



## Case Study

# Fraud Prevention

# Fraudulent transactions down from 8% to 0.2% in less than 6 months!

## Online and telephone based fraud on the rise

In 2009 the average company lost £400,000, or 2 percent of their turnover, due to fraud from online trading in the UK. This is a significant and growing trend for companies engaged in e-commerce.

A major high street retailer that was going through a significant period of growth from phone and internet sales, was also seeing a rapid increase in Cardholder Not Present (CNP) fraud - accounting for up to 8 percent of transactions through these channels at a cost of millions of pounds to the business.

Our client needed to cut fraud down as close to zero as possible. That's where we come in.

## Prevention is better than the cure

The key to fraud prevention is understanding how the fraudsters operate in the first place – defining how they typically engage with the business and building up a picture of their patterns of behaviour. We worked closely with the customer to do just that.

From this analysis, we developed a sophisticated scorecard that automatically rates a transaction to create a risk profile, covering everything from products purchased to delivery post code, e-mail address to order value and so on. If the 'score' indicates potential fraud, the system recommends a referral that triggers a second stage review utilising some specialist tools and processes to help verify the order and ensure that it is not fraudulent.

The scorecard, while simple to use, includes some very sophisticated statistical models that build up over a number of transactions, helping to expose some very difficult to detect fraudulent activity.

One of the key elements in the solution is integration. The visibility and sharing of data across multiple systems is vital to building up the picture. Normally we deploy the solution on a CRM platform that provides a full 360 degree view of the customer, their orders and history which helps us significantly reduce the incidence of fraud but also ensures that all valid transactions are processed without delay or interference.

As fraud is a constantly evolving form of crime, we continue to review and refine the processes that are deployed to prevent it happening in the first place, allowing our customers to focus on what is important to them – the continued growth of their business.

## 95% less Fraud

In less than 6 months, the percentage of fraud has been reduced by well over 95% to a level that our customer can accept, though clearly they would prefer no fraud.

The key to their success is the process we implemented that stops fraud before it happens. In our experience this is the only realistic or cost effective approach to the problem. At the same time our solution is designed to ensure that valid orders are not stopped which could alienate good customers the company wants to encourage to make purchases.

If online and telephone fraud are something you are concerned about, then we can provide you with an independent assessment to give you insight into how effective your processes are and what improvements, if any, could be made. Get in touch and we'll be happy to discuss how we go about this for you.

[www.redspire.co.uk](http://www.redspire.co.uk)

## About Redspire

We are Redspire, a specialist in Customer Interaction Processes and Solutions for the retail and distribution markets. We founded our company to provide retailers and distributors with processes for interacting with their customers through the non traditional channels of telephone and web, both of which have had a significant impact on the retail and distribution markets in the past decade.

To help address the challenges of these two new routes to market, we have developed a range of processes that are proven to help retailers and distributors to maximise their customer, acquisition retention and spend. We also deliver processes that reduce the risk of fraud, theft and loss.

## Our Processes



Payback – In just one case a process we developed added £1million pounds per week of sales to a well known national furniture retailer by implementing our Enquiry Management process. This is just one example of the kind of work we do that enables retailers and distributors to maximise non traditional sales channels

## Contact Us

For more information about this or some of the other services that we offer – why not get in touch?

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