

High Risk Merchant Account Tips on IP Detection

Any high risk merchant should be aware, if not become thoroughly an expert, of all the technical aspects of credit card transactions. Let's face it, doing business online is taking risk a hundred times more dangerous than doing business the brick and mortar fashion. Smart merchants would never plunge headlong into online ventures without a good, working knowledge of the loopholes of the billing process via credit cards.

High risk merchant account providers employ various tactics to mitigate the frequency of chargebacks such as restriction on the use of anonymous e-mail addresses, credit card validation, IP address detection, and proxy server identification.

Anonymous E-mail Addresses

They would make sure email address, phone number, zip code, credit card, mailing /shipping address and other forms of identification are valid. It's rather commonplace to hear that if you were dealing with credit cards, it would be unwise to accept credit card owners that provide anonymous or free e-mail addresses such as @yahoo.com, @hotmail.com, or @gmail.com.

Credit Card Validation and Other Issues

All low risk and high risk merchants are required to integrate a credit card validation system with the customer's issuing bank.

To make it even foolproof, merchants would double check for phone number and zip code authenticity, as well as compatibility with the customer's billing address and issuing bank's country. Some would even make sure they are not doing transactions with customers that originate from high risk countries.

How IP Address Detection Works

Merchants, however, will find even better benefit in taking advantage of detecting the IP addresses of their customers. Security is a tall order when it comes to buying and selling online.

As a matter of fact, legitimate buyers would most welcome security measures such as IP geolocation from high risk merchant account providers to protect them from credit card fraud. Scammers would hide behind anonymous e-mail addresses and proxy servers. The most that high risk merchants can do is to filter suspicious IP addresses. The process goes as following:

1. Merchants detect IP address using geolocation technology and IP validation technology. It may be categorized by country, zip code, area code or billing address.
2. The geolocation/IP validation technology identifies where the user is located spot-on and compares where the person making order is located and his actual billing address.
3. Merchants analyze, double check transactions, and filter legitimate and illegitimate transactions. They may also block transactions considered as possible frauds, or transactions originating from fraud-prone high risk countries.

Proxy Server Identification

IP address detection also goes hand in hand with proxy server identification. Merchants may find difficulty in detecting IP addresses if customers hide behind anonymous proxy servers.

What is a Proxy Server?

A proxy server facilitates network performance by making use of a caching system. The cache is a temporary storage for data that have been viewed recently (like a brain's short term memory). The purpose is to prevent data such as web pages and images from being downloaded repeatedly, thus saving time on accessing them online. Another is to help network administrators filter sites that they deem other users of the network must not access.

Detecting IP addresses and proxy servers can be tricky. A strong support from a high risk merchant account providers that employs strong IP and proxy server detection technology will help your e-commerce store counteract frauds. This is because anonymous proxy servers cannot be detected consistently. With the help of a reliable IP and proxy server detection technology, a merchant will have less time for worries and more time for finding more solutions to increase profit for his business.

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About the Author

Gerri Bryce is a versatile technical writer specializing in general web content copywriting and development for finance and high-risk investment firms. She has contributed a massive number of articles for today's most popular technology, gadget, gaming, business, finance, and science news websites. She participates in a number of top webmaster / finance forums and focuses on new trends in high risk merchant account providers, one of which is <http://www.highriskexperts.com> Currently, Ms. Bryce lives in Marin County, California. She keeps herself abreast with Web 2.0 and cutting edge Internet trends by attending business workshops, online meet-ups, and conferences for web and business professionals. She also travels extensively throughout the United States and Asia. e-mail: gerri.bryce@gmail.com