

MaxMind Credit Card Fraud Detection

A success story

Client: 365 Incorporated
Industry: Digital Media and E-Tailer

Key Results:

- Decreased monthly chargeback costs by more than \$9,500
- Blocked fraudulent orders with value of \$106,000 in one month
- Saved 365 Inc. employees two hours a day of manual credit card screening.



Background

365 Incorporated is a digital media and e-tailer specializing in the sports of soccer and rugby. 365 Inc. processes over 10,000 credit card transactions per month and became a target of credit card fraud because the company has a large international customer base. The situation was so severe that 365 Inc's credit card processor was holding over \$75,000 on deposit as security against chargebacks. With such a large threat to the businesses, 365 Inc's Controller, Gillian Waybright, was assigned the task of finding a solution for fraud and chargeback prevention.



Solution

In May 2004, Gillian discovered and implemented MaxMind's Credit Card Fraud Detection (CCFD) service for 365 Inc. as a fraud scrubbing tool. Fraud scrubbing can be a costly and time consuming process. CCFD speeds up the process by automating the checks and providing valuable information about the purchases. 365 Inc. uses CCFD to help evaluate the legitimacy of the orders. "MaxMind has been the perfect enhancement to our order screening process – it is easy to use and fast while the query results are simple to interpret." Gillian adds, "it saves us an average of two hours a day on credit card checks."

Results

By integrating MaxMind's CCFD service, chargebacks were reduced by over 96% from more than \$10,000 a month to less than \$500 a month. Gillian elaborates, "before, most chargebacks were because of fraud. Today, most chargebacks are caused by other general order disputes."

In March 2005, with the help of CCFD, Gillian was able to catch and cancel fraudulent orders with a total dollar value of \$106,642. These fraudulent order attempts were made at one of 365 Inc.'s smaller online stores only with monthly sales between \$15,000 and \$20,000. Despite the existing high fraud attempt rate, Gillian is confident that 365 Inc. is well protected. "CCFD has protected us against countless fraudulent transactions; even when, on the surface, the transactions appeared to be 100% legitimate. If fraudulent transactions do get through our screening process, they would with any system, due to the increasing sophistication of the fraudsters."