ThreatMetrix/ProPay Partnership Supports Secure Global Credit Card Processing, Reducing Fraud and Chargebacks

ThreatMetrix Digital Identity Intelligence augments ProPay's TSYS Guardian CyberShield℠, differentiating customers from fraudsters in real time

With ThreatMetrix, ProPay empowers clients to:

- Detect high-risk transactions in real time and take immediate action to reduce fraudulent activity
- Reduce chargeback rates and loss of product by identifying new customer account registrations created with stolen identities
- Prevent "double-dipping" by reducing stolen commissions

PROPAY.
A TSYS Company

> "By partnering with ThreatMetrix, we have been able to broaden the scope of our payment offerings to include data protection and fraud prevention, making us a single source provider for anyone needing payments."
>
> – Dave Duncan, President, ProPay

OVERVIEW

ProPay provides simple, secure, and affordable payment solutions for organizations ranging from small, home-based entrepreneurs to multi-billion dollar businesses. ProPay recognized the need to secure sensitive payment data by launching one of the first commercially available end-to-end payment security offerings and serves hundreds of clients in the direct selling industry.

Due to the unique challenges of the direct selling model, ProPay needed a secure and efficient way to enable the distributors of its direct selling clients to accept credit card payments and quickly receive commissions while minimizing fraudulent transactions.

With ThreatMetrix, ProPay serves as a single source provider of payment solutions that detect high-risk behaviors and protect data in transition. Guardian CyberShield℠ offers a comprehensive, layered payment fraud solution to assist in combatting fraud across a wide range of business scenarios.

A CHALLENGING FRAUD LANDSCAPE FOR DIRECT SELLING CLIENTS

Using stolen credit card information, many fraudsters create new accounts to purchase products from e-commerce sites. Products are then re-routed or shipped to locations that differ from billing addresses. Clients incur loss of product and chargeback fees.

Additionally, direct selling clients often pay out commissions quickly in an effort to increase distributor retention, sometimes even before products are shipped. Fraudsters "double-dip" by using stolen credit card information to create new accounts online and sign up to receive commissions on products they purchase. By the time the fraud is discovered, clients have incurred not only loss of product, but also stolen commissions in addition to chargeback fees.

> "The size and scale of the ThreatMetrix Network provides our direct selling clients with digital intelligence solutions that address the unique challenges associated with accepting payments at hosted events and receiving commissions."
>
> – Mike Cottrell, Vice President Sales, ProPay

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ThreatMetrix and ProPay in Action

Problem:

One of ProPay's clients was experiencing high chargeback volumes and rising fraud losses, and was subsequently put on a Fraud Monitoring Program by credit card issuers. The company needed to create a remediation plan and show demonstrable improvements to chargeback rates.

Solution:

ProPay helped the client integrate ThreatMetrix and set up monitoring for key fraud patterns that the client experienced. ThreatMetrix Digital Identity Intelligence helped accurately identify fraudsters using stolen credentials.

Results:

- Within the first month, the fraud rate fell by nearly 50%
- Sustained reduction in chargebacks from a peak of $900k per month to just over $10k per month
- Client was removed from Fraud Monitoring Program and avoided a $50k fine
- Blocked over 600 fraudulent orders saving over $1 million in fraud losses

DISCLAIMER: This case study is not meant to indicate that the same or similar results can or will be obtained in other cases or situations. Results will vary depending on the facts and circumstances of your business.

HARNESSING THE POWER OF A GLOBAL NETWORK TO PINPOINT FRAUDULENT ACTIVITY

The ThreatMetrix Digital Identity Network collects and processes global shared intelligence from millions of daily consumer interactions including logins, payments and new account applications. Using this information, ThreatMetrix creates a unique digital identity for each user by analyzing the myriad connections between devices, locations and anonymized personal information. Behavior that deviates from this trusted digital identity can be identified in real time, alerting ProPay clients to potential fraud.

Detecting Payment Fraud

As global data breaches continue to feature in the evolving cybercrime story, fraudsters have easy access to vast swathes of stolen identity credentials. They create full and convincing identities using data bought from the dark web, making it harder than ever for digital businesses to really know who they are transacting with. ThreatMetrix is able to pinpoint anomalies between the digital identity of a trusted user and a fraudster; ProPay clients can therefore more accurately detect payment transactions using stolen credit card information and reduce chargebacks and stolen commissions.

→ **ThreatMetrix SmartID** identifies returning users that wipe cookies, use private browsing and change other parameters to bypass device fingerprinting. This improves returning user detection, reduces false positives and helps identify fraudsters who might be using the same device to make multiple payments.

Thwarting the Masters of Disguise

Fraudsters have been quick to realize that organizations often set custom rules to block transactions from particular countries or regions that are deemed too high-risk. In order to bypass these rules fraudsters often attempt to cloak or spoof their location.

→ **ThreatMetrix deep connection analysis technologies** detect the use of technologies such as hidden proxies and VPNs and allows ProPay to see the true IP address, geo-location and other attributes of each event, backed by global identity data over time.

ThreatMetrix®

ThreatMetrix®, The Digital Identity Company, is the market-leading cloud solution for authenticating digital personas and transactions on the Internet. Verifying billions of annual transactions supporting tens of thousands of websites and thousands of customers globally through the ThreatMetrix® Digital Identity Network, ThreatMetrix secures businesses and end users against account takeover, payment fraud and fraudulent account registrations resulting from malware and data breaches. Key benefits include an improved customer experience, reduced friction, revenue gain, and lower fraud and operational costs. The ThreatMetrix solution is deployed across a variety of industries, including financial services, e-commerce, payments and lending, media, government, and insurance.

For more information, or a demonstration of how the ThreatMetrix solution can work for your business, contact sales@threatmetrix.com.