VISA

CASE STUDY

How one large U.S. issuer used Visa's Intelligent Data Exchange authorization matching service to consume VCAS authentication data, increase authorizations, and reduce fraud and false positives

Situation

When issuing banks see an increase in the rates of false declines and fraud with their digital commerce activities, they look for solutions. With the implementation of Intelligent Data Exchange (IDX - formerly known as Field 34), the U.S. issuer now has the capability to make decisions in authorization using the VCAS Risk Score. Having this available has increased the issuer's ability to identify and target fraud trends, tighten the False Positive Ratio on existing strategies, and approve low risk transactions. Results show that not only did the issuer's false declines and fraud rates improve, there was an added bonus: more authorizations and a better cardholder experience.

Issuer's results with VCAS

After adopting IDX, the issuer saw:

Significant increase in issuer authorization approval rates
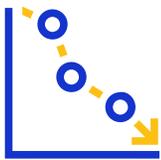
Decrease in issuer approved fraud rates

Increased confidence in approving and declining incoming authorizations.

		Rate prior to implementation	Rate post-implementation
Approval rate increase			
Unit	71 BPS	97.36%	98.07%
Dollar	48 BPS	95.40%	95.88%
Fraud rate decrease			
Unit	21 BPS	0.45%	0.24%
Dollar	6 BPS	0.36%	0.30%

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Challenge

Prior to implementing IDX, this issuer did not have access to pertinent authentication data during authorization. This impacted the issuer's authorization rate, as they were more likely to decline transactions if there was insufficient information to perform a risk review during authorization.

Solution

Use Visa's IDX and Field 126.20, Visa-specific data fields to provide additional information, including the VCAS Risk Score, from the authentication flow into the authorization process to help with transaction decisioning. Generally, issuers rely on their traditional fraud controls and whether the transaction is authenticated or not when making their risk decisions during authorization.

The importance of authenticating the cardholder and having the ability to use authentication data is paramount in making confident risk decisions. However, rich data in authentication does not have a direct connection in real-time to authorization. IDX solves this and bridges the gap.

With their implementation of IDX, the issuer now has the capability to incorporate the VCAS Risk Score into their decisions on authorization. This additional data has increased the issuer's ability to identify and target new fraud trends, tighten their False Positive Ratio on their existing strategies, and approve low risk transactions.

The additional data provided by IDX and communicated into the authorization flow is exclusive to Visa. The powerful VCAS Risk Score is a VCAS exclusive.

IDX brings in the VCAS Risk Score into authorization for use in transaction decisioning. Read more here.

Field 126.20 brings in the authentication method used in VCAS into authorization for use in transaction decisioning. Read more here.

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How they did it

In August, 2022, the issuer began implementing IDX data along with implementing a filter for 3-D Secure transactions based on their risk level.

As a result of these changes, the issuer's approval rate increased by an average of 71 BPS per transaction and increased by an average of 48 BPS by dollar volume[1].

The issuer's approved fraud rate decreased by an average of 22 BPS per transaction and decreased by an average of 6 BPS by dollar volume[1].

By using IDX with the VCAS Risk Score, the issuer has been able to approve, on average, 11% of their total unit presentment volume each month by implementing an authorization filter, while maintaining an average approved fraud rate of 0.21% on the population.

The implementation of Field 126.20 has provided meaningful support in increasing the performance metrics listed above. The issuer now has the capability to make decisions in authorization using the VCAS authentication method. This has allowed for improved cardholder experience by reducing decline volume on transactions that previously passed authentication using OTP or were bypassed in VCAS. It has also allowed for increased scrutiny on suspected "man-in-the-middle" or Account Takeover (ATO) cases by using the authentication method, in conjunction with the VCAS Risk Score provided in IDX to decline a small population of OTP or bypassed accounts that are deemed high risk.

This increased performance has been possible, despite continued growth in fraud in the 3-D Secure space, and the issuer has been able to experience increased performance through Visa's IDX authorization matching service. The issuer's total presentment volume has increased by an average of 12%[1].

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What is IDX and Field 126.20?

Intelligent Data Exchange (IDX - formerly known as Field 34) is a Visa-specific data field that uses key data points that are communicated to the issuer's Visa authorization flow after authentication. These data points may include VCAS Risk Score, Device IP address, Device ID velocity and Consumer IP velocity (data points are passed when they are available; all merchants do not necessarily use and pass all of the IDX data points). These data points can help indicate whether the transaction is legitimate or fraudulent. IDX sends supplemental data, created or received outside of the authorization flow, to endpoints within the Visa network, including merchants, acquirers, issuers, and other internal Visa services. It is especially valuable to VCAS issuers, who can use the VCAS Risk Score in authorization decisioning; other ACSes can use IDX for their Visa transactions, but they will not have access to the VCAS Risk Score.

Field 126.20 is also specific to Visa, and shares the authentication method with the issuer's authorization system. For instance, Field 126.20 can let the issuer know whether the transaction used risk-based authentication or was challenged. The issuer can use this information, plus other data they have access to, to make more confident risk decisions during Visa authorization.

- ✓ Problem
- ✓ Solution
- ✓ How they did it
- Definitions

Implement IDX with VCAS

Contact your Visa account executive today or visit us online.

About VCAS

Visa Consumer Authentication Service (VCAS) is an access control server (ACS) that helps issuers authenticate their digital transactions using the 3-D Secure protocols. VCAS intelligently connects data in real time to help reduce fraud, increase approvals and remove unnecessary friction from the consumer experience, and enables data-driven authentication decisions. With features and solutions developed and launched to stay ahead of the changing ecosystem ... and fraudsters, VCAS delivers flexible device and channel support, reduces unnecessary friction with more data, and helps satisfy regional regulations. This brand-agnostic solution, supported by the VCAS Risk Model and VCAS Risk Score, serves payment networks issuers and processors around the world.