

# Rail Europe, Inc.

## Expanding Electronic Ticketing, While Keeping Fraud Under Control

### CHALLENGE

Rail Europe, Inc. sells and distributes tickets for 35 European railroads, helping over one million North American visitors each year travel through Europe by train.

With the introduction of e-ticketing, preventing fraud became significantly more challenging. Physical addresses and locations are no longer constraints that limit the efforts of fraudsters—the fraudster can be located anywhere and make bookings while masking and altering their digital identity and location.

Once the chargeback rate reached about 0.30% in about three months of a concerted attack by fraudsters in 2008, Rail Europe, Inc. decided the existing in-house review process and systems were not enough to prevent fraud in the new digital environment. Fraud losses on paper tickets were still almost negligible.

### SOLUTION

Rail Europe, Inc. chose CyberSource Decision Manager to help them more accurately and efficiently detect and control their online fraud. They were already using the CyberSource payment gateway, and knew of CyberSource's leadership in the fraud space. Starting with a few dozen rules in 2009, Rail Europe, Inc. now has established more than 200 rules and brought down their chargeback rates to 0.15% today.

Over 6 years later, Rail Europe, Inc. continues to use Decision Manager to successfully fend off high rates of fraudulent transactions. Their fraud management capabilities are further enhanced by working with a designated CyberSource Managed Risk Analyst, an expert in fraud management who helps make sure their fraud strategy is finely tuned to leverage the capabilities of the system.

With the help of Decision Manager, Rail Europe, Inc.'s approach to fraud management has been transformed. They now keep an eye to continual improvement, and modify their fraud rules on an almost daily basis. Fraud is a dynamic problem requiring vigilance and rapid adaptation, but with Decision Manager, Rail Europe, Inc. believes they have the tools to quickly detect and stop fraudulent activities.

### RESULTS

#### RAPID DECREASE IN FRAUD LOSSES THROUGH A TAILORED APPROACH

Fraud losses down

**90%**

within first year of  
implementation

Chargeback rate  
normalized to

**0.15%**

on higher volumes  
and a greater proportion  
of e-tickets

**1.5%**

reject rate

**200+**

customized fraud rules  
with daily fine-tuning

***"We were at the point where business decisions were being impacted by our fraud losses. That's not what we want, and that's why we brought in CyberSource. With Decision Manager, we have found the right tool to optimize the way we prevent fraud."***

*Neil Sinha, CFO at Rail Europe, Inc.*

## Additional Insights

### RULES ON AUTOPILOT DON'T WORK FOR LONG

Decision Manager worked like a charm when Rail Europe, Inc. implemented it in 2009, bringing their fraud rates down over 90%. But over the next few years, confident they had solved the fraud problem once and for all, Rail Europe, Inc. didn't make a lot of updates to the tool's configuration. At that time, they only had 12 rules in Decision Manager and weren't tracking the changing face of the fraud landscape. Meanwhile, in Europe, with the mandate for 3-D Secure in effect, fraudsters were looking harder for vulnerable sites. Since much of their fraud originates from Europe, this had a big impact on Rail Europe, Inc., and their fraud rate gradually crept up until 2012 when it was almost back to the 2008 levels. That's when they added a dedicated resource for fraud prevention and brought in a CyberSource Managed Risk Analyst to help them stay on top of fraud trends and get their chargeback rates back under control.

### COLLABORATION IS KEY

In their Managed Risk Analyst, Rail Europe, Inc. found an expert in transactional fraud and loss prevention who could help them tailor Decision Manager to their business. At the same time, Rail Europe, Inc. has invested in internal resources who monitor fraud on a daily basis and know their business inside and out. Together, they have identified constantly evolving threats, such as growing fraud rings or purchases from high-risk countries masked by fake IPs. They now meet on a weekly basis, and those meetings help inform the daily tweaks that Rail Europe, Inc.'s team implements to Decision Manager. Rules are monitored for any business impact before activation to ensure every rule adds value. In addition, all changes are clearly communicated between their Managed Risk Analyst and Rail Europe, Inc.

### REAL-TIME DECISIONS KEEP THINGS SIMPLE

Like many digital businesses, Rail Europe, Inc. provides the consumer with their product—a print at home ticket or ticketing on departure confirmation—immediately upon purchase. To help create the best customer experience and to keep their own operations simple, Rail Europe, Inc. decided to automate their order review process in real-time. With iterative fine-tuning of the rules, they found that Decision Manager could produce accurate decisions in under a second. At the same time, their focus on automation has paid dividends with an efficient fraud management framework and a reduced need for manual processes and resources.

### ZERO CHARGEBACKS ISN'T THE GOAL

When Rail Europe, Inc. first started using Decision Manager, they resolved to aim for zero chargebacks. Now they acknowledge that goal may have been unrealistic. They have found that they could only attain a chargeback rate of zero by throwing out many good orders along with the bad. With a high reject rate, false positives can outweigh the savings from fraud prevention. With their current chargeback rate of .15% and reject rate of 1.5%, Rail Europe, Inc. believes they have better control over fraudulent transactions. Only a very small amount of fraud gets by them, and they are equally focused on ensuring their genuine customers have a positive experience.

#### ABOUT CYBERSOURCE

CyberSource Corporation, a wholly owned subsidiary of Visa Inc., is a payment management company. More than 400,000 businesses worldwide use CyberSource and Authorize.Net brand solutions to process online payments, streamline fraud management and simplify payment security. The company is headquartered in Foster City, California. CyberSource operates in Europe under agreement with Visa Europe. For more information, please visit [www.cybersource.com](http://www.cybersource.com).

#### CONTACT US

##### NORTH AMERICA

San Francisco, CA, United States  
t. +1 888 330 2300  
e. [sales@cybersource.com](mailto:sales@cybersource.com)

##### LATIN AMERICA & THE CARIBBEAN

Miami, FL, United States  
e. [lac@cybersource.com](mailto:lac@cybersource.com)

##### ASIA PACIFIC

Singapore  
e. [ap\\_enquiries@cybersource.com](mailto:ap_enquiries@cybersource.com)

##### EUROPE, MIDDLE EAST & AFRICA

Reading, United Kingdom  
e. [europe@cybersource.com](mailto:europe@cybersource.com)

For a complete list of worldwide offices, go to: [www.cybersource.com/locations](http://www.cybersource.com/locations)