

How do fraudsters make money?

*The business
model of fraud*

The Business Model of Fraud: How fraudsters monetize on *illegitimate mobile transactions*

This document explains how fraudsters are able to monetize mobile transactions.

We will go through how a legitimate and healthy mobile transaction would take place. The transaction only involves legitimate market players and a user that is willing to purchase a product or subscribe to a service.

The second mobile transaction illustrates an illegitimate act where fraudulent players are introduced with the sole purpose to steal money from the user.

The Market Players

The User



All mobile purchases are done from the user's phone by the user, whose purchases are the cornerstone of the entire mobile monetization ecosystem.

The Publisher



The publisher hosts the merchant's ad on his website and makes money when users (potential customers) click on the ad and are redirected to the merchant's website.

The Merchant



The merchant sells goods or services to users, whom he attracts by displaying ads on the publisher's websites.

The Payment Gateway



The payment gateway is a technical intermediate that receives money from the user after a purchase and immediately gives it back to the merchant.

The Legitimate Customer Journey

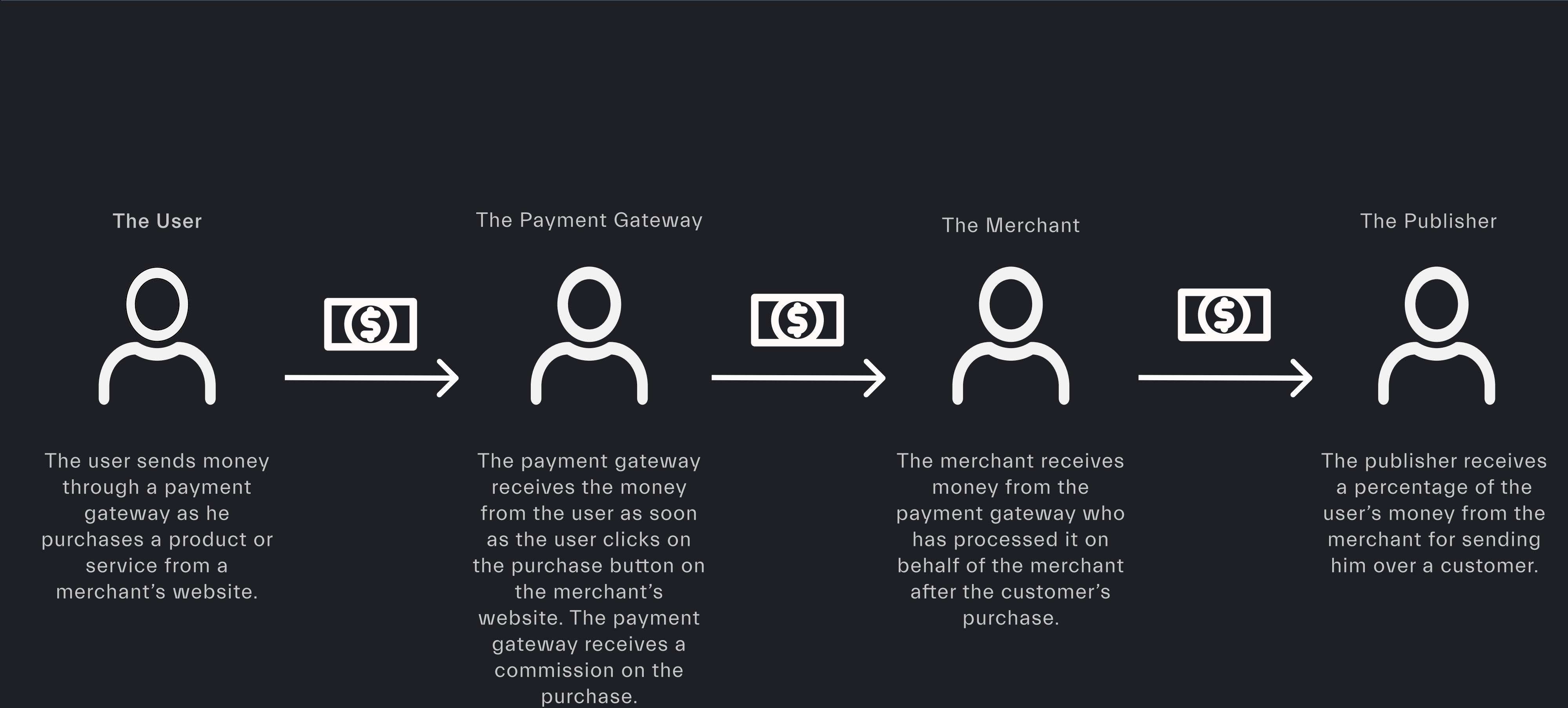


The user sees an advertisement on a website that he likes and decides to click on it. The link redirects the user to the merchant's website.

Once on the merchant's website, the user clicks on the subscription button to subscribe to a service or purchase a product. The user is sent to the payment page.

The payment gateway collects money from the user, before sending it to the merchant, thus validating the purchase. For the user, the transaction is complete.

How The Money Flows

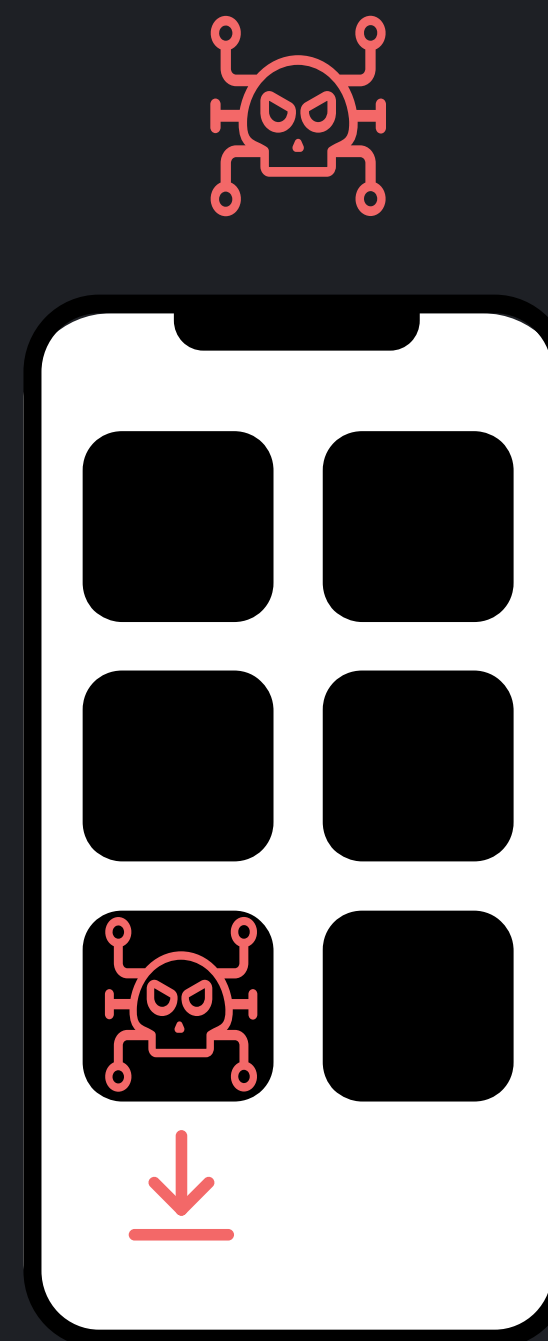


Who Are The Fraudsters

Fraudsters take control of a user's device in order to make purchases on behalf of the user.

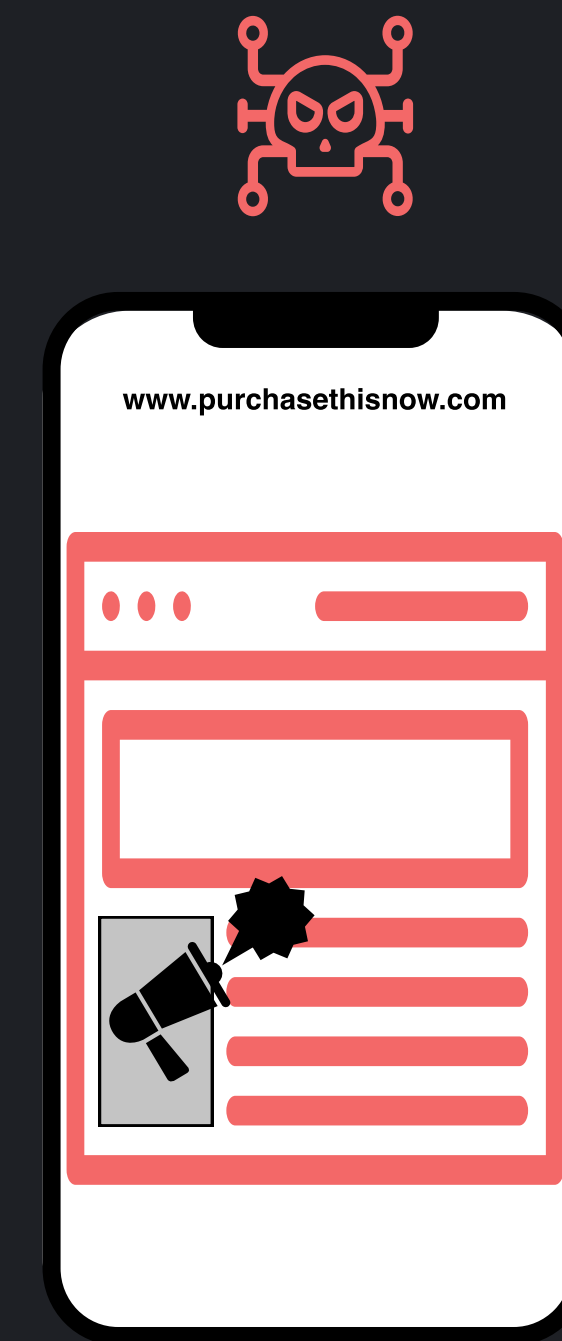
They make money by earning a commission on the fraudulent transactions done using the user's money.

The Fraudster's Fraudulent App



An app was innocently downloaded by the user who thought that it was a legitimate app such as a video game. However, malware has been hidden inside the app, which will click on ads and make purchases on the user's behalf.

The Fraudster's Fraudulent Publisher Website

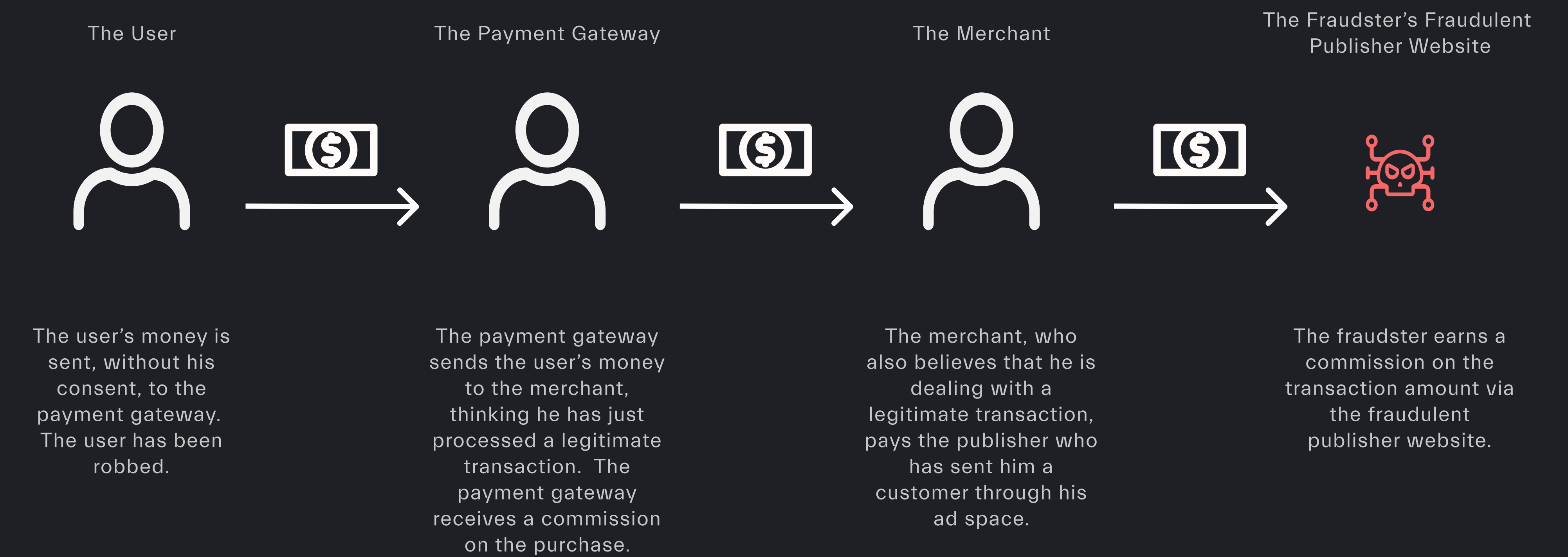


The fraudster sets up a website that will display legitimate ads for real products in order to receive commissions on these purchases.

The Fraudulent Customer Journey



How The Money Flows... To The Fraudster



How Everybody Suffers The Consequences

The user



The user gets his money stolen and complains to the merchant and the payment gateway to get his money back. This process isn't simple, it takes time. In some cases, the user doesn't even realize he has been robbed, and other times he is not reimbursed.

The Payment Gateway



The payment gateway needs to reimburse the user, and in this process his brand image can get damaged. In addition, complaint management has a great cost for the payment gateway.

The Merchant



The merchant loses money for having payed a commission to the fraudulent publisher. The merchant has to reimburse the user and his brand image takes a hard hit.

Learn more about *how you can fight fraud and grow your business*

FRAUD REPORTS

Learn more about the worldwide state of fraud in mobile payments, through our fraud reports for:

- Poland
- South Africa
- Ivory Coast
- etc.

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- Bouygues Telecom
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