MaxMind Credit Card Fraud Detection
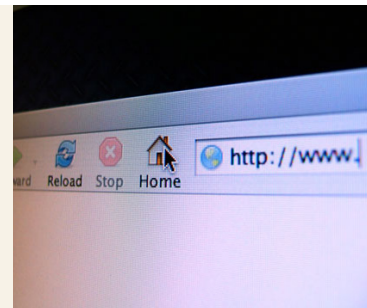## A success story

Client: ChangeIP.com
Industry: DNS and Domain Name Registration Provider

Key Results:
- *Reduced losses from fraudulent purchases by more than 90%*
- *Enhanced order screening by reducing false positives*

Background

ChangeIP.com is a DNS and domain name registration provider based in San Diego, CA. The company provides free and custom Dynamic DNS services to more than 50,000 users. Before implementing CCFD, ChangeIP.com was losing as much as $1,000 a month because it sold instantly delivered digital goods and could not recover the losses from suppliers if the purchase turned out to be fraudulent.

Solution

Sam Norris, President of ChangeIP.com, implemented MaxMind's Credit Card Fraud Detection (CCFD) service in May 2004. The CCFD service is integrated into the last step of the payment process right before the credit card charge is made. Any risk score that is above 3.5 is held for further review. Even with this simple criteria, the system was very effective in preventing fraud.

Sam likes how the service provides detailed information but still allows him to be in control. "Now we have a chance to bounce the information off the MaxMind service," Sam says, "and make a smart decision based on the wide range of information used to calculate the risk score."

Results

Through the integration of manual checks and CCFD service, ChangeIP.com was able to cut down losses from fraudulent purchases by more than 90%. Sometimes fraud screening systems can produce false positives and give legitimate orders high risk scores because of the nature of those orders. Sam explains, "ninety-nine percent of the time when someone complained, it was because they were trying to purchase from a non-matching location. For example, if a customer ordered something while traveling in India then the false positives are not truly false positives. The system was doing its job since the purchaser was not located within proximity of the billing address." To reduce false positives, ChangeIP.com integrated a whitelist for returning customers who may be traveling so that their orders can bypass CCFD screening.

Sam is satisfied with MaxMind CCFD. "The CCFD service is cost-effective and provides my business with valuable information for fraud prevention. Our payment gateway offers similar fraud protection systems which fail in comparison to MaxMind. The service paid for itself on the first transaction it caught. It has saved our business a lot of money."