



# Frequently asked questions

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## A guide to Elavon's advanced fraud services and transaction risk analysis

### • What is transaction risk analysis?

Transaction risk analysis (TRA) is an exemption from Secure Customer Authentication (SCA), which Elavon can offer. It means using a risk tool to flag low-risk transactions to Issuers. If they accept the exemption request, the transaction does not require SCA and that friction is removed. If the Issuer doesn't agree that the transaction is low risk, they can 'soft decline' it, or step it up, requiring the cardholder to authenticate themselves.

### • How does TRA work?

There are two versions of TRA: Outsource TRA and Elavon TRA. For Outsource TRA, the merchant/gateway has their own risk tool that determines a transaction is low risk and flags the TRA exemption on a transaction request to Axis. Elavon TRA is where our advanced fraud service is used to assess the risk of a transaction. The TRA exemption can be requested on the authorisation request (Scenario 1 on page 25) or in the authentication request (Scenario 2 on page 26). In both cases, TRA can only be requested by Elavon for eCommerce transactions up to €250. This is based on Elavon's fraud reference rate.

### • What is Elavon's reference fraud rate?

The amount up to which Elavon can apply TRA is determined by our reference fraud rate. This is calculated by the total value of unauthorised and fraudulent remote card transactions divided by total value of all remote card transactions. Currently, this enables Elavon to allow transactions up to €250 to be exempted:

Transaction Value Band	Elavon Fraud Reference Rate
<€100	13 bps/0.13%
€100-€250	6bps/0.06%
€250-€500	1bps/0.01%

### • To which card types does it apply?

TRA is only applicable for specific card schemes, namely Visa, Mastercard, Diners Club International and UnionPay International.

- **Do I have to use 3-D Secure to get TRA?**

Merchants must support 3-D Secure on all eCommerce and mCommerce sales channels, as cardholders will need to use 3-D Secure to authenticate when a transaction is considered medium/high risk and so not approved for TRA. The card schemes will cease supporting 3-DS1 in the future (varies by issuer).

- **How do I get TRA?**

The Elavon fraud team will review your application but, as a general guideline, your processing volume should be greater than ten million transactions per annum, with an average transaction value <€250 and your fraud rate has been below 12 basis points for the past six months.

- **How much does it cost?**

This will be negotiated on a case-by-case basis. Bear in mind that Elavon incurs a fee from the card schemes every time an SCA exemption is requested.

- **What visibility will you give me of my online transactions?**

Amid concern PSD2 will see merchants lose control of how eCommerce orders are handled, Elavon advanced fraud services will help you gain more visibility of transactions declined due to suspected fraud, exemption requests (which orders

were routed for acquirer exemption and which exemptions were granted by the Issuer), etc.

- **What expertise do you have in my industry and key markets?**

Elavon has a proven record of working with merchants of all scales and complexities across multiple markets, within North America, Europe – both inside and outside of the European Union – and cross-border. We work with multi-national franchises and global merchants to reduce fraud, improve revenue and performance for merchants in transportation, retail, hospitality and education, among many others. We help European based merchants (inside and outside the EU) minimise fraud risk for inbound cross-border transactions that are out of scope for SCA.

- **As fraud evolves, how will you be able to protect me against new fraud attack methods?**

Elavon's advanced fraud services will use machine learning and adaptive fraud models that profile each customer's individual behaviour, use data elements specific to your business, including your transaction and fraud history, and an Elavon-wide holistic view of our entire global acquiring customer base to deliver dynamic risk analysis and real-time decision-making on your transactions. Our solution will learn from and adapt to changing customer behaviour, fraud patterns and attack methods.

- **How will you help my business maximise SCA exemptions?**

Elavon works with you to optimise your online payments and make sure your transactions include the relevant flags and indicators. Our solution focuses on maximising your revenue and minimising fraud. Our advanced fraud services analyse transactions prior to authentication and authorisation in order to filter out fraud attempts, maximise use of acquirer-requested exemptions (per your agreed preferences) and frictionless authentication, and reduce payment declines.

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- **What technologies will feature in Elavon's advanced fraud services?**

Elavon advanced fraud services are a real-time transactional monitoring solution, which will have the capability to spot anomalies to block new fraud attacks and suspicious activity as it occurs. At the same time, the new Elavon fraud-detection system will be able to recognise genuine customers without blocking their activity, helping to improve acceptance rates while stopping fraud in its tracks. In addition to utilising the advantages of new fraud technologies/techniques – which have been developed to absorb and utilise known ‘fraud features’ – Elavon advanced fraud services will be able to spot changes in behaviour which could be an early indication of a fraud attack. Our wealth of knowledge and data across its whole portfolio enables you to take advantage of this new approach in the deployment of detecting and preventing fraud.

- **What data will Elavon's advanced fraud services draw on to ensure accuracy to reduce false positives and false negatives?**

The expertise of Elavon, gained through years of fraud-management knowledge, alongside the ongoing validation of fraudulent activity, ensures the delivery of immediate effective results and a solution that continually adapts and evolves, learning from the data ingested and monitored by the fraud-management solution in real time, 24/7.

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- **What's your incentive to ensure my revenue remains protected under PSD2?**

Elavon wants to make sure all of our customers maximise their revenue, offer a low latency checkout experience to cardholders and minimise fraud. Making the right risk decisions (correctly blocking fraud) helps us to help you, reduces our risk where we take on the fraud liability and reduces the overall fraud rate of Elavon keeping our TRA Exemption Threshold Value as high as possible (currently €250, or equivalent local currency value).

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- **Can my company's internal and external data sources be used to enrich the gathered data used in the advanced fraud services data model and risk analysis?**

Elavon will utilise each and every data element it has at its disposal to ensure the new fraud system is learning from the most current and up-to-date information. When new data elements become available, these will be assessed and, where applicable, introduced to ensure the fraud solution remains future proofed.

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- **How does Elavon's advanced fraud services scale and adapt to a changing fraud environment?**

The new fraud system being deployed by Elavon has been designed to continually evolve, learning from changing patterns across our whole portfolio. This fraud model will assign each merchant to a consortia or peer group, ensuring every transaction, regardless of whether it's the very first transaction, is assessed against historic data to ensure it is in line with what is expected for that particular type of business. The model will be continually provided with new information to ensure it is operating on the most current information available.

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- **How do Elavon's advanced fraud services leverage artificial intelligence/machine learning to proactively detect fraud patterns and block fraudulent transactions?**

Elavon advanced fraud services will incorporate a vast amount of information across our whole portfolio, ensuring the most up-to-date information is available, alongside confirmed fraud. By utilising Featurespace's already proven Adaptive Behavioral Analytics technology, our advanced fraud services will be highly effective in identifying more fraudulent transactions than a 'rules based' fraud system, which needs constant monitoring and ultimately leads to reactive fraud management rather than proactive fraud management. Additionally, Elavon recognises that fraud constantly evolves in order to avoid detection. It is for this reason, we have introduced this new approach, leveraging market leading technology to protect our customers.

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- **Can Elavon's advanced fraud services help improve my operational efficiency?**

Elavon advanced fraud services offer automation of previously onerous, manual processes and the ability to customise workflows. Elavon recognises the resource demands and cost reduction pressures on all businesses, regardless of size, why we are developing and introducing this new solution to help limit the potential operational overhead associated with fraud monitoring and management.

- **How can Elavon's advanced fraud services protect my business from account takeover?**

Account takeover is where fraudsters gain access to legitimate customer's credentials – usually as a result of a data breach – and use them to order goods.

**See box below**

- **Can Elavon's advanced fraud services protect my business from automated 'bot' fraud attacks?**

Carding or card cracking are forms of automated 'bot' attacks. Fraudsters use these techniques to test stolen card

data by carrying out multiple payment authorisation attempts to identify valid card details (carding) or to identify missing elements of stolen payment card information (card cracking).

**See box below**

- **How do Elavon's advanced fraud services protect my business from 'friendly fraud'?**

'Friendly fraud' is when a cardholder makes an online shopping purchase with their own credit card, and then requests a chargeback after receiving the purchased goods or services disputing that it was actually them that made the purchase.

**See box below**

**The Elavon advanced fraud services approach is the same (albeit with some variation specific to the fraud type) for each of these types of fraud attack above.**

Through the review and understanding of fraudulent behaviour from the past, Elavon has designed our advanced fraud services to incorporate a model that has capability to track and identify what 'good' looks like, through the review and understanding of fraudulent behaviour from the past; by default the 'bad' (or fraudulent) transactions will fall out.

This is a different approach to other fraud solutions which are modelled/created based on fraudulent transactions and as a consequence

have to wait for the fraud to happen and be reported for the fraud system to be updated so that the fraud can be detected.

The new approach by Elavon advanced fraud services will identify changes in behaviour that could indicate a potential fraud not seen before. Elavon advanced fraud services will be capable of identifying this behavioural change, whereas other fraud systems can only react after the fraud has occurred.

**For frequently asked questions about PSD2, please [click here](#).**

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