

How to prevent virtual fraud

St. Gallen, Switzerland, October, 21st 2011 – In a sector like the e-commerce, where transactions are not physically made, it is not surprising that the commerce of virtual goods is increasingly popular. Traditionally described as non-physical objects, with no intrinsic value and intangible in definition, the virtual goods market is expected to triple by 2014 in Europe alone, where it is projected to reach EUR1.9 billion revenue.

Virtual goods are in fact services which customers purchase online and that are still strongly associated with online gaming portals, auction sites and massively multiplayer online role games or MMORPGs, where consumers actually exchange real-world money for services that can only be used in the virtual world. However, the success and widespread use of social media sites have made possible the transition of these goods from the virtual to the real world. Some current examples of the growing number of virtual goods can be found on Facebook. Its users can take care of their virtual farms on their profiles, buy online credits for the social games they share with other users and be enticed with exclusive gift vouchers from their preferred real-world retailer by “liking” the retailer’s website. Video and music files, professional reports and prepaid phone cards are also part of the increasingly long list of virtual goods.

Whether consumers buy virtual goods for professional needs, entertainment or self-expression of their online identities, **the truth is that online fraud is as present in the virtual goods marketplace as it is in its tangible goods counterpart, if not more.** Indeed, virtual goods e-merchants suffer from remarkably higher chargeback rates since the exchange of ownership takes place within seconds and are more vulnerable to fraud as it is difficult to check the buyer’s real identity. If that were not enough, virtual goods are often regarded as worthless in the real world and their value is rarely acknowledged by banks, courts or financial institutions, leaving virtual goods merchants unprotected against a fraudulent chargeback or any other form of online fraud.

Virtual goods merchants face a greater challenge in terms of higher exposure to fraud and lower chance for customer retention. These online merchants need to have total control and full details of the order, the customer, transaction history, the device used and any other relevant factor involved in the purchasing process. Only by having a complete account on the order as a whole can merchants make sure that their customers are genuine, their transactions are secured, the risk of fraud is minimized and their business objectives are achieved.

➤ **How can CashShield help e-merchants stay protected against virtual fraud?**

CashShield and its proven risk algorithm have successfully helped e-merchants in high-risk industries to drastically reduce their chargeback rate. CashShield’s 200 automated verification tests, including Device Analysis, IP Geolocator and Velocity Transaction, verify in real-time up to 98% of all orders, ensuring the approval of the maximum number of genuine orders, while protecting any approved order which turns out to be fraudulent with the market’s unique 100% Chargeback Protection.

CashShield allows e-merchants to measure and score the risk of online fraud involved in any placed order by carefully assessing and taking into consideration all factors, empowering merchants not only to protect their online sales but also to effectively manage online fraud, by optimizing the risk per chargeback which leads to business growth.

For more information, please visit www.cashrun.com/cashshield or email enquiries@cashrun.com

About CashRun – www.cashrun.com

CashRun was established in 2007 with the objective of supporting businesses’ needs for effective and affordable online payment solutions. Since establishment, CashRun has had tremendous success with industries that are sensitive towards fraud, and continues to be at the forefront for solutions centering around e-commerce. With strong global presence and partnerships, CashRun supports businesses to develop firmly their core competencies, protect as well as maximize their revenues and growth, and minimize the risks credit card fraud presents to their operations.

