

# MITIGATING RISK IN GIFT CARD SALES

March 2019

riskified

UK gift card  
& voucher association

# MEET RISKIFIED

We're an AI platform helping optimize the online shopping journey



Over 330 employees



194% CAGR (2014-2018)



\$64 million in funding

# THE INDUSTRY

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**\$320B**

global gift card market  
in 2017

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**\$510B**

expected gift card  
market by 2023

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**10%**

YoY growth

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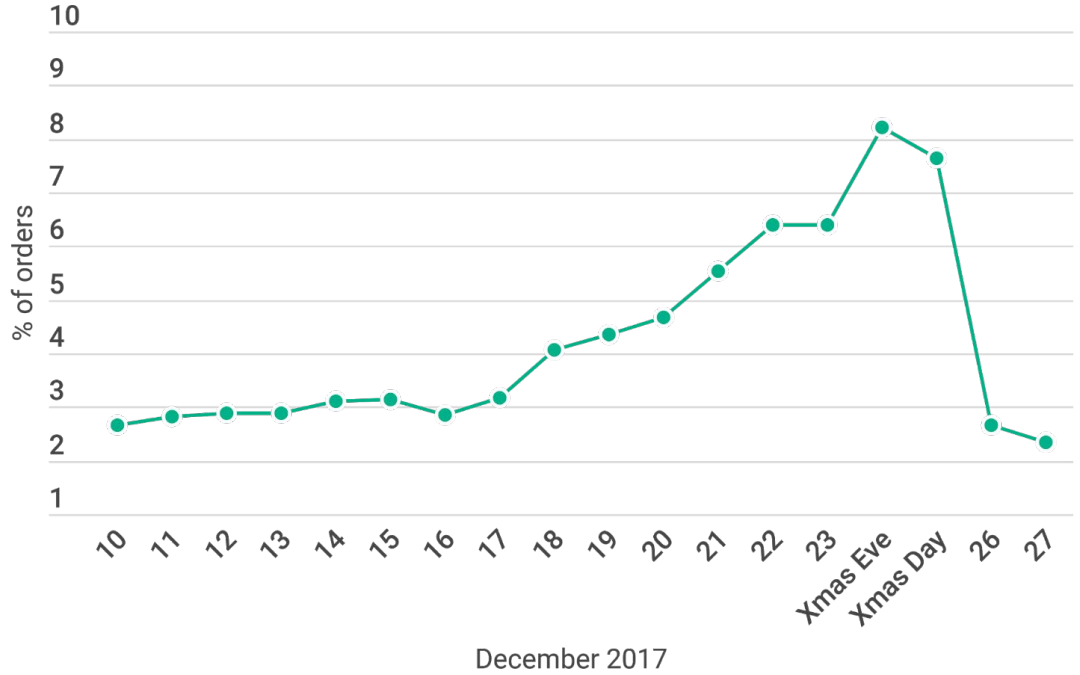
**65%**

of recipients spend  
more than 38% of the  
card's value

# THE OPPORTUNITY

Gift cards are one of the top items on the buying list of shoppers during holiday sales

## Holidays digital good sales



# THE BUYERS

## 3 different purposes



### As a gift

~ 60% of consumers like receiving gift cards



### As an alternative payment method

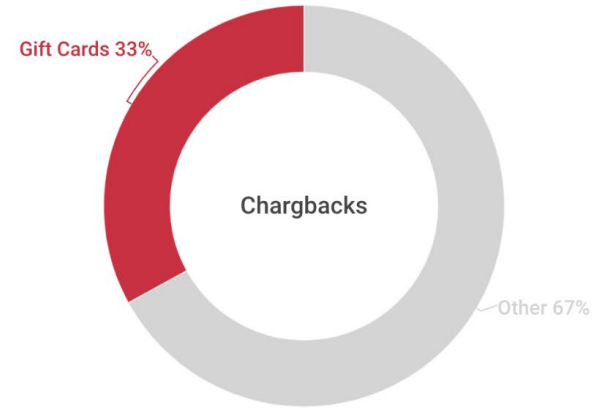
To send money, buy goods that won't appear on credit card bill, etc.



### To commit fraud

# FRAUD CHALLENGES

High value, no weight



Even when gift cards represent only 2% of sales volume, they can account for up to 1/3 of chargebacks

# TYPES OF FRAUD

## 3 categories of CNP fraud



### Common fraud

Stolen credentials, the mixed cart scheme



### Sophisticated fraud

ATO, fraud rings, bots



### Chargeback abuse

Non-premeditated, liar buyer

# THE SELLERS

## 3 types of players



### Retailers

Sell gift cards and other goods



### Gift card-only merchants



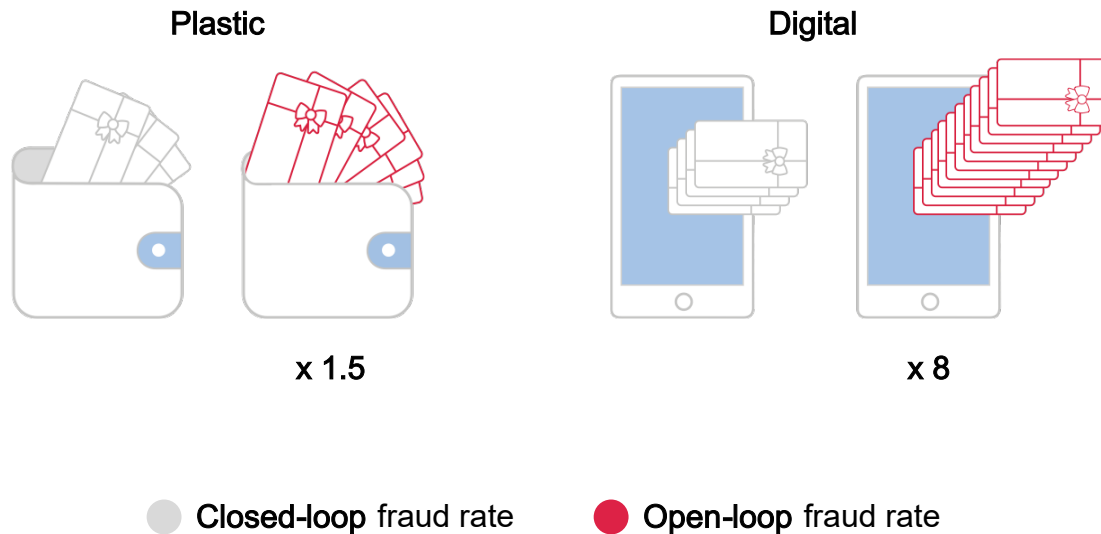
### Peer to peer marketplaces

Second-hand gift cards marketplace



# Risk Differs for Different Types of Gift Cards

## Open Loop vs Closed Loop



# PROTECT YOURSELF



Devise specific strategy for gift cards



Remember that proxy detection is key



Track behaviour and anomalies



Account protection tools



Link and tag orders



Collect evidence and dispute chargebacks

# APPROVE MORE ORDERS



Don't rely too heavily on AVS, or outdated fraud detection systems



Link the email to the customer's name and location



Identify returning customers



Look for personal clues: promo codes, photos, messages, etc.



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# Thank you for your time

For any questions please contact:

[sophia.miller@riskified.com](mailto:sophia.miller@riskified.com)

+972 539 229539

For additional information, visit:

[www.riskified.com](http://www.riskified.com)

