BT Managed Fraud Reduction

Protection for Online Business

Card not present fraud prevention is an arms race. As retailers continue to push business towards web channels, fraudsters are finding ever more sophisticated ways to breach security and steal other people’s money and goods. Fraud can cost the average retailer a significant percentage of revenue and a chargeback can end up costing the retailer three times the value of the goods. In the UK alone card not present fraud has leapt to more than £300m annually. All in all, global business expects to lose $3.3bn to fraudsters this year (Cybersource, 2010 Online Fraud Report).

The challenge posed by this growing and evolving threat leaves online retailers facing a number of dilemmas: how to reduce losses by detecting fraud without expensive back-office manual review procedures; how to deter potential fraudsters without putting off genuine – but fickle consumers; how to implement the required range of anti-fraud measures without contracting with multiple vendors; how to ensure that any solutions implemented today are extensible enough to defend against new attacks in the future.

Retailers face further challenges with the services available to combat this challenging problem. Services available today rely on manual, time intensive checks, making them unsuitable for businesses that require instantaneous assessments of a transaction’s risk.

BT Managed Fraud Reduction addresses all of these problems. The service performs a real-time risk assessment of every consumer transaction hitting the online application. A configurable set of rules and policies determines the risk of accepting every transaction and reports that back to the application in the form of a score, along with full disclosure of the risk determinants and a recommendation on how the transaction should be handled. Available as a web-service BT Managed Fraud Reduction removes the cost and effort of contracting with multiple vendors and developing an in-house solution. Extensible, future-proof and easy-to-use, BT Managed Fraud Reduction is the weapon-of-choice in the arms race against online fraud.

Intelligent, Automated Fraud Reduction

BT has developed the BT Managed Fraud Reduction service as a secure, highly flexible and cost-effective solution to the problem of card not present fraud.

Our context-based, fine-grained risk analysis allows the service to make intelligent real-time decisions about the risk associated with online transactions. Those determined to be ‘high-risk’ can be blocked, quarantined for later prioritized review, or automatically ‘stepped up’ to perform further validation of the end-customer’s identity details. Every risk-assessed transaction can be re-reviewed (prior to any goods being shipped or monies being paid out) via an online reporting and case-handling interface.

Risk assessments are performed in real-time and based on user behaviour, location and device recognition as well as transaction-specific parameters, all of which are transmitted to the BT service in simple web calls. Unlike some solutions, BT Managed Fraud Reduction returns risk scores instantaneously along with full details of how the risk score was determined so the protected application can make a fine-grained transaction-handling judgment.

BT MFR works in collaboration with the retailer’s existing fraud tools such as Verified by Visa, MasterCard SecureCode, Address Verification Service, and CVV checks.

Uniquely, BT has built its solution around a service bus architecture. This means that we can add additional anti-fraud measures to our service as they become available, without impacting established customer interfaces. Already we can include a risk assessment of the card used in the transaction, an identity verification check via BT’s URU service and IP address geo-location checks. The service bus aggregates the returns from the services called to ensure that a single, comprehensive risk assessment is returned to the client application for every transaction.
The BT Managed Fraud Reduction Service Advantage

Lower Development and Operating Costs: BT Managed Fraud Reduction is delivered as a service, providing a scalable fraud reduction solution faster – and for a greatly reduced outlay – than an in-house equivalent. Your staff is freed to focus on core business requirements while BT teams manage the service and associated platform support.

Instantaneous Decisions: BT’s service provides the risk assessment of the transaction and any follow-up instantaneously – not offline – allowing a decision to be made to accept/reject immediately, a critical feature for any business providing product requiring immediate despatch.

Strongest Rules Engine: BT’s service is based on an Oracle rules engine that facilitates customer-defined rules, policies, prioritisation and weightings, providing a service that addresses your unique fraud management demands.

Full Transparency: Business needs to understand where its fraud is coming from and be able to make fully informed decisions regarding accepting/rejecting orders. The BT MFR risk assessment returned includes the full rationale and factors comprising the risk score.

Complete Security: The service is operated to ISO27001 standards within a secure environment by permanent BT staff.

Simple to Implement and Use: Standard web calls are embedded in the protected application wherever an inline risk assessment is required. When the BT service receives this web call, we examine the transaction variables and perform an instant risk assessment, returning a score and a recommendation on how to deal with the transaction. Transactional data can be queried and cases raised for investigation via the BT Managed Fraud Reduction online management interface.

Flexibility: BT’s Managed Fraud Reduction service fully integrates with a wide range of complementary fraud reduction services and will support future developments in anti-fraud technology. Our service is based on a unique service bus architecture which allows us to offer additional anti-fraud enhancements with no impact on existing customer interfaces.

Track Record: BT is a renowned and trusted provider of IT services on a global scale. Online security is a core BT competency.

What Next?

If you want to know more about BT Managed Fraud Reduction and how it can help your organisation, then contact your BT account manager.