

Protecting Brazil's eMerchants from Insidious Chargeback Losses and Credit Card Fraud

ThreatMetrix Helps allpago Identify Fraudsters and Reduce Fraud Losses

With nearly 81 million people online, e-commerce is booming in Brazil. The value of online transactions is set to reach \$22 billion in 2016, nearly triple its 2010 level.* Brazil's thriving economy is fueled in large part by the upward movement of the 30 million people who've gone from lower to middle class in the last 5 years. Many of these newly empowered consumers are inexperienced users of credit cards and other online payment methods. This creates fertile soil for cybercriminals or friendly fraudsters who claim unwarranted refunds, resulting in chargebacks that can severely impact the bottom line of online merchants. In addition, credit cards are used widely in Brazil, leading to a rise in the use of stolen numbers and identities.

International e-commerce companies are eager to do business in Brazil, but they are immediately forced to deal with the fact that most transactions are processed locally. At the same time, due to regulations in Brazil, chargebacks can be done up to 12 months after purchase and nearly 100% of them are lost. So to be successful in the Brazilian e-commerce market, companies need a payment service provider that can use extensive local knowledge and intelligence to lower risk and provide a one-stop payment solution.

allpago international, with offices in Brazil and Germany, gives online merchants a powerful one-stop payment solution in Brazil and, with its partner ThreatMetrix™, is working to reduce chargebacks and lower the risk of online fraud.

Besides serving as a gateway with one integration for over 150 local and international payment methods, allpago offers many services to help e-commerce companies accelerate their business in Brazil. Since 80% of Brazilians use local Brazilian payment methods such as the boleto bancário for online purchases, merchants who cannot process those local payment methods reduce the number of potential customers to the remaining 20%. To increase the number of completed transactions, allpago offers consumers one-click execution and gives them the ability to make recurring and installment payments with a true real-time authorization. allpago also offers additional features such as a soft-descriptor and an API Solution with a full set of transaction and post-transaction operations which allows allpago's customers to fully customise their check-out.

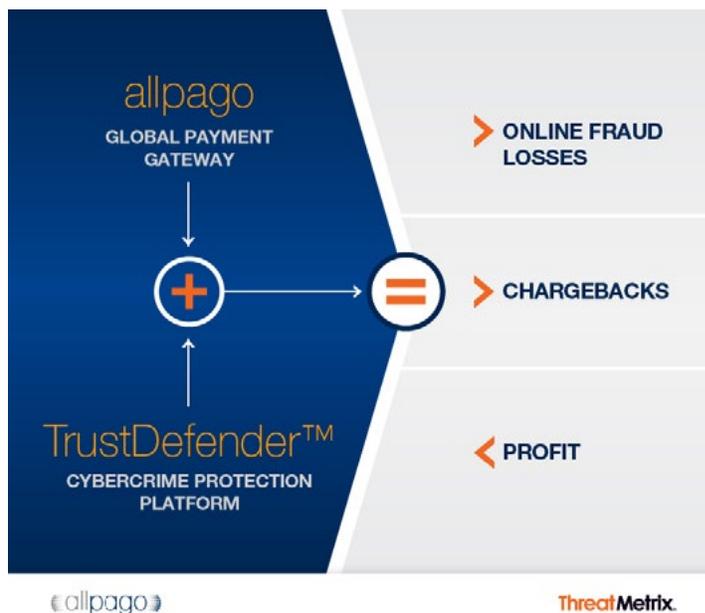


"Our business intelligence platform gives us a real competitive advantage by helping e-commerce companies increase revenue. ThreatMetrix provides an essential part of our intelligence, giving us a tool that is highly effective in mitigating risk"

Philipp Bock
allpago international Founder and CEO

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“It is a real pleasure for me to see that ThreatMetrix has made a valuable contribution to allpago’s success. As allpago faces future online fraud challenges, we’ll continue to work together to block cybercriminals and contribute to the success of its e-commerce clients.”

Dr. Stephen Topliss
ThreatMetrix EMEA Services and Support Director

To help e-commerce companies increase revenue, allpago provides a multilingual Business Intelligence Platform that includes all significant KPIs specific to the Brazilian Emarket. Use of this intelligence has been shown to increase conversion rates by up to 80%. This platform and the comprehensive data it provides gives allpago a significant competitive advantage.

At the front end of allpago’s Business Intelligence Platform, providing comprehensive customer data that identifies suspicious behavior, is the ThreatMetrix Cybercrime Protection Platform. ThreatMetrix provides a highly effective risk mitigation tool and gives allpago another key competitive advantage.

ThreatMetrix has quickly become a leading provider of payment fraud prevention solutions due to its superior technology and powerful Global Trust Intelligence Network that delivers rich data on demand. allpago was introduced to ThreatMetrix through Pay.on, the white label payment platform that powers its Brazilian gateway. ThreatMetrix is built into the Pay.on platform, and is now protecting all merchants using the allpago payment service.

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The ThreatMetrix platform is very flexible, and is easily configured to implement fraud prevention and security strategies that meet the unique needs of individual businesses. Having positive experience with ThreatMetrix as part of its Pay.on implementation, allpago contracted directly with it to analyze risk, develop user profiles and prevent fraud for 4 online dating sites. These sites face specific risks that require a custom set of rules to identify suspicious users and enable legitimate transactions. Using data from its Global Trust Intelligence Network, persona identification, complex cookieless device ID, secure browsing and mobile device identification, ThreatMetrix mitigates fraud risks faced by online dating sites.

Data provided by ThreatMetrix is essential during post-transactional analysis, when allpago aggregates a lot of data to refine rules and fraud prevention strategies. In addition, this information is used to fine-tune the false positive ratio. This is a good example of how ThreatMetrix helps allpago increase its clients' revenue.

allpago reports that it has received excellent service and ongoing support from ThreatMetrix. The ThreatMetrix Cybercrime Protection Platform user interface is friendly and easy to use. And, thanks to the responsiveness of the ThreatMetrix technical team, the implementation process went very smoothly.

Looking forward, allpago expects the online fraud activities in Brazil to increase as the eMarketplace continues to grow. Looking forward, it is counting on ThreatMetrix to continue to prevent credit card fraud as cybercriminals get more sophisticated, and to stop account takeover and block malware.

*Forrester Research Inc.

Internet Retailer August 2010

<http://www.internetretailer.com/2010/08/23/global-online-population-will-increase-43-2014>

Dating Website Fraud Risks

Friendly Fraud

People claiming chargebacks if not satisfied

Credit Card Fraud

Use of stolen cards

Multiple Chargebacks

Initiating chargebacks over and over

Overspending Credit Card Limits

People with low purchasing power

Heavy Users

Have a higher risk profile

For more information, please visit us at:

www.threatmetrix.com