

## Banks baulk at online trading

Companies who offer their products online, with credit card payment facilities have little or no protection from the banks. This is according to Buy247 sales director Wayne Behrmann.

Buy247 has invested significantly in providing a wide range of high tech, secure payment facilities on its online shopping website to ensure that its customers are protected from credit card fraud. However, it seems that even with all these security measures, there are fraudsters breaking the system, and the banks are playing a culpable role in these transactions.

A recent transaction with American Express has shown that even when an online merchant tries to mitigate all risks, the transaction can still be reversed if a cardholder disputes the purchase. An online merchant has no way of validating customers' personal details without conducting lengthy detailed credit checks that result in long delays. The information given by the customer is assumed to be correct, but ultimately the merchant relies almost entirely on the credit card payment technology.

"We use an M-Web payment technology called Safeshop. This industry leading payment gateway gives us real-time credit card authorisation with 3D secure encryption," says Behrmann. "This process is exactly the same as a traditional retail credit card transaction, with the only difference being that the actual card is not presented. The customer is also not seen by us until we receive an approved Safeshop credit card transaction."

"It also provides us with a customer risk profile. If it shows a high risk rating, we do not expedite the transaction without further security checks. However, we cannot prevent a fraudulent transaction from happening if the card holder fails to report their card stolen. This is when we have charge back issues with the various banks."

American Express is of opinion that, unless the merchant gets the customer to sign the credit card voucher, they have no ground to stand on. An online merchant has no way of doing this and therefore is 100% reliant on the cardholder being legitimate and honest.

"This policy seems to fly in the face of global online banking policy. Most banks will honour all transactions that are approved by a site that uses 3D Secure technology. Furthermore, most banks have really dragged their heels on the issuing of the new Smart Credit cards, with 4-digit pin code validation that will totally eliminate fraudulent credit card transactions," says Behrmann.

Behrmann says this will really make a difference to both online traders and customers alike. "But until such time, online merchants will always be potentially liable for fraudulent online transactions. As a result, Buy247 has decided to withdraw American Express from its store until there is a change of policy. It is a shame as Amex is universally accepted. Due to the low profit margins on our products, we cannot afford to risk losing any money through fraudulent transactions," he concludes.

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