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**MOBILE RETAILER CASE STUDY**

# MOBILE PHONE RETAILER STOPS FRAUDULENT SALES AND SAVES BIG

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## CHALLENGES

Fraud rings were using clean fake identities for new accounts. Product and commission losses on stolen handsets and tablets was significant.

## SOLUTIONS

Delivered real-time fraud prevention and deep forensics that helped uncover fraudsters masking their real location and revealed associations between devices being used with fraudulent accounts.

## RESULTS

The company saved £17,000 in one month by shutting down fraud rings, reduced churned contracts, and was able to approve more good orders faster.

# A EUROPEAN MOBILE PHONE RETAILER STOPS FRAUD RINGS USING IOVATION'S DEVICE-BASED INTELLIGENCE.

When a retailer offers high value goods but doesn't require payment upfront, fraudsters take notice. When those goods are high-end mobile handsets and tablets, the appeal grows even more. Thousands of storefronts and online channels for businesses and consumers make the playground yet more ripe.

When consumers purchase phones from this retailer, they sign a contract with a network provider and decide whether to pay upfront, make a partial payment, or put no money down at all. When new models are released, especially with popular brands like the latest iPhone, fraudulent orders spike as high-end phones are resold at premium prices by fraudsters. This results in high rates of "churned contracts" in which the network does not get paid and the retailer is responsible for hardware costs and loses their commission.

> ## BALANCING THE RISK OF FRAUD AGAINST OUR PRODUCT OFFERINGS IS SOMETHING WE'RE ALWAYS CONSIDERING. IOVATION HAS MASSIVELY HELPED US REDUCE THE AMOUNT OF FRAUD WE SEE FROM IMPERSONATION AND SYNTHETIC IDENTITY THEFT.
>
> Fraud Systems and Analysis Manager

### High Churn Rates on Contracts

Over time, fraudsters become extremely sophisticated in committing their scams. This retailer saw applications for new phones and accounts coming in with just enough legitimate-looking criteria to be approved. The local addresses were legitimate and matched the appropriate country. The applicants had clean backgrounds with no history of fraud. Still, the retailer experienced very high churn rates.

**WE WERE NOT SATISFIED WITH THE FRAUD RATE THAT WE SAW COMING THROUGH FROM FAKE IDENTIFICATIONS. WE KNEW SOMETHING BIGGER WAS HAPPENING AND BEGAN TO INVESTIGATE USING IOVATION'S DEVICE REPUTATION PLATFORM.**

Fraud Systems and Analysis Manager

### Understanding the Real Location of Identity Thieves

They began to look more closely at transactions using iovation's risk and reporting tool and noticed the same IP address on a number of transactions. The true location of the IP address was Nigeria, while the transaction itself supposedly originated in a European country. As they began to dig deeper, they also determined that all the transactions were associated with the same Internet Service Provider (ISP). It became obvious that these fraudulent transactions had the same IP address and ISP in common. From there, iovation's risk service was able to show which devices and accounts were associated with one another in the fraud ring.

### Armed With Shared Device Intelligence

Within iovation's global service, the reputations of more than 5 billion devices are shared, along with 55 million client-reported fraud experiences associated with some of those devices. When the retailer's site is accessed by a device from any country in the world, it's very likely that iovation has seen the device before and has information to share on its trustworthiness. Data returned to the phone retailer shares whether the device has a previous history of credit card fraud, identity theft, account takeover or other suspicious behavior not only with the phone retailer, but other European retailers, and other businesses in various industries around the world. Placing evidence of fraud on a bad account effectively flags any other accounts or devices linked to the account. In one instance, the retailer saw 15 accounts associated with the same device. Armed with this information the retailer was able to stop the fraud ring using a number of different elements in the iovation platform.

### Stopping Fraud Before Products are Shipped

After a device is identified, account associations mapped, fraud history reviewed and business rules run, iovation returns an allow, deny or review response to the retailer--all in an average of 100 milliseconds. These elements work together to send high-risk transactions for review before goods are shipped, which is crucial to decreasing hardware costs from product loss on fraudulent orders.

### 17,000 GBP Saved in One Month of Using iovation

In one month, the phone retailer saved £17,000 and stopped a major fraud ring. iovation's platform gave the retailer the tools needed to uncover fraud they couldn't find before and, most importantly, shut it down for good. Now that the retailer has used iovation for more than 4 years, device intelligence continues to provide deep insight into the links between accounts and devices. These links—combined with additional data points like being able to identify common ISPs through iovation's Real IP service, leveraging watch lists and flagging associated accounts—all provide a robust set of analysis and investigative capabilities. These capabilities have effectively helped the retailer massively reduce fraud rates and churned contracts, and identify good repeat customers, for every channel across their business.

**ABOUT IOVATION**

iovation, a TransUnion company, was founded with a simple guiding
mission: to make the Internet a safer place for people to conduct
business. Since 2004, the company has been delivering against
that goal, helping brands protect and engage their customers, and
keeping them secure in the complex digital world. Armed with the
world's largest and most precise database of reputation insights and
cryptographically secure multi-factor authentication methods, iovation
safeguards tens of millions of digital transactions each day.

**iovation.com**

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