

# Case study: Euroline

Detecting up to 90% of merchant fraud for the leading Nordic acquirer



## Euroline AB

Euroline AB (<http://www.euroline.se>), the acquiring arm of SEB Kort AB, is one of the market leading Merchant Acquirers in Sweden, and the leading cross-border acquirer in the Nordic markets. As part of the SEB Group (<http://www.sebgroup.com>) SEB Kort AB administrates 2.7 million chargecards and credit cards in the Nordic countries, working with nearly 200,000 merchants and processing over 300 million card transactions every year.

# EUROLINE

“Merchant monitoring is a key part of our business.” said John Mossblad, SEB Kort Fraud Prevention and Security. “With Experian, we have found a partner who knows what they are talking about, knows our business and how to solve our problems. And, with Secana Merchant Monitor, we have found a solution that protects our business. We just have to look at the results; we believe we are detecting 80 to 90 percent of merchant fraud.”

“On one case alone around €50,000 of merchant fraud was avoided. Given that 15 to 20 cases are highlighted each week, the return on investment has been immediate.”

## Challenge

SEB Kort provides processing and fraud monitoring for its merchant acquiring arm Euroline. Merchant acquirers provide point of sale terminal and transaction processing facilities to merchants to enable them to accept credit and debit card payments. A merchant could be a high street shop or an online vendor. With only a short window in which to authorise transactions, Euroline needed to ensure it had adequate protection to prevent funds being lost through fraud and defaulting merchants. The threat comes from fraudsters attacking organisations and high risk, collusive and fraudulent merchants, with a growing trend of internet fraud.

While these losses do not always financially impact Euroline, excessive chargeback ratios could lead to fines from the international card payment schemes.

In addition, card schemes demand compliance with a range of security processes for the protection of all the parties involved. Non-compliance can lead to serious penalties for acquiring businesses.

SEB Kort was already working with Experian using Secana Card Protector, which tackles the challenges of issuer fraud. SEB Kort recognised that a similar architecture and functionality could bring significant benefits to detecting and reducing merchant fraud.

## Decision Analytics answer

SEB Kort chose the Secana Merchant Monitor system from Experian. This comprehensive offering provides monitoring for merchant fraud, risk and compliance.

## Results

- **Detect 80 to 90% of merchant fraud**
- **Avoided significant fraud losses**, including a single case worth more than €50,000
- **Immediate return on investment** by reducing fraud and risk losses
- **Reduce the scale of fraud losses** by rapidly taking proactive actions against high risk and fraudulent merchants
- **Avoid regulatory penalties** by ensuring full compliance with card organisations
- **Educate merchants** to detect and prevent fraud

Secana Merchant Monitor provides an online system for Euroline to monitor, investigate and take action against fraudulent merchants and those who are exposed to fraud, as well as managing compliance and merchant risk in the card payment operation.

It provides transactional surveillance, giving Euroline the ability to build individual profiles of each merchant, enabling it to monitor significant changes in over 70 aspects of the merchant behaviour. It gives a complete overview of merchant's behaviour and operations.

Secana Merchant Monitor highlights anomalies and suspicious transactions for every merchant. It provides a real-time mechanism to monitor, investigate and take action against suspicious cases. All transactions are monitored by the central team based in Stockholm with operations working on a 24 hour basis.

Cases are investigated using the Secana tools, with the results passed back to the local operations to make contact with the merchant as required. These actions typically include calling the merchants to discuss the case, educating the merchants around the procedures, freezing funds for the transactions and in extreme cases, terminating the merchant relationship.

Merchant Monitor offers a range of features and functionality to streamline monitoring.

Specific features appreciated by Euroline include the user friendly interface, and the ability to change parameters, change views to suit the user and rapidly and flexibly add new rules. Comprehensive search functions allow data to be searched across the whole database and rules can be tested against the historical database before they are rolled out.

The system provides the scale required as Euroline continually add new merchants to the system. In the future Euroline are looking to enhance the system, including using more data and introducing closer monitoring of new merchants.