



Card Not
Present
(CNP)
Transactions
2019

Card-Not-Present (CNP) Transactions

- ▶ CNP is a card transaction via the telephone, internet, mail or mobile where the physical card is not present.
- ▶ Recognizing fraudulent behavior is trickier because neither the customer or the credit card are physically present.
- ▶ When the cardholder receives the statement with the fraudulent charge, they or their bank requests a chargeback. This is a reversal of the sales transaction and the amount of the sale is deducted from your merchant account. When fraudulent orders are made by CNP, the resulting chargebacks are hard to fight because the merchant has no card imprint or customer signature.

Avoiding CNP fraud

To help avoid being on the receiving end of a fraudulent CNP transaction, watch out for orders that:

- ▶ Are larger than normal
- ▶ Include several of the same item or very expensive items
- ▶ Request “rush” or “overnight” shipment
- ▶ Always conduct an Address Verification System (AVS) check and contact customers for order confirmation on AVS failures
- ▶ Shipping to an international address that cannot be verified by an Address Verification Service (AVS)
- ▶ Purchases made on different cards but shipped to the same address.

Avoiding CNP fraud cont.

- ▶ Purchaser used an email generated on a free email service
- ▶ Credit card account numbers that are sequential
- ▶ Providing multiple card numbers from a single IP address
- ▶ Charging multiple transactions to one Credit Card over a very short period of time

CNP gathering cardholder data

Make it a practice to require the following for every CNP transaction:

- ▶ Cardholder's credit card number, credit card validation code and expiration date
- ▶ The name that appears on the front of the credit card
- ▶ Cardholder's billing address and phone number
- ▶ Description of merchandise and/or services rendered
- ▶ Send an immediate email confirmation whenever an order or refund is processed

CNP additional steps

Additionally, follow these steps for every CNP transaction to help decrease the chances of credit card fraud:

- ▶ Use AVS. If the two do not match, do not ship the merchandise.
- ▶ For an additional level of security, verify the card's authenticity by asking for the three-digit credit card validation code (CVV) on the signature panel.
 - ▶ The code is often missing on fraudulent credit cards, or unavailable on compromised card numbers or generated account numbers.

CNP additional steps cont.

- ▶ Ask the customer for additional information, such as a day and evening phone number. Then, call them back later to confirm the sale. Alternatively, before sending the order to the customer, confirm the order via the billing address, not the “ship to” address.
- ▶ Ask for the bank name on the front of the card, and the bank’s customer service number from the back of the card.
- ▶ Ship merchandise only to the cardholder’s billing address. You may want to request a certified signature as proof that the merchandise was delivered.

CNP additional steps cont.

- ▶ If you are uneasy about an unusual mail, phone or internet transaction, contact FrontStream Payments. We'll assist you in verifying the transaction before you ship the merchandise.