

Combating rising merchant fraud rates while ensuring a positive consumer experience—with MasterCard® SecureCode™



Founded in 2006, du is the Middle East's fastest growing telecommunications service provider. The company offers mobile and fixed telephone services, broadband connectivity, and television services over the internet to subscribers in the United Arab Emirates.

Fighting a Shifting Battle Against Fraud

The rapid growth du has enjoyed was initially accompanied by new and unfamiliar risks. As du's online presence grew, the company found itself confronting card-not-present fraudulent activity. Initially, the fraud was associated with the use of international credit cards to purchase handsets; du addressed this problem by blocking the use of international cards for these types of transactions.

Soon fraudulent activity began to appear on purchases of pre-paid mobile minutes. Fraudsters would use stolen international credit cards to purchase additional value (i.e., minutes) from the online store, only to quickly transfer the value to other phones. This made it very challenging to track perpetrators.

By 2011, stolen domestic cards were also implicated in fraudulent schemes. du responded by setting limits on recharge amounts—which mitigated the issue to an extent, but also had the potential to negatively impact the consumer experience.

A Widespread and Growing Threat

du is not alone in its battles against online fraud. Merchants are typically liable for the cost of fraudulent transactions in card-not-present environments, which can have a significant impact on their bottom line. In 2013, US merchants incurred an average of \$3.10 in costs for every dollar of fraud committed—up 36% from 2012.¹ This trend has led companies like du to search for additional tools in the fight against fraud.

“Every time we thought we'd beaten the fraudsters, they would find new methods and new targets. We knew we needed a more comprehensive approach to the problem.”

Ibrahim Al Mallouhi
Vice President
Security Operations

Protecting Merchants Against Online Fraud—MasterCard® SecureCode™

To help fight card-not-present fraud, du turned to MasterCard SecureCode, a program that addresses consumer concerns about online shopping security and helps to reduce e-commerce chargebacks to merchants. SecureCode protects merchants from the unauthorized use of payment cards by requiring that cardholders be authenticated at the time of purchase. Through a merchant application installed on the merchant's server (or host), SecureCode gives companies like du the ability to authenticate a cardholder's identity in real-time, before a transaction is submitted for authorization.

Merchants who participate in SecureCode are also protected against "cardholder unauthorized" and "cardholder not recognized" chargebacks on MasterCard transactions. By enabling their websites to support SecureCode, merchants shift responsibility for these chargebacks to the card issuer.

A Winning Strategy

Since implementing SecureCode in March 2012, du's fraud rates have dropped dramatically. "Fraudulent activity is quite low now, despite our continued growth," says Ibrahim Al Mallouhi, du's Vice President of Security Operations. "As we become more confident in the ability of SecureCode to combat fraud, we can relax our own transaction rules a bit and start to accept transactions that we might have chosen not to authorize in the past."

du has joined over 1,000,000 online merchants around the world who are benefiting from MasterCard SecureCode. Al Mallouhi has some simple advice for merchants who have yet to implement the program: "As soon as you can move to this solution—do it. There's no point in being without SecureCode."

For more information on SecureCode and how it can help you manage card-not-present fraud, please contact your MasterCard representative.

97%

decrease in du's quarterly fraud rate after launch of SecureCode

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1. "2013 LexisNexis® True Cost of FraudSM Study". LexisNexis. September 2013.
2. Total fraud cases reported by du, January, 2012 through June 2012.