



National Nonprofit Relies on Digital Resolve's Authentication Technology to Proactively Reduce Fraudulent Online Donations

A National Nonprofit Case Study

Scenario

As philanthropic giving has continued to grow, the need for nonprofit organizations to offer online fundraising has become increasingly important. Research indicates that the majority of donors worldwide prefer to give online with a credit or debit card. While these online capabilities have helped streamline the donation process, they've left many nonprofits especially vulnerable to credit card fraud. In particular, card testing—a tactic used by fraudsters to test stolen credit card numbers with small incremental purchases before making large-dollar purchases on the card—has become a significant threat to nonprofits, both large and small.

Simple online donation pages (where no shipping address is required) offer a perfect place for fraud to occur—not to mention that small charitable donations are less noticeable by unsuspecting consumers. Additionally, lean operating budgets coupled with a lack of IT and security resources to support fraud-prevention efforts make nonprofits enticing—and easy—targets for cyber criminals.

However, nonprofits are realizing that easy-to-implement, cost-effective fraud-prevention technologies are available to integrate within their current online fundraising platforms to help authenticate and legitimize credit card transactions. One nationwide voluntary health organization with more

than 100 years of service has been able to proactively authenticate online donors and verify the legitimacy of their transactions

The organization was getting hit with thousands of credit card testing events on its fundraising page, experiencing upward of 500,000 attempts in some months that came from all directions (i.e. individual criminals, bots, organized crime, etc.). In turn, the nonprofit was getting stuck with the associated fees—the transaction process fee on the front end, the chargeback fee on the back end (which averages \$5 per transaction), and the refund of the fraudulent donation.

According to the organization's Accounting Manager, they didn't realize how bad the issue was until unusual trends started to surface when reconciling their credit card transactions. They first noticed an increase in processing fees, especially shooting up in what would typically be slower months for donations. Then, they examined the transaction logs and noticed significant upticks in error codes and decline rates. As an example, he explained that the criminals would start out with a minimum \$10 donation and wait to get refunded. Then they would turn around and make bigger donations, essentially testing the limits of the credit line, so they could ultimately sell the card on the dark web.

“Other nonprofits who are our partners were experiencing a groundswell of fraudulent transactions as well so we were not alone,” he said. “While it’s essential to verify all online transactions, the process requires a delicate balancing act with donors. We have to stop the bad guys, but, at the same time, we need to protect and preserve the online donor experience. There’s an enormous issue of reputation management involved.”

To help identify suspicious online donation attempts before they were processed—and to preserve its stellar reputation in the nonprofit world—the organization made the decision to add Digital Resolve’s authentication technology.

Solution

After conducting a proof-of-concept evaluation of the authentication solution, the nonprofit worked closely with the Digital Resolve service and support team to quickly add the technology in early August 2019 as a module to the Blackbaud Luminate online fundraising platform it was currently using.

“Blackbaud was actually very familiar with Digital Resolve’s technology and had made the initial referral upon learning about the increase in carding runs we were experiencing,” said the organization’s Senior Director of Online Event Revenue and Web Management. “The ease of the

technology integration with the Blackbaud system was a nice surprise. The Digital Resolve team was always available which helped for a quick implementation.”

While the Blackbaud platform does offer some authentication settings and capabilities, it takes more of an “all or nothing” approach in terms of authenticating online donors—so many legitimate donors were getting unnecessarily flagged. Digital Resolve’s solution offered more flexibility, allowing the nonprofit to customize and set rules and parameters it needed (i.e. for certain countries, areas, types of donors, etc.).

Having the ability to identify and block suspect transactions upfront was key, according to the Senior Director.

“It was imperative that we used a reliable and flexible solution to block fraudulent credit card donation attempts to prevent them from reaching the processing gateway in the first place,” he said. “You can’t rely on a set-it-up-and-forget-it approach. Fraudsters constantly adjust their patterns so we, in turn, needed the ability to quickly and easily adjust our rules in response.”



The fundraising page was experiencing upward of 500,000 attempts in some months which averages \$5 per transaction.





Success

The use of Digital Resolve's authentication technology has allowed the nonprofit to validate the thousands of online credit card donations that occur monthly and stop the vast majority of fraudulent transactions early in the process. The organization's more proactive approach has resulted in a reduction of costs associated with unnecessary chargebacks; a boosted reputation for security; a more seamless experience for web donors; and a renewed confidence to legitimately fundraise online.

"The ability to demonstrate proof of concept gave us lots of confidence in Digital Resolve's authentication technology and its ability to integrate within our existing fundraising platform," the Accounting Manager added. "The effectiveness of the solution coupled with the fact that it's easy to work with and self-manage—with access to a responsive support team if you need it—has proven that the technology has easily paid for itself."

Results

- Reduction of costs associated with unnecessary chargebacks;
- A boosted reputation for security;
- A more seamless experience for web donors; and
- A renewed confidence to legitimately fundraise online.

Contact Digital Resolve

Contact us to learn how the Digital Resolve platform can provide real-time protection against potential risks for your nonprofit organization.

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