

Safair Operations

The adoption of FraudNet has contributed to a significant reduction in losses from chargebacks and card not present fraud which has more than halved within the first 12 months of operation

South African airline FlySafair operates in a hugely competitive low-cost market where it directly competes with two other carriers. Passenger numbers are generally constant across the region, which keeps margins between all three low-cost airlines at a premium.

The challenge

The vast majority of FlySafair's bookings are made via its website and paid for online, making CNP (card not present) fraud a significant risk. But to maintain competitive operating margins, avoid costly chargebacks, provider penalties and fraud losses, the airline set out to put an efficient counter measure in place and curb the frequency of fraud attacks. There were also concerns around the reputational impact of losses, which could deter new and existing customers from using FlySafair website and online booking systems.

Within its first two years of operation, FlySafair quickly realised that a comprehensive and dynamic card fraud detection and prevention system was needed to achieve its key goals. The priority was to ensure chargebacks from fraudulent online transactions were kept to an absolute minimum. At the same time, FlySafair wanted to earn a reputation as South Africa's top-performing airline when it came to tackling fraud. It was also agreed that the selected fraud system had to deliver cost-effective and efficient results at speed and at scale, while being fully adaptable to the airline's ongoing growth and expansion ambitions.

The solution

FlySafair opted for Experian's FraudNet platform due to its flexibility and adaptability, specifically for four main reasons.

1. Dynamic queuing options – It enables fraud investigators to concentrate exclusively on transactions for flights set to depart within a matter of hours of



the sale, after it emerged this was where most fraud attacks were taking place.

- 2.Adaptability to differing sales models FraudNet can easily be adapted to suit differing business models be it weekday, weekend and special offer periods each of which could pose a unique set of operational challenges and opportunities for determined fraudsters.
- **3.Additional insight** It quickly became clear FraudNet's user-interface also displayed a lot of additional commercial information and business insight to help underpin the validity of legitimate transactions.
- **4.Future growth and expansion** The flexibility of FraudNet does open up opportunities with regards to FlySafair's future needs related to MOTO *transaction integration and investigator productivity.*

Throughout the development phase, Experian consistently evaluated and analysed FlySafair's specific fraud detection and prevention needs. From there, the feedback helped further inform FlySafair's fraud strategy and enabled FraudNet to be continually optimised to best suit the needs of its passengers. It was also possible to incorporate fraud data from legacy systems into the FraudNet database, to enable further optimisation and expanded fraud prevention capabilities.

Case study

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Experian provided technical support throughout the integration process along with ongoing follow-up analysis to ensure the platform consistently stayed one step ahead of the fraudsters.

Results

FlySafair implemented FraudNet in August 2017, with the final three months of the quarter used to quickly tweak fraud rules and iron-out any technical and user-related challenges. But the actual value of fraud preventions was soon realised.

By the end of 2018, with a full 12 months' worth of comparative FraudNet data to assess against legacy systems, it emerged the average chargebacks and fraud-to-sales ratio for the year had fallen from 1.2% to 0.5% - marking a significant reduction in reported card frauds.

FlySafair also directly benefited from FraudNet's effectiveness elsewhere, with operational reductions in bogus reservations made via fraudulent card payments resulting in savings from lost airport passenger fees, aircraft fuel consumption and needless bank charges.

Reducing the number of frauds also enabled the airline to retain its good name, reputation and brand image.

Next steps

FlySafair now plans to expand FraudNet even further.

- 1. Loyalty programmes As the company grows year-onyear, the next big step is to introduce loyalty programs for frequent flyers. Fraudsters often favour targeting registered customers on loyalty programs. But it is expected FraudNet will be able to ensure a fraud-free environment is created and maintained for returning customers.
- 2.Remote transaction integration Transactions delivered via the airline's travel agent portal are not subject to Secure 3D verification and can pose a high fraud risk. But in the near future, all similar transactions including those completed by telephone and call centres will also be filtered through FraudNet to further reduce exposure to risk.
- **3.Investigator productivity** FlySafair envisages the use of other data sources including verified by 3DS transactions to further optimise and supplement FraudNet's performance, resulting in ongoing costefficiencies.