine your fraud rules** – Test and quantify your fraud rule changes before activating them in your live production environment.
9. **Establish mobile-specific fraud rules** – Consider mobile shopper behavior and data from mobile-specific technologies such as device fingerprint readers.

KNOW YOUR CUSTOMERS

10. **Protect customer accounts from account takeover** – Monitor suspicious behavior at both new account creation and existing account interactions.
11. **Understand your customers' peak season shopping patterns** – Introduce season-specific fraud rules based on customer order patterns and devices used.
12. **Remember that it's a year-long planning process** – Start the planning process even earlier than you think is necessary.

Please feel free to reach out to your CyberSource contact or your Managed Risk Analyst for any further guidance as you begin to prepare and plan for peak season!

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CyberSource Corporation, a wholly owned subsidiary of Visa Inc., is a payment management company. More than 400,000 businesses worldwide use CyberSource and Authorize.Net brand solutions to process online payments, streamline fraud management, and simplify payment security. The company is headquartered in Foster City, California. CyberSource operates in Europe under agreement with Visa Europe. For more information, please visit www.cybersource.com.

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