

Case Study

B&H Photo Shuts Down
5-Figure Reshipping Scam
and Stops 95% of Fraud





Challenge

B&H Photo's commitment to customer service, fast fulfillment and top-tier mail-order service attracted reshipping scams from around the world, while fraudsters worked hard to evade B&H's in-house fraud detection techniques.



Solution

TruValidate Device Risk greatly cut manual review time and expedited order fulfillment. Real-time business rule customization, coupled with ACI's fraud prevention solution, delivers dynamic protection for B&H's timely fraud management needs.



Results

B&H's fraud catch tripled, thousands of shipments go out to good customers every day, and fraud rates remain at an enviable level – all with zero impact on customer experience. Daily website visits have now climbed.



TransUnion & ACI Worldwide help B&H detect fraud and serve good customers faster

Starting in 1973, B&H Photo and Video built a thriving business on a steadfast commitment to customer service, rapid order fulfillment, and prompt delivery. In the early days, it served mail-order customers across the United States. Later, in the 1990s, B&H was one of the first photography suppliers to adopt online-based orders.

"We've become a leading internet retailer, but have never forgotten the values that helped us succeed," says Barry, Fraud Manager for B&H. "Other large retailers would rather just cancel orders they suspect of fraud and ask honest customers to re-order. We put in the extra effort to verify every purchase. That allows us to accept and approve more orders."

B&H's success attracts fraudsters

With such an ambitious and accommodating policy, opportunistic fraudsters' ploys are expected. For example, in 2014, one 'customer' placed 11 separate orders for merchandise worth tens of thousands of dollars.

"It turned out that this guy in Minneapolis had 'business partners' in Russia," recounts Barry. "They provided him with stolen credit card

information – updated with his billing address – and promised to pay him \$2,500 per month to reship our merchandise to Russia where it could be resold for a substantial profit.”

The orders started out slow to avoid suspicion: just a few thousand dollars. After each order’s approval, the fraudsters would make larger purchases.

Reshipping scheme uncovered

As a normal part of operations, Barry's fraud team called the re-shipper to confirm the orders. And yet, the calls left them with a bad feeling. They took a closer look.

The address checked out. The credit card on file hadn't been reported stolen. The devices used to order the merchandise didn't have evidence of fraud placed against them in [TruValidate's] Intelligence Center.

Then, they spotted the giveaway: TransUnion's solution, TruValidate, showed that the device's declared IP address (Minneapolis, USA) mismatched the actual IP address (Moscow, Russia).

“As soon as we showed the customer that he was an accomplice in an international reshipping scheme and that the credit card used to place the orders was stolen, he became very cooperative,” Barry recalls. “We didn't get all of our merchandise back, but it could have been a lot worse.”

Fraudsters outpace in-house detection system

Initially, B&H processed all online orders with its own internal fraud detection software. But as their online business continued to grow, the scale of attempted fraud outpaced their homegrown solution.

“It got to a point where we would have had to hire a full-time developer to keep up with the constant changes we needed to make to our system,” Barry recalls. “It wasn't cost effective to maintain internally. So, we engaged ACI Worldwide and [TruValidate] for a merchant fraud solution.”



TruValidate technology is created with the customer in mind, so you can maintain the elegant experience your customers have come to expect from your brand.

95%

Reduction in fraud rate after using TruValidate

We know that [TransUnion TruValidate] will alert us to fraudulent orders. Thanks to our higher tolerance level, our customers have an easier shopping experience.

Barry Goldstein
Fraud Manager,
B&H Photo and Video

Fraud analytics services by ACI and TruValidate are enlisted

Working in tandem with the ACI Worldwide fraud prevention solution, TruValidate exposes subtler indicators of fraud, such as:

- Multiple orders originating from the same devices that use varying combinations of billing, shipping and credit card information.
- Details of how the consumer connected to B&H's website, whether by mobile phone, tablet or desktop, the browser type, proxy services, etc.

Whether evidence of fraud was placed in TransUnion's Intelligence Center against the ordering device or associated devices.

"Throughout this transition to an external fraud detection platform, one thing never changed: We don't deny any transactions automatically," Barry emphasizes. "Our customers' experience is the highest priority, even if it means maintaining a larger verification team than other companies our size. We'll challenge everything we have to."



ACI Worldwide, the Universal Payments (UP) company, powers electronic payments for more than 5,100 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries as well as thousands of global merchants rely on ACI to execute \$14 trillion each day in payments.

Mobile app fraud thwarted with TruValidate's mobile SDK

In 2014, B&H introduced a mobile app for its customers. The app now accounts for a significant percentage of company revenue.

"They predict that more and more purchases will occur on mobile apps. If that's where our customers want to shop, we'll be there for them," Barry asserts. "And if fraudsters want to try to exploit the channel, we'll be there to stop them."

Why wouldn't we implement TruValidate's mobile SDK? To date, we've seen more fraud on our mobile website, but I believe that if you don't see a problem on the app, the SDK is serving its purpose."

ACI Worldwide and TransUnion speed order fulfilment

B&H's confidence in the TransUnion-ACI Worldwide combination has emboldened the retailer to streamline its fulfillment process.

For example, B&H has doubled the order size it automatically accepts from U.S.-based IP addresses. Even if some of these higher-value transactions show signs of risky behavior, the web's largest photography retailer will tolerate them as long as they aren't flagged by TruValidate Device Risk..

For more case studies visit transunion.com/truvalidate.

Learn more about our identity proofing, risk-based authentication and fraud analytics solutions. Contact your TransUnion representative or visit transunion.com/truvalidate.



About TransUnion Global Fraud Solutions

TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing a comprehensive picture of each person so they can be reliably and safely represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for Good.®

TransUnion Global Fraud Solutions unite both consumer and device identities to detect threats across markets while ensuring friction-right user experiences. The solutions, all part of the TruValidate suite, fuse traditional data science with machine learning to provide businesses unique insights about consumer transactions, safeguarding tens of millions of transactions each day.

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