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John Kothanek  
Director of Risk Operations,  
Obopay

## Mobile Payments Provider Obopay uses iovation as Secret Weapon Against Fraud

Obopay is the first truly comprehensive mobile payment service in the United States. They are the only service to offer individuals the ability to send and receive money using a mobile phone. Harnessing advancements in both mobile and financial technologies, Obopay allows you to “go mobile” with your money.

### Fraud Challenges

- Accounts were being opened using stolen credit and identity information
- Organized cybercriminals were becoming more sophisticated in their methods
- Fraud rates were steadily increasing – reducing business profits

### Solution Requirements

- A comprehensive, cost-effective and scalable way to detect fraud
- Expose hidden relationships between accounts to uncover fraud rings
- Prevent previously identified fraudsters from coming back into the system

### Results using iovation

- A 95% reduction in total fraud losses
- Organized fraud rings are now stopped before losses are incurred
- The confidence that Obopay now has in its fraud-fighting capabilities supports the company’s growth and enables new partnerships

## About Obopay

Launched in 2005, Obopay became the first company to combine mobile and financial technologies in order to offer a comprehensive mobile payment service to anyone in the United States. The concept of Obopay's service is simple: anyone with a mobile phone number can set up an account, deposit money into that account from a bank account or credit card, and then be able to make instant payments or money transfers to anyone else in the US, all via mobile phone.

Fewer people these days carry cash with them. At the same time, mobile phones are becoming increasingly prevalent: almost no one leaves home without one. Obopay's founder, Carol Realini, noticed this phenomenon and saw an opportunity. While many phones now serve multiple functions: as music players, cameras, calendars, web browsers, and more, Realini considered the possibility that mobile phones could also replace the need for carrying cash. The result is Obopay, and the ease and convenience of mobile payments make it an ideal way to exchange money between friends, family members, and between businesses and consumers.

Obopay's service could, in fact, revolutionize how many charities, small businesses, and individual merchants accept payments. With the time and costs associated with establishing merchant accounts with large payment providers, like Visa and MasterCard, many small merchants have limited options. Obopay, available as an application for use on either phones or websites, provides small merchants—such as tutors, artists, market vendors, and small online game companies—a much easier, more cost-effective alternative for collecting payments.

## The Fraud Challenge

As a mobile payment provider, Obopay faces the same problems that all online payment providers struggle with: the use of stolen credit and identity information. And, as most fraud managers are becoming aware, online criminals are becoming increasingly sophisticated in their methods. John Kothanek, Director of Risk Operations at Obopay, says he has definitely noticed over the course of years, that online criminals are becoming increasingly skilled: "these guys are highly technical, they're smart, they're creative, and they're very tenacious." And they're also working together. Obopay discovers many clearly organized groups, from various parts of the world, attempting to open and run multiple accounts in order to commit fraud.

Not only are online criminals getting better at obtaining and using stolen identity information to make money, they're also becoming better at finding ways to evade detection. With the increasing use of methods such as anonymizing proxies and virtual machines, fraud solutions that rely heavily on individual device attributes like IP addresses alone are becoming less helpful.

As a relatively small company, Obopay needed to find one stand-alone fraud solution that would be effective even against smart criminals using sophisticated methods. Innovation was the answer; combining proven device recognition technology with

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device reputation, iovation offers Obopay a comprehensive solution for identifying fraudsters—regardless of the credit and identity information submitted and regardless of efforts to falsify IP address and other device attributes. iovation is also highly effective at exposing relationships between accounts and devices, allowing Obopay to easily identify groups of related accounts being used for fraud. In addition to iovation's overall effectiveness, Obopay noted two benefits of iovation's service that put it above and beyond the others.

## The iovation difference

### 1. Access to the World's First and Largest Fraud Database of Device Intelligence

Being able to access and share fraud experiences with a large network of other online businesses, across many verticals, is one of the elements of iovation's service that Obopay finds both useful and meaningful. Because iovation offers a way for subscribers to share information about devices they have seen, either anonymously or not, with the rest of the iovation network, sites like Obopay are alerted when a computer visiting the site has already committed fraud or abuse elsewhere. And that information matters. Anytime Obopay sees a computer related to fraud or abuse at another site, they investigate to uncover what type of fraud or abuse it is associated with and that helps them make confident decisions on whether to allow, deny or further review the transaction.

The system behind sharing works both ways, a point which Obopay takes seriously. When Kothanek and his fraud team catch and confirm fraudulent behavior on their site, they place that evidence in iovation's system so they and others can benefit from the information.

“There are many criminal groups engaging in cross-border cooperation, but in the financial world, it's difficult to cooperate because of all the rules and regulations,” says Kothanek. “With iovation, we now have access, in an anonymous way, to share information. This is a meaningful way to cooperate with other companies and allow the work of individual fraud teams to have a more global impact.”

### 2. Exceptional Customer Support

The ongoing business relationship that Obopay has with iovation is another big component of what makes iovation stand out. Kothanek says that in all his years of experience, at Obopay and elsewhere, iovation is the only third-party vendor he has ever worked with that has gone above and beyond his expectations. “The iovation team has been so good to us. I can't tell you how appreciative we are of the responsiveness that iovation has shown. I've never sent an e-mail or made a phone call and not been satisfied with the responses I get back.” This level of support and collaboration has made Obopay feel less like a customer and more like a valued partner, creating the foundation for a successful and rewarding business relationship.

## Overall Results

As Obopay's primary fraud tool, iovation ReputationManager has proven invaluable. John Kothanek uses iovation every day and relies on it for forensic analysis and decision making. "It's not just a nice to have; it's a necessity for our company." And, based on his estimates, the results have been amazing. "We have experienced a 95% reduction in fraud due to iovation. Keep in mind, that is with no other tools."

Part of that success is due to being able to identify and stop large fraud rings. "Before we would get hit by a group of 10 to 20 accounts—the most recent group was 36—and 90% of those accounts would get money from us. Now, with iovation, we can recognize the group within the first few accounts, so when they come back and attempt to create new accounts, we stop them in their tracks."

Another significant result of Obopay's success with iovation has been the company's increased confidence and ability to grow the business. "Today we have confidence in our fraud-fighting capabilities," says Kothanek. "Without iovation our fraud rates would have been so high that other businesses would not have been talking to us about partnerships and future growth opportunities." But with its current reputation, Obopay has already made a number of valuable partnerships with vendors like MasterCard, Blackberry, AT&T and Verizon, putting Obopay on the path to make mobile payments the next big thing.

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For more information on  
Obopay please contact:

**Obopay, Inc.**  
275 Shoreline Drive,  
Suite 400  
Redwood City, CA 94065  
Tel: 650-264-2000  
www.obopay.com

To learn more about iovation ReputationManager™ and how it helps organizations fight online fraud and abuse, visit [www.iovation.com](http://www.iovation.com).



**iovation Inc.**  
111 SW 5th Avenue, Suite 3200, Portland, OR 97204  
+1.503.224.6010 tel | +1.503.224.1581 fax  
[www.iovation.com](http://www.iovation.com)