



Digital Crime Fighters Look to Prevent Fraud

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Now that the economy looks like it's faltering a lot more folks are starting to turn their attention towards digital fraud. With estimates of the amount of digital fraud being perpetrated now reaching as high as \$994 billion in some quarters, the corporate victims of these crimes are placing a greater emphasis on combating this problem.

To that end there is a fair amount of buzz building around a company called Ethoca that has set up an on-line service that allows companies selling items on the Web to compare notes on transaction histories.

The basic idea is that Ethoca will serve as an independent clearinghouse that provides a historical database of transactions. Subscribers to the service can then in real time via an XML feed compare a pending transaction to the historical database to see if any of the elements of the pending transaction have anything in common with previous fraudulent transactions.

Right now, Ethoca only has about 45 online merchants participating in the service. But the Royal Bank of Scotland is now also lending its weight to the project and the odds are good that the companies that issue credit cards will find some degree of merit to the service as well. This effort isn't likely to eliminate digital fraud all together. But right now it's relatively simple to steal money by placing fake orders across the Internet regardless of how much people talk about the value of e-commerce security technologies such as digital certificates.

The Ethoca service has some merit because it offers the possibility of cutting down a lot of fraud without being overly intrusive in the transaction process. After all, on-line retailers are still hyper sensitive about people abandoning shopping carts online. What they need is a way to fight fraud that doesn't add another layer of potential frustration that could ultimately result in less real business in the name of trying to fight crime.