

Minimising Card Fraud

Each year, ASB spends a lot of time and money trying to protect merchants and cardholders from card fraud. Even so, your first line of defence when you process transactions is you and your team.

It is your responsibility to satisfy yourself that the cardholder is who they say they are.

If you accept payments online, over the phone, or by mail order, always ask for the Cardholder Security Code (CSC).

The CSC is a three-digit code printed on the right hand side of the signature panel.

Authorisation is not enough.

REMEMBER - an authorisation does not guarantee payment - a cardholder has up to 180 days from the date that a transaction is presented to dispute the transaction. **If in doubt do not proceed and check over for the signs of fraud tips.**

What else should I do?

Authorisations should be combined with a variety of business processes and other checks to minimise your chargeback exposure.

It's your responsibility to verify to your own satisfaction the identity of a customer prior to the supply of goods and services. The following are suggested checks:

1. Ask for comprehensive customer details and validate these. Obtain customers full name, address and home phone number. Check these before delivering the goods.
2. Do an order confirmation - telephone the customer some time later to confirm order details before delivering. Where the customer is not aware of the order or cannot confirm the details, issue a refund on the card and do not deliver the goods.
3. Ask the customer to show their credit card and drivers licence (where possible) as identification on the delivery.
4. Never deliver goods to post office boxes.
5. Never leave goods at unattended premises.
6. Always ask for the card expiry date.

If you have any doubts and cannot verify any of the points above, we recommend that you issue a refund to the card and seek alternate forms of payment until a trading relationship is established.

Never refund payments by telegraphic transfer. All refunds or return payments must be credited back to the original card used.

11 Potential Warning Signs of Card-Not-Present Fraud

Stay alert for the following fraud indicators. Any one of these factors could indicate a higher degree of fraud risk.

1. **First-time shopper:** Criminals are always looking for new merchants to steal from.
2. **Larger than normal orders:** Because stolen cards or account numbers have a limited life span, criminals need to maximise the size of their purchase.
3. **Orders that include several varieties of the same item:** Having multiples of the same item increases criminals' profits.
4. **"Rush" or "overnight" shipping:** Criminals want their fraudulently obtained items as soon as possible for the quickest possible resale and aren't concerned about extra delivery charges.
5. **Shipping outside the merchant's country:** There are times when fraudulently obtained goods and services are shipped overseas. If the majority of your regular orders come from New Zealand, ensure that you take care to validate the legitimacy of the order.
6. **Inconsistencies:** Information in the order details such as billing and shipping address mismatch, email addresses that do not look legitimate and irregular time of day when the order was placed.
7. **Multiple transactions on one card over a very short period of time:** Could be an attempt to "run a card" until the account is closed.
8. **Shipping to a single address, but transactions placed on multiple cards:** Could involve an account number generated using special software, or even a batch of stolen cards.
9. **Multiple transactions on one card or a similar card with a single billing address, but multiple shipping addresses:** Could represent organised activity, rather than one individual at work.
10. **For online transactions, multiple cards used from a single point of order, IP address, email address or person:** More than one or two cards could indicate a fraud scheme.
11. **Orders from internet addresses that make use of free email services:** Customers who sign up for free email services are not required to provide proof of their identity or address in order to establish an account, so it is important to take extra steps to validate the person placing the order.