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Airline Industry Payment Card Fraud Prevention Best Practices

PCI Best Practices

Payment card fraud continues to plague the airline industry as fraudsters perpetuate scams leveraging counterfeit card and card-not-present (CNP) vulnerabilities. As non-face-to-face transactions become more and more common, acquirers and their merchants need to ensure that procedures are in place to authenticate both the legitimacy of the payment cards being used and the cardholder making the purchase.

Get to "Know" Your Customers

The first step in a robust CNP fraud prevention program is to collect data on both the passengers traveling and the cardholders making the transactions. This information can include: *Name, Address, Date of birth, E-mail address, Phone number.* Once the information is collected, it can be cross-referenced with proprietary internal databases and external sources to establish indicators that denote a low- or high-risk exposure for each transaction.

Monitor for Suspicious Transactions

Other indicators that can signal that an airline ticket purchase may be at risk of fraud may include:

- The cardholder is not the actual traveler
- Phone calls or Internet Protocol (IP) addresses that are not within close proximity to arrival or destination airports
- The same card data is used to purchase multiple tickets during the same time frame but to different locations
- The ticket is purchased within a few days or hours of the actual departure time
- The cardholder has been identified as making prior fraudulent purchases
- The traveler does not appear on an airline's frequent flyer list
- Travel is booked for high-risk destinations
- A high-value ticket is purchased, typically first-class or business-class seats

MASTER CARD SITE DATA PROTECTION PROGRAM

Compiling and storing payment card transaction information must be performed in accordance with the *Payment Card Industry Data Security Standard* (PCI DSS) and MasterCard requirements.

To help support merchant compliance with the PCI DSS, the MasterCard Site Data Protection (SDP) Program provides acquirers and their merchants with the requirements, guidelines, and tools that improve their overarching security posture by identifying vulnerabilities and highlighting how to greatly reduce the risk of having cardholder data compromised.

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In addition to creating a database to gauge the risk exposure for passenger and third-party payment card transactions, MasterCard recommends using the Address Verification Service (AVS), card validation code 2 (CVC 2), and MasterCard® SecureCode™. These highly effective cardholder verification resources can make transactions more secure and help reduce fraud.

Collaboration is the Key

One important element to addressing airline industry payment fraud is the ongoing collaboration of all members in the payment value chain. Travel agents, third-party ticket sellers, airlines, acquirers, and issuers should establish methods for sharing appropriate transaction information—in accordance with the PCI DSS requirements—to help mitigate fraudulent transactions.

One example of this type of collaboration is Capital One's Preferred Merchant Program. Following up on its popular Merchant/Issuer Fraud Forum, Capital One developed a Preferred Merchant Program that allows issuers and merchants to send each other alerts on confirmed fraud. Through this program, issuers and merchants can quickly take appropriate actions necessary to prevent fraud from occurring.

Since November 2010, Capital One estimates that airlines participating in this program have helped to prevent the sale of thousands of dollars worth of fraudulent tickets. In conclusion, safeguarding account data and preventing fraud is a shared responsibility across all stakeholders. Often times, merchants in the airline and travel industries play an important role as one of the first lines of defense in that effort. Therefore, it is critical that they have a solid understanding of common tactics used by criminals to commit fraud and leverage existing technologies to help determine the difference between valid and invalid payment card transactions.

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