

Credit Card Fraud & Chargebacks

IACA Annual Conference – Charlotte, North Carolina

May 2018

Agenda

- The Upside
- The Downside
- Best Practices
- One Jurisdiction's Approach

Upsides!

- Convenient for Customers (that have a credit/debit card)
- Verification through merchant processing
- Flexible handling of fee changes
- Settled daily
- Voids and refunds may be handled by your Finance group in the normal course

Downsides!

- Fees at settlement are time-sensitive
- Customer disputes
 - Chargebacks
 - Retrievals
- May seem tilted against you
- So easy to accept credit cards, so hard to fight disputes

Best Practices to Avoid Chargebacks

- Clear description for customer statements
- Customer service and contact information
- Train employees
- Tools for employees to confirm payments
- Record-keeping (duh)

So You've Got a Dispute?

MERCHANT SERVICES
PO BOX 6010
HAGERSTOWN, MD 21741-6010
USA

02/12/2018 (mm/dd/yyyy)

SOS REGISTRATION FEE

██████████
1700 BROADWAY STE 250
DENVER CO 80290

DISPUTE NOTIFICATION

Dispute Type: FIRST CHARGEBACK

A financial adjustment has been made to your account as a result of a dispute. If you wish to contest, your response must be received no later than: 02/27/2018 (mm/dd/yyyy)

Issuer: Wells Fargo Bank, N.A.
Case Number: 280427351101
Adjustment Amount: 10.00
Reason: 83 / Fraudulent Transaction - Card Not Present

Original Transaction Detail Information

Merchant Number:	██████████	Credit Card Number:	434256XXXXXX2639
Card Product Type:	Visa Classic	Transaction Amount:	10.00
Batch Date (mm/dd/yyyy):	02/06/2018	Transaction Date (mm/dd/yyyy):	02/06/2018
Invoice Number:	83799788	Alternate Amount:	0.00
Merchant Xref:		Transaction Method:	Electronic Commerce
Reference Number:	24493988037026837997883	POS Entry:	01 / Hand Keyed
Airline Ticket Number:		MCC:	9399

Don't Panic!

- Gather documentation
- Respond timely
- Cross your fingers

Compelling Evidence Document

- Show merchandise or service was delivered
 - Evidence of filing
- Copy of cardholder ID
- Address Verification Service or AVS
- At Least 2 of the following:
 - Purchaser IP Address & Location
 - Device ID & Device Name
 - Purchaser Name & Email
 - Same Device & Previous Transactions NOT disputed
 - Proof of Merchant website and application access
 - Proof of Profile Setup and application access

Documentation (part 1)

STATE OF COLORADO
Department of State

1700 Broadway
Suite 250
Denver, CO 80290



Wayne W. Williams
Secretary of State

Gary Zimmerman
Chief of Staff

Merchant Services
Merchant Number: [REDACTED]
Case #: 280427351101

February 22, 2018

To Whom It May Concern:

The Colorado Department of State (CDOS) is headed by the Secretary of State, an elected member of the Executive Branch of the Colorado State Government. The Department oversees and administers many laws, including Colorado's business and commercial statutes pertaining to for profit and nonprofit corporations, limited liability companies and partnerships, trade names, secured transactions under the Uniform Commercial Code, and miscellaneous liens. Part of the Department's overseeing process includes the acceptance of filings.

Cardholders approve CDOS (merchant name: SOS Registration Fee) to debit their credit cards for the amount of the registration that they are processing on the department's website (www.sos.state.co.us). All credit card transactions are non-face-to-face transactions which require the card's CVV number and are processed through the CDOS website. The

Documentation (part 3)

User ID: rwardguy Merchant ID: wrgsderegistration
Last Login: 2018-02-05 10:34:20 PST

[Home](#)

[Support Center](#)

[Virtual Terminal](#)

[Tools & Settings](#)

[Transaction Search](#)

[General Search](#)

[Order Search](#)

[Auths Ready To Settle](#)

[Pending Settlement](#)

[Exception Search](#)

[Reports](#)

[Account Management](#)

[My User Settings](#)

[Documentation](#)

Transaction Search Details

[Contact Support](#) [FAQs/Help](#) [Page Feedback](#)

Request Information

CyberSource Merchant ID	[REDACTED]
Request ID	51788825478110449104054
Merchant Reference Number	201801111838
Date	Feb 05 2018 08:37:34 PM
Applications	Credit Card Settlement
Reason Code	100
Reply Message	Request was processed successfully.
Client Library	Java NPL
Client Application	Single Order API
Client Application Version	
Client User	
Security Key ID	[REDACTED]
Security Key Expiration Date	Sep 26 2018 05:58:22 AM

Transaction Status Summary

Status	Amount	Action	Date
Credit Card Authorization	10.00 USD		Feb 05 2018 08:37:32 PM
Credit Card Settlement	10.00 USD	TRANSMITTED	Feb 05 2018 08:37:34 PM

Available Actions: [Credit](#)
[View Details](#)

Similar Searches: [By Account Number](#)
[Recent Transactions](#)

Customer Information

Billing Information

Documentation (part 4)

CDOS Functions

Credit Sales

Void Sales

View Transaction

Sales Record Detail

Date: 02/05/2018 8:37 PM
SOS Transaction Id: 20181111836
Processor Transaction Routing Id: 15781799
Request Id: 5178882547816449104054
Payment Type: VISA
Total Amount: \$10.00
Number of Registers: 1
SOS Batch Settlement Id: 18107
Settlement Command: COMPLETION
IP Address: 23.88.158.56



Found 1 matching record(s). Viewing page 1 of 1.

#	Date	Register	Description	Price	Quantity	Total Amount
1	02/05/2018 8:37 PM	232	Report	10.00	1	\$10.00

Documentation (part 5)

print

History and Documents

mail

Name: AUKSON INC.
ID number: 20161045352

 [Print-friendly version](#)

in

Found 4 matching record(s). Viewing page 1 of 1.

#	<u>Event</u>	<u>Date Filed</u>	<u>Date Posted</u>	<u>Effective Date</u> 	<u>Document #</u> <small>(PDF or text)</small>	<u>Comment</u>
1	Articles of Incorporation	01/22/2016	01/22/2016	01/22/2016 03:44 AM	20161045352	
2	Report	12/12/2016	12/12/2016	12/12/2016 11:46 AM	20161829270	
3	Periodic Report due	12/23/2017	12/23/2017	12/23/2017 03:25 AM		Periodic report due by: 03/31/2018
→	4 Report	02/05/2018	02/05/2018	02/05/2018 08:37 PM	20181111836	←

What Next?

- Wait
- 90 days or more till resolution (but turnaround time has improved recently)

Monitoring Your Performance

- Win-Loss Reports
 - AmEx has a standard report
 - MC/Visa – you may need to roll your own (depending on your merchant processor)
- Industry publications encourage keeping chargebacks under 1%

Improving Your Odds (1)

- AVS

Code	Visa	MasterCard	Discover	American Express
Y	Address & 5-digit or 9-digit ZIP match	Address & 5-digit ZIP match	Address only matches	Address & ZIP match
A	Address matches, ZIP does not	Address matches, ZIP does not	Address & 5-digit ZIP match	Address only matches
S	AVS not supported	AVS not supported	AVS not supported	AVS not supported

Improving Your Odds (2)

- CVV

Code	Visa CVV2	MasterCard CVC2	Discover CVD	American Express CID
M	Match	Match	Match	Not applicable
N	No match	No match	No match	No match
P	Not processed	Not processed	Not processed	Not applicable
S	Should have been present	Should have been present	Should have been present	Not applicable

Improving Your Odds (3)

- Verified by Visa
- SecureCode (Mastercard)

Win/Loss Reports

- MC/Visa - No less than 50/50
- American Express – Keep hoping

Q&A - Discussion