



“ Chargebacks were almost cut in half, decreasing from 1.40% in the beginning of 2014 to 0.5% by the end of 2014, despite the double digit growth in sales.

Rail Europe 4A's Web & Payment Solutions Coordinator, Jean-Michel Boromé

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Case Study / **RAIL EUROPE 4A**

RAIL EUROPE 4A Boosts Revenue and Customer Satisfaction with **Effective Fraud Prevention**

BACKGROUND

Gone are the days when an in-house fraud team acting as a single line of defense provides sufficient fraud prevention capabilities for online merchants. As technology becomes increasingly sophisticated, so do fraudsters, posing new and ever-evolving challenges to fraud prevention managers and teams.

As a leading distributor of train tickets and rail passes in Asia, Africa, Australia and South America, Rail Europe 4A faces a complex and rapidly changing fraud landscape. With the company's volume of transactions outgrowing its capacity to monitor each transaction for fraud, the business needed a second line of defense. So it turned to Managed Fraud Services, with impressive results.

CHALLENGE

As Rail Europe 4A expands its operations into new markets across territories, it also becomes more exposed to fraudsters. The usual period of time between a purchase and actual travel is 3 days, while chargebacks are received on average within 50 days after the payment date. Because Rail Europe 4A's service is used almost instantly, they have a massive vulnerability in which Rail Europe 4A could remain unaware of fraudulent transactions for several weeks. With 3 million travelers buying rail products every year (many of whom are traveling across country borders) the company needs to be able to react quickly and efficiently to identify and address possible fraud issues, without disrupting genuine payments.

The evolution of technology means Rail Europe 4A sells the majority of their tickets electronically with instantaneous delivery. Their online business is one of the fastest growth channels for Rail Europe 4A. As the travel industry fuels its sales efforts by encouraging consumers to use electronic and remote channels – which are less costly and vastly accessible – they also face higher vulnerabilities. An efficient Risk Prevention approach can allow travel companies to reduce vulnerabilities and maximize profitability.

Furthermore, Rail Europe 4A's organic growth and expansion into new markets has increased their volume of transactions to the point where manual validation of transactions "one by one" was becoming increasingly difficult and subject to human error, so another challenge became managing thousands of payments every day – not just efficiently, but flexibly. Particularly when the very nature of the business means transactions unexpectedly pop up all over its extended territories.

Rail Europe 4A's web and payment solutions coordinator, Jean-Michel Boromé, explains the problem:

"We had developed an in-house fraud solution to control transactions one by one, but it was human dependent and we kept experiencing errors. We needed a solution flexible enough to prevent fraud in the most effective way possible, while minimizing the rejection of a large number of real bookings. We're not fraud experts and we quickly realized that if we wanted to grow, we needed a more effective system."

Rail Europe 4A approached us to help lower its fraud losses and maintain its online reputation with banks and customers. They hoped this would not only boost the company's revenue but also its customer experience.

SOLUTION

Our main objective was to reduce the number of chargebacks, which were affecting the company's bottom line. In a successful Risk Management plan, market location, consumer mix, sales channels and strategic focus can produce significant variance in performance. In order to overcome the risk associated with each of these components, knowledge and expertise in global payment trends are essential. The right choice of tools and best practices for each specific market model, along with access to benchmarking data of other successful global online markets, play the most important role.

Undoubtedly, the ultimate goal of such a tailor-made plan is to maximize profit and minimize financial losses due to fraud. If we assume that financial loss in Card Not Present environments is an iceberg, disputed charges are just the tip. For every dollar in chargebacks, merchants lose an average of four more dollars due to indirect costs. Hidden yet catastrophic costs come in the form of missed opportunities, reputational loss, higher operational costs associated with developing in-house solutions and processes, punitive measures associated with individual chargebacks and fraud and chargeback programs. Tackling these "invisible" costs is essential to reduce risks and improve the bottom line.

The 3 words I'd use to describe Ingenico ePayments:
efficient, pro-active and expert.

Jean-Michel Boromé, Rail Europe

The rail ticket operator also wanted a collaborative approach. As Boromé explained: *"We need to keep up with the management of our fraud rules, so we know what's going on and how we can learn from it."*

Rail Europe 4A opted for our Managed Fraud Services, working closely together to identify and highlight common threats and establish best practices and rules that would help to prevent fraud, improve customer satisfaction by minimizing false positives and increase overall success rates.

Acting as an extension of Rail Europe 4A's in-house fraud team, our team worked closely with Rail Europe 4A to formulate and implement the most effective risk management strategy catered specifically to the company.

The approach included:

- a dedicated fraud risk manager to assess the business model, review the history of the merchant, and continuously adjust and evaluate the parameters of the fraud tools
- training Rail Europe 4A staff and supporting them throughout the process
- risk rules pertinent to the business that are constantly updated
- providing knowledge and updates on recent fraud trends
- transactions are managed in real time

"We identified various fraud trends and established appropriate counter measures", says Boromé. "All were tailored to the needs of our specific markets" And what was the best part? "Definitely working with a dedicated fraud manager – it meant we were instantly effective, and this collaborative approach meant we could enhance our own anti-fraud skills."

KEY BENEFITS

Rail Europe 4A started using our Managed Fraud Services in 2014. Subsequently, fraudulent activities decreased from 1.40% in the beginning of 2014 to 0.50% by the end of the year. *“This made a huge difference to our business”*, says Boromé.

Ingenico ePayments, or GlobalCollect as it was known at the time, also implemented tailor-made rules in Rail Europe 4A’s business model, which helped optimize the company’s fraud-detection process and prevent false positives. This process also increased Rail Europe 4A’s success rate with the banks, cutting costs and boosting the bottom line.

For Boromé, the strong combination of the new structure, tools and regular contact were all critical. *“The whole package helped us to achieve this successful outcome. We are very pleased with the results.”* Rail Europe 4A’s customers are happier as well. *“These changes have made a big difference to our customers”*, says Boromé. *“If fraud was detected, we could make sure the genuine payments weren’t declined and prevent the fraudulent transaction going through way before the chargeback happened.”*

And the good news doesn’t stop there. The profit generated by lowering the chargeback rates is being reinvested. For example, Rail Europe 4A is identifying customer drop-off points and implementing new sales dialogues for the Rail Europe 4A website to improve the customer experience.



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