



Address Verification Service

Card-based fraud prevention in long-distance selling

The Address Verification Service by Deutsche Card Services is part of the range of card-based fraud prevention services, which enable long-distance (e-commerce, MOTO) merchants to check whether the card data are valid and whether the customer has the right to use the card. Address Verification Service compares the address given by the customer during the order procedure with the data stored with the card issuer. This helps to reduce the number of non-payments and to lessen potential logistics risks during the goods delivery process.

Background

In stationary business, merchants and customers are both present, so both payment and delivery of the merchandise take place on the spot. Merchants can get a general impression of their customers, secure payment and protect themselves against the loss of their merchandise. Merchants can check whether the means of payment is genuine and, in case of card payments, use a number of methods to make sure that a card is rightfully used for payment:

- compare the signatures on the card and the transaction slip.
- compare a photo, which may be affixed to the card, with the customer.
- have the customer authenticate the payment by a PIN (this is relatively unusual for credit card payments in Germany).

In contrast, customers are anonymous in online trading, and it is impossible to conduct the checks described above. That is why merchants need other methods to prevent fraud and minimise non-payment and logistics risks.

Description of the product

Card-based fraud prevention measures use certain features of the card to determine whether the card data are valid or whether the customer has the right to use the card.

With Address Verification Service, Deutsche Card Services offers a service that is handled by the card organisations themselves.

Availability of Address Verification Service

- Almost no other German acquirer supports Address Verification Service.
- Deutsche Card Services offers Address Verification Service for all card types included in its CNP Card Acceptance and Routing CNP services.

	VISA	MasterCard	Maestro	Plus
Global				✓
United States	✓	✓		
Canada	✓	✓		
UK	✓		✓	

The address customers give during the e-commerce or MOTO order procedure is compared with the home or billing address stored with the card issuer.

Address Verification Service thus permits to reduce logistics and non-payment risks which may stem from entry errors or the illegal use of "found" card data. After all, only the rightful cardholder usually knows the correct billing address stored with the card issuer.

Depending on the card organisation and the card issuer, the checks will be different. In any case they will involve the numerical parts of the address (house number, postal code). The result will inform merchants about the degree of deviation between the addresses and permit them to determine individually when to reject a payment.

There may be quite legitimate reasons for differences between the delivery address given by the customer and the home/ billing address stored with the card issuer, for example if the card is used for business

purposes. In order to take this into account and nevertheless permit automatic processing, the check may be disabled or its results may be ignored in certain cases.

For the card types included in the Card Acceptance CNP ("card not present") services of Deutsche Card Services the check can be made independently of a payment transaction, for example in order to verify customer data given during a registration process.



Market Development

The card organisations Visa and MasterCard introduced Address Verification Service in the US in the mid-1990s in order to reduce the fraud and error ratio. At the time merchants often entered the data manually in long-distance selling.

In the meantime the procedure has become standard in long-distance selling in anglo-saxon countries. In fact, MasterCard even requires its use for Maestro UK.

However, in most European and non-European countries address verification by the card organisations or by the card issuers is not available.

How it works

1. The card and customer data are entered during the order procedur (with "credit card" being selected as payment method) or during the registration procedure.
2. The data are transferred to Deutsche Card Services and, via the card organisation, to the issuer.
3. The data are compared to the data stored with the card issuer; the result gives the degree of deviation.
4. The merchant proceeds in line with rules defined by himself or by Deutsche Card Services; for example, the transaction may be rejected due to a lack of similarities in the data sets.

Supplementary products

Address Verification Service supplements the products **Card Acceptance CNP** and **Routing CNP** for long-distance selling. As a full-service provider, Deutsche Card Services offers other fraud prevention services which are particularly interesting in the card payment process:

- Card-based fraud prevention
 - **3-D Secure** permits to clearly identify cardholders and thus to prevent the lion's share of chargebacks in long-distance selling.
 - **Fraud Screening** helps to prevent fraud by numerous up-to-date checks.

- Consumer-based fraud prevention
 - **Address Check** and **Name Check** minimise logistics risks regardless of the chosen payment method.
 - **Consumer Check** and **Consumer Score** help to reduce the number of non-payments by checking negative indicators, regardless of the chosen payment method.

Reasons to choose Address Verification Service

- Helps to prove that a card was used rightfully. The service helps not only to prevent non-payments, but also to save the resultant chargeback expenses and processing time.
- An easy way to prevent merchandise losses resulting from logistics risks, in particular in international transactions.
- Can be used independently from a payment transaction.

Reasons to choose Deutsche Card Services

- Almost no other German acquirer offers credit card address verification as an integrated component of the payment platform.
- Address verification for several card types from one supplier and address verification regardless of the payment method.
- All leading online payment methods and other services from one provider.
- Easy integration via established procedures and the XML interfaces Multi Pay, PSP and Smart Pay GUI interfaces.

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