

Transaction Risk Documentation Requests

Transaction Fraud

Description:

Unexpected loss due to deceptive activity perpetrated against the merchant, most often a result of consumer card testing, consumer account takeover, or erroneous disputes. Transaction fraud can be any type of purchase which was not authorized by a legitimate user. Transaction fraud usually involves unauthorized use of a victim's credit card or bank account to make purchases. This would include purchases on lost or stolen cards, or on cards that were illegally obtained.

Trends:

Synthetic Identities, Identity Fraud, Stolen Financials, Card Testing, Collusion/Rewards Abuse/Cash Advancing

Documents:

- Transaction details with buyer contact information: Invoice, Contract, Work Order, etc.
- Identification Information: State Issued identification or Passport
- Confirmation that buyer has funds available to avoid return: i.e., Bank Guarantee

Credit Risk

Description:

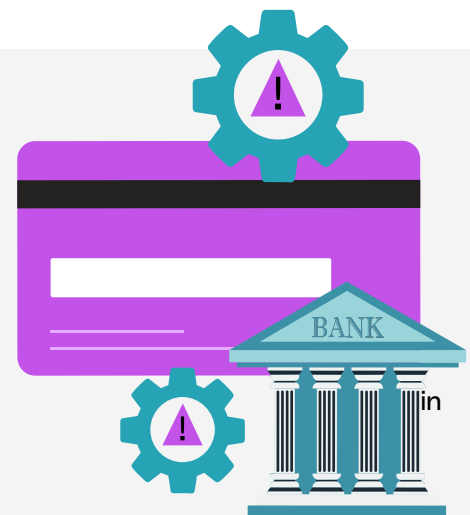
Risk of Chargebacks, Disputes, or Returns and the merchant's ability to offset funds lost when associated with Disputes. During the COVID pandemic, supply chain issues resulted in a number of business disruptions that impacted the credit worthiness of many businesses. The inability of merchants to manage operational risk (including chargebacks and refunds) often resulted significant loss and occasional defaults across a wide range of businesses.

Trends:

Bust Out, Services Not yet rendered, Delayed Delivery, Refund Fraud

Documents:

- Transaction details with buyer contact information: Invoice, Contract, Work Order, etc.
- Merchant financial liquidity to offset chargebacks, returns, disputes: Cash Flow statements, Bank Account Statements, etc.
- Supplier documentation and/or proof of ability to fulfill order
- Proof of shipping/delivery
- Processing History



Merchant Fraud

Description:

Illegitimate merchants who open bogus merchant accounts that allow them to accept credit card payments from victims. A fraudulent connected account might begin charging customers for goods that they don't intend to fulfill. As customers submit chargebacks, negative balances might accumulate on the fraudulent connected account that the owner has no intention to remedy (particularly if the owner was able to transfer funds initially processed from their customers).

Trends:

Collusion/Rewards Abuse/Cash Advancing, Suspicious Merchant Identity, Suspicious Owner Identity

Documents:

- Transaction details with buyer contact information: Invoice, Contract, Work Order, Shipping/Delivery Details, etc.
- Business Information: Articles of Incorporation, Business license, Secretary of State certification, etc.
- Identification Information: State Issued identification or Passport
- Explanation requested: Merchant Controls in place, reason for payment, etc.



Money Laundering

Description:

Money laundering, which is the process of concealing the proceeds of crime and integrating them into the legal financial system, is also a method used to hide the nature, source, location, situation, and movement of a crime or to give a legal image to the proceeds of crime. Electronic money provides an easy way to transfer value without revealing its identity. It can also be streamed through online auctions, sales, and gambling websites and converted into real, usable, and untraceable "clean" money.

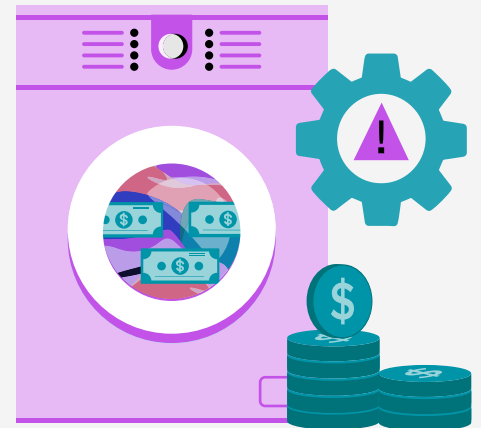
Cash can be made to look legitimate through reselling. Criminals may purchase big-ticket items with cash, and then quickly resell those items to have money they are able to use in their bank account. Real estate, luxury items, and other such items are popular placements for money laundering.

Trends:

Terrorist Financing, Cybercrimes, Importation and Exportation, Luxury Items

Documents:

- Business details, which could include AML programs, licenses, 3rd Party verification services, etc.



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