

Visa claims new software catches more fraud

January 6 2011, By JORDAN ROBERTSON , AP Technology Writer

(AP) -- It's not just consumers who have to make hard choices when paying with plastic.

Credit card companies choose to scrutinize some bits of information for signs of [fraud](#) while ignoring others. And those decisions are made in a fraction of a second when approving or denying a sale.

Visa, which operates the world's biggest electronic payment network, is speaking publicly Thursday for the first time about new technologies it put in place ahead of the 2010 holidays.

The company says the upgraded systems can catch more fraud because its developers figured out ways for the software to look for more signs of bad behavior at once. Some of the variables include the speed of transactions on a particular card, the time of day, the physical distance between transactions and the type of store.

Nancy Hilgers, Visa's head of global risk products, said that earlier versions weren't able to analyze as many data during a purchase. In some cases, the check was limited to just two of those elements at a time. In the interest of speed and because of limitations of the technology, Visa was letting some criminals slip through the cracks.

The new software, which rolled out in September, can combine more than a dozen different variables. Hilgers said that's important because the ability to sift through more data increases the odds of catching a fraudulent purchase before it's approved.

Visa says upgraded software will allow Visa to spot a greater percentage of fraud. Detection of cross-border fraud, which Visa said it looked at intently for the latest iteration, shows major gains.

Cross-border fraud can be as simple as criminals using stolen U.S-issued cards at stores in other countries, or as complex as tricking banks in other countries that they're legitimate businesses so they can pull money out of accounts by creating fake transactions.

David Fish, an analyst with the Mercator Advisory Group who was briefed on Visa's plans, said [criminals](#) have been exploiting weaknesses in the way the card brands have handled cross-border and high-speed fraud.

High-speed fraud can include hackers breaking into legitimate payment processors' computer networks to test batches of stolen card numbers in quick succession to make sure they work. Those tests involve small transactions. [Visa](#) says it is now better at identifying them.

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