

VisaNet Peru

Optimizing the online payment experience



Background

Founded in 1997, VisaNet Peru is a Visa transaction processor for Peru. Over the last 18 years, VisaNet Peru has gained more than 130,000 merchant clients throughout the country and today they offer omni-channel payments, such as more than 140,000 physical in-store POS, web, call centers, mobile POS and kiosks.

One size does not fit all when it comes to electronic payments. Every business, industry, country and region has unique needs for maximizing their success. That is why VisaNet Peru focuses on meeting the most basic local efficiency needs, to addressing the most complex regional or global processing requirements. VisaNet Peru's purpose is to provide businesses and financial institutions the freedom to innovate and thrive, while providing the domestic Peruvian economy with the transparency, control and autonomy it needs to succeed.

Challenges

Back in 2012 VisaNet Peru, together with financial issuers, had widely deployed 3-D Secure (Verified by Visa, or VbV) to protect consumers and the payment ecosystem from fraudulent eCommerce transactions, providing an environment adverse to risk and changes. All Visa transactions in the country had to pass through VbV authentication. While this helped them for a while, with the evolution of eCommerce in the digital economy, more sophisticated and empowered consumers were demanding enhanced online payment experiences in Peru.

VisaNet Peru had to revisit their only fraud defense mechanism, which compromised the payment experience, due to three main reasons:

1. Generated a lot of friction during the shopping process – around half of the transactions were successfully completed and authorized
2. Authentication method defined by the issuing banks as part of VbV was not controlled by VisaNet Peru, leading to eventual vulnerabilities to these eCommerce transactions, and increased fraud levels for some merchants
3. To protect against fraud attacks, VisaNet Peru had deployed very strict fraud prevention rules – leading to a high order reject rate of approximately 18%

VisaNet Peru needed to evolve electronic commerce to tell a new story. They wanted to give value to the eCommerce customer experience, becoming omni-channel with integral and innovative payment solutions with two premises: convenience and security.

RESULTS WITH VISA

>81%

Reduction in chargeback rate

<0.25%

Chargeback rate

>49%

Reduction reject rate

>32%

Incremental accept rate

Solution

VisaNet Peru implemented a two-phase solution:

The first phase addressed both the authentication method and fraud protection, and consisted in implementing CyberSource Decision Manager. VisaNet Peru was able to identify the likelihood of a risky transaction, automatically rejecting compromised ones, and allowing good consumers to complete their orders. With the new capabilities, VisaNet Peru reduced fraud levels to below the threshold, without compromising their good sales.

The second phase addressed pain point to reduce the friction that came with Verified by Visa by enabling a selective authentication process. In other words, the authentication of VbV was only used for those transactions identified as “risky” – any considered high risk would automatically be rejected. If transactions were identified as low risk, they would not go through VbV. The intelligence required for such a strategy relied on CyberSource Decision Manager and the expertise provided by the Managed Risk Consultants.

Results

Through a strong partnership with Visa and CyberSource, VisaNet Peru established a fraud prevention strategy, along with rules, to identify and reject high-risk transactions. Capitalizing on this opportunity, Visa Net increased acceptance of electronic payments from **51%** to **75%**, reduced their reject rate from **18%** to **5%**, and achieved growth in volume and number of processed transactions from **55%** to **91%**, respectively.

It took time to change the mindset of a market that was used to authorizing online domestic transactions authenticated by VbV. By understanding the value of selective authentication, the issuers made the adoption of the required enhancements. In the end, VisaNet Peru evolved from a fully authenticated environment to only authenticating one in every five transactions.

VisaNet Peru was able to implement innovative payments and security solutions for traditional and non-traditional channels such as eCommerce and mobile platforms. Introducing more people into the financial system and providing industry-leading technology position not just for a partner like VisaNet Peru, but also for the country of Peru, as leader of Visa’s solid digital agenda.

“Our strategy is to grow the eCommerce channel, while improving the customer experience. With CyberSource, we were able to reduce the reject rate, improve the approval rate, resulting in generated volume and transactions growth... all without increasing our fraud levels.”

José Chang, Fraud Prevention Risk Manager, VisaNet Peru

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