



**Imperial College Union
Board of Trustees**

Thursday 20 February 2019

AGENDA ITEM NO.	Item 12
TITLE	Update on Online Payment Gateway
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EXECUTIVE SUMMARY	<p>Our online payment gateway processes almost £2m of income each year. Given the technological advances in processing online payments, our gateway is not providing the necessary level of fraud protection features.</p> <p>We are currently in the middle of a large scale project to upgrade our website platform which has proved more challenging than anticipated. The work needed to update the payment gateway will be incorporated into this development.</p> <p>The risks relate mainly to external customers who attend big events hosted by CSP's. The charge backs identified during last season's events was less than £10k.</p> <p>While the development work is ongoing CSP's are being directed towards external payment gateways to better safe guard their income streams for their events.</p> <p>It is anticipated that the online payment platform will be completed by early April.</p>
PURPOSE	Further to the discussion at Finance and Risk committee, this paper provides a brief background to the current work being undertaken by the System's team to update our online payment gateway.
DECISION/ACTION REQUIRED	For information

Background:

The current online payment gateway was put in place in 2012 and has served the Union's website customers for many years, processing around 60,000 transactions per year (around £1.8m revenue). However, given the advances in technology that have happened since implementation, the payment gateway is not providing the necessary level of fraud protection features and needs to be replaced or improved.

Current Issues and Context:

On some large-scale events such as the Sri Lankan society ball last March, we have received chargebacks on purchases made through our online payment gateway. Chargebacks are made when a customer contacts their bank and specifies transactions on their account as fraudulent or suspicious. In the case of actual fraud this would be when someone has managed to obtain the card details and personal information of someone and used their card

Banks generally look to pay customers back in these situations (within reason, some banks have limits on how much can be recovered, for example). We have been contacted with some of these accusations by Barclays, maintaining that some fraudulent transactions have been made on our site. A few things to note:

- This has only happened on events open to the general public
- Chargeback have only been requested by non-students (as far as we know) and by transactions that are, in our opinion, marginally fraudulent
- This has only occurred on large-scale events
- Where chargebacks have been made, these have tended to be very few large transactions (i.e. 4 or 5 transactions or hundreds/thousands rather than many smaller transactions)
- Based on our investigations and assumptions, it seems that certain attendees have bought tickets to events with the intention of requesting chargebacks rather than genuine fraud has been committed (but this is not necessarily relevant)
- **Having 3D Secure in place on our payment gateway does not stop fraud or prevent customers requesting chargebacks to their bank, it just means that liability to pay back the money falls to the bank of the customer rather than the supplier (ICU).** Therefore additional measures need to be considered to prevent the fraudulent requests occurring in the first place.

What has happened so far:

A small-scale tender process was undertaken with a few suppliers and it is estimated that our preferred option (Barclays) will save us in the region of £10k-£20k over the course of a financial year going forward. In the next few weeks we should have a better idea about whether this solution is right for our implementation and will move forward with a new gateway which will go live alongside the new Online Shop in the next couple of months. This will include the necessary anti-fraud protocols such as 3D secure that will guard us against the financial liability of chargebacks.

What is happening now/soon:

We made the decision not to prioritise implementation of the new payment gateway on the website as we have been undertaking a large-scale redevelopment of the online shop and the chargeback issues have been rare. Implementing a new payment gateway on the current platform would have meant a significant repetition of work as it would have required re-implementing on the new online shop platform (around 2-4 weeks of developer time).

This larger project has been stalled somewhat by some essential upgrades to our website platform, Drupal, to ensure the future security and compatibility of our website into the future; the work we are doing now is essential as our current version of Drupal (7) will cease to be supported in 2021 and the update work is considerable given the large amount of dependencies and custom code that supports ICU's online functions. This is the largest-scale development project undertaken by the ICU Systems team since its inception and will ensure the stability of our online web presence for many years.

Our dependencies for this project have been as follows:

Requirement to improve fraud protection

- > Requires update to payment gateway integration
- > Requires New Online shop code before implementation (to save repeating large amount of development work)
- > Requires update from Drupal 7 to Drupal 8
- > Requires significant time and resource due to complex nature of upgrade

It is recommended that for any large-scale events that are likely to see chargebacks in the near future, a third party website is used to sell tickets and collect payments so liability is limited. Once the new online shop is live and the new payment gateway is implemented, these events sales should move back to the Union site.

It is projected that the new online shop platform will be live in late March/early April.