

Real-time data collaboration driving better eCommerce

Tackling card-not-present fraud and false declines head-on.



Problem Statement

Digital commerce transactions continue to grow rapidly as online shopping becomes more embedded in everyday life. While the shift toward eCommerce, driven by mobile experiences and accelerated by the COVID-19 pandemic, has created new experiences for consumers, it has also brought attention to the challenges of card-not-present (CNP) fraud.

As fraudsters continue to invest in new schemes, fraud will only increase. Today, CNP fraud is already 5 times higher than card-present fraud.²

With higher levels of CNP fraud come greater chances of mistakenly declining legitimate transactions. Known as “false declines,” these encounters introduce friction and can lead to cart abandonment. Industry research shows that, even in the face of higher fraud, the cost of declining a good customer is nearly 3x that of actual fraud losses incurred.³



U.S. CNP fraud is forecasted to grow to

\$13B
by 2026.¹

Opportunity

Although there is no silver bullet to eliminate false declines and eradicate eCommerce fraud, continuous improvement in data exchange can lead to more accurate predictions and stronger fraud prevention strategies.

Machine learning algorithms are widely used to identify patterns in transactional data, which can then be used to predict fraudulent activity. These algorithms can become even more intelligent and predictive if data captured on CNP transactions is enriched with device and identity attributes, such as IP addresses, device IDs and email addresses.

Fortunately, most of this data is already being collected by merchants and their service providers. The challenge, however, lies in finding a scalable solution that can effectively leverage this data to improve decision-making processes.

Solution

Visa Data Only

Built on the existing EMV 3-D Secure rails, Visa Data Only is a new, enhanced real-time data sharing solution that can seamlessly collect and share rich device and identity data.



Captures valuable device and browser attributes during checkout



Delivers actionable intelligence directly to issuers in the authorization message



Provides a frictionless user checkout experience



Requires minimal work for existing 3DS users to enable Visa Data Only



Applies non-authenticated eCommerce fraud dispute rules

Results

In partnership with Square, Visa observed a **220 bps increase in approval rates** in the U.S. when Visa Data Only was used to share enhanced data. More specifically, there was a **460 bps uplift on approval rates** on medium to high risk transactions.

While lower-risk transactions have fewer false declines and fewer instances of fraud, the medium to high risk transactions are difficult to optimize without the use of enhanced data and risk intelligence.

By leveraging existing 3-D Secure technologies, Visa Data Only offers the ability to augment risk signals and more confidently separate legitimate transactions from fraudulent ones.

220 bps
higher approval rate



We've seen significant benefits with Visa Data Only, especially when it comes to lifting our conversion rate. Enhanced data sharing benefits the entire ecosystem. We look forward to the continued growth of Visa Data Only as more issuers join the program.

To learn more about how enhanced data can transform digital commerce, contact your Visa representative today.

1. Datos Insights, CNP Fraud and the Role of 3-D Secure, Nov 2023

2. US fraud rates from Global Risk Dashboard, Q3 CY2021

3. J.P. Morgan article <https://www.jpmorgan.com/insights/payments/analytics-and-insights/cnp-fraud-prevention-combat-chargebacks>