

# Best Practices

## Merchant guide to minimize disputes and common types of fraud

Brick-and-mortar and online businesses are facing new forms of Credit Card Fraud constantly. It is definitely a threat to business owners and merchants. However, it is essential to fully understand transactional fraud to properly fight against it.



### Card Present Transactions

- Declined Authorization. The merchant should not try to complete a transaction if the authorization request was declined.
- Key-Entered Card-Present Transactions in POS instead of swiped. This type of transaction should be avoided when card is present.
- Make sure that the card is signed. If it is not, have the customer sign the card in your presence and then check the signature against a picture ID.
- Fraudulent Card-Present Transaction. If the cardholder is present and has the account number but not the card, the merchant should not accept the transaction.
- Verify that the account number on the terminal matches the account number on the card be it swiped, dipped or tapped.
- Compare the signature on the sales draft with the signature on the back of the card too. If they do not match, discontinue the sale.
- Keep an eye on customers who:  
Purchase several of the same type of merchandise or very expensive merchandise, especially if they do not ask any questions about the items.
- Purchase a vast array of merchandise, seemingly without regard to size, color or price.
- Make a purchase and then leave the store, only to return later to make additional purchases.
- Try to distract or rush you during the transaction, and make purchases right as the store is opening or closing for the day.

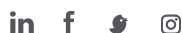


### Card Not Present Transactions

Card-not-present fraud occurs in fraudulent transactions where a cardholder does not present a card to a merchant in person. It includes internet, phone, and mail-order transactions. In most cases, this type of fraud happens after a fraudster steals card information such as a card number with hacking, skimming, or phishing

- Address Verification Service (AVS). AVS enables you to compare the billing address (the address to which the card issuer sends its monthly statement for the account) provided by your customer with the billing address on the card issuer's file before processing a transaction. These addresses should match.
- Card Security Codes. Card Security Codes are the 3-digit numbers located on the back of Visa (CVV2), MasterCard (CVC 2) and Discover (CID) cards, in or around the signature panel, and the 4-digit numbers located on the front of American Express (CID) cards, above the card account number.
- Include several of the same item or very expensive items.
- Ship to an international address that cannot be verified by an Address Verification Service (AVS).
- Consider this very risky unless the order is from an established customer you know well.
- Ship to the same address and were purchased on different cards.
- Provide multiple card numbers from a single IP address.

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