VISA | KEYNo

Company: **Fidelity Bank (Bahamas) Limited** | Industry: **Financial services** | Location: **Bahamas**

How Dynamic CVV2 slashed card-not-present fraud for a nimble bank in The Bahamas

> We are extremely happy. The reduction in card-not-present fraud within months of implementation was incredible. The CVVkey™ application is secure, simple, and easy-to-use.

Heatherdawn Blake-Brown
Director of Card Services
Fidelity Bank (Bahamas) Limited

Challenge

Fidelity Bank (Bahamas) Limited, an innovative bank that serves The Bahamas, and services entities in the Cayman Islands, was experiencing card-not-present (CNP) fraud rates far above industry averages.

Implementation of chip card technology has reduced counterfeit fraud considerably, so fraudsters have moved to a new vulnerability: online shopping. As a result, CNP fraud rates have increased significantly across the industry in recent years. The global CNP rate is now five times higher than the card-present fraud rate, and CNP transactions comprise 83% of global fraud but only 49% of total sales volume.

Fidelity wanted to reduce its CNP rates but the cost of an in-house solution was challenging. However, as a nimble institution, Fidelity can accelerate approval processes for new initiatives with trusted partners, an advantage that helped Fidelity find an immediate and effective solution to its challenge.

Solution

To reduce levels of CNP fraud, Fidelity implemented Visa's Dynamic Card Verification Value 2 (dCVV2) service in March 2021 and completed migration of all cardholders to dCVV2 in August 2021.

Standard CVV2 is a static three-digit number printed on the back of a Visa card, which cardholders use during a purchase to verify that they are in possession of the card. Visa's dCVV2 service is a tech-enabled version of CVV2 in which the number changes regularly, either on a special physical card with a display screen or via a mobile banking app. During an online purchase, the cardholder enters the current dynamic CVV2 value, and the VisaNet system validates the dynamic code using the dCVV2 Authenticate service. VisaNet's optional dCVV2 Convert service converts the dynamic CVV2 to the static CVV2 prior to sending the request to the issuer for approval.

The cardholder's ability to provide the correct dCVV2 number at any point in time provides greater assurance that the legitimate card is being used. Not only does dCVV2 help to prevent fraudulent transactions, it can also help lower fraud-related costs such as card reissuance, distribution, and fraud investigations in the event of a data breach.

Fidelity was introduced to this solution by **Keyno**, a third-party provider of fraud-prevention technology that facilitates Visa's dCVV2 service via its own CVVkey™ code system. Using the dCVV2 Generate API from the Visa Developer Platform, Keyno is able to request the current dynamic code for the cardholder, and display the value on the CVVkey™ app.
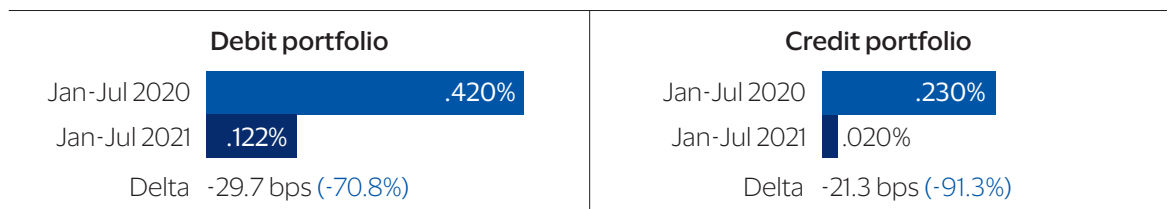
The partnership with Keyno made implementation of the technology seamless and easy for Fidelity. Keyno was able to quickly configure CVVkey™ specifically for Fidelity and deploy it to cardholders. By working with Keyno, Fidelity was able to shorten the timeline for that step of the process from four months to one.

Once the VisaNet system was set up to perform the validation of the codes, Fidelity worked with Keyno to automatically enroll all of its cardholders and notify them about the new fraud-reducing technology

Fidelity Bank's results

The implementation of dCVV2 allowed Fidelity to significantly reduce CNP fraud, bringing the fraud rates down from above industry average to a fraction of that initial rate.

Fidelity CNP fraud rate

Debit portfolio		Credit portfolio	
Jan-Jul 2020	.420%	Jan-Jul 2020	.230%
Jan-Jul 2021	.122%	Jan-Jul 2021	.020%
Delta	-29.7 bps (-70.8%)	Delta	-21.3 bps (-91.3%)

Additionally, Fidelity expects to reduce fraud research costs and plastic reissuance costs by over 90%. After averaging 1,000 reissued cards annually due to fraud, in 2022 so far the company has reissued only five. Further, Fidelity customers have expressed their appreciation that their cards are now more secure for online shopping.

Implementation was seamless, with excellent conversion and implementation support from Keyno and Visa.

Heatherdawn Blake-Brown
Director of Card Services
Fidelity Bank (Bahamas) Limited

Overall dCVV2 results

The chart below shows aggregated fraud rates for all of Visa's dCVV2 clients and compares the difference in fraud rates when their cardholders used static CVV2 vs. dynamic CVV2. When dCVV2 was used, fraud rates were reduced significantly.

One of the leading indicators of the success of dCVV2 is how successful it is when the CVV2 is matched.

CVV2 matched (F44.10 = M)

	Static CVV2 fraud rates	Dynamic CVV2 fraud rates
May 2021	0.19%	0.00%
Jun 2021	0.19%	0.00%
Jul 2021	0.19%	0.00%
Aug 2021	0.19%	0.00%
Sep 2021	0.19%	0.00%
Oct 2021	0.19%	0.00%
Nov 2021	0.19%	0.01%
Dec 2021	0.20%	0.00%
Jan 2022	0.19%	0.00%
Feb 2022*	0.15%	0.00%
Mar 2022*	0.10%	0.00%

*Fraud reporting not closed for these periods.

Learn more

For more information contact your Visa Representative.