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Rippleshot Monthly Fraud Intelligence Report

Derived from Rippleshot's Consortium Data
5,000+ Contributing Financial Institutions, 50M+ Daily Transactions

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Introduction

These latest fraud trends reveal a shift toward overlooked or under-monitored categories — with some of the most significant fraud growth this month occurring in merchant types not typically at the top of the risk radar.

This includes telecom services, bicycle shops, and wholesale clubs, each showing notable fraud movement that demands a closer look.

While overall fraud volume is relatively stable, sharp percentage increases and high fraud rates in these specific categories suggest fraudsters are probing for new vulnerabilities ahead of the holiday season.

Monitoring spend-to-fraud divergence and targeting overlooked verticals is key as attackers adapt faster than traditional detection models.

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Value Rippleshot provides to bankers

Rippleshot solutions help your team put this data into action. With up to 7x ROI, our clients strengthen existing rules and proactively block more fraud.

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Key overall insights

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Key insights

Telecom Services show major fraud acceleration

MCC 4814 saw a +42.54% increase in fraud, despite a slight -0.54% dip in spend. This mismatch drove its fraud rate up to 4.61 bps, indicating fraudsters are targeting recurring services and prepaid telecom purchases — areas that often fly under the radar due to their predictable billing patterns. Institutions may be missing these attacks until post-auth disputes appear.

Bicycle Shops register large spike

Although a relatively niche category, MCC 5940 experienced a +108.48% jump in fraud, despite a -4.91% drop in spend. This is a classic high-ticket, high-resale pattern that recurs seasonally, and the fraud rate exploded to 26.69 bps, the highest across all categories. This sudden increase signals a concentrated fraud risk in this category.

Wholesale Clubs show rising fraud amid consumer trust

Fraud at MCC 5300 rose +23.26% while spend grew +7.62%, pushing the fraud rate to 2.55 bps. These merchant types are typically trusted, which makes them attractive targets for fraudsters hiding in plain sight — particularly for bulk, card-present and card-not-present orders with limited oversight.

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Rippleshot proprietary data

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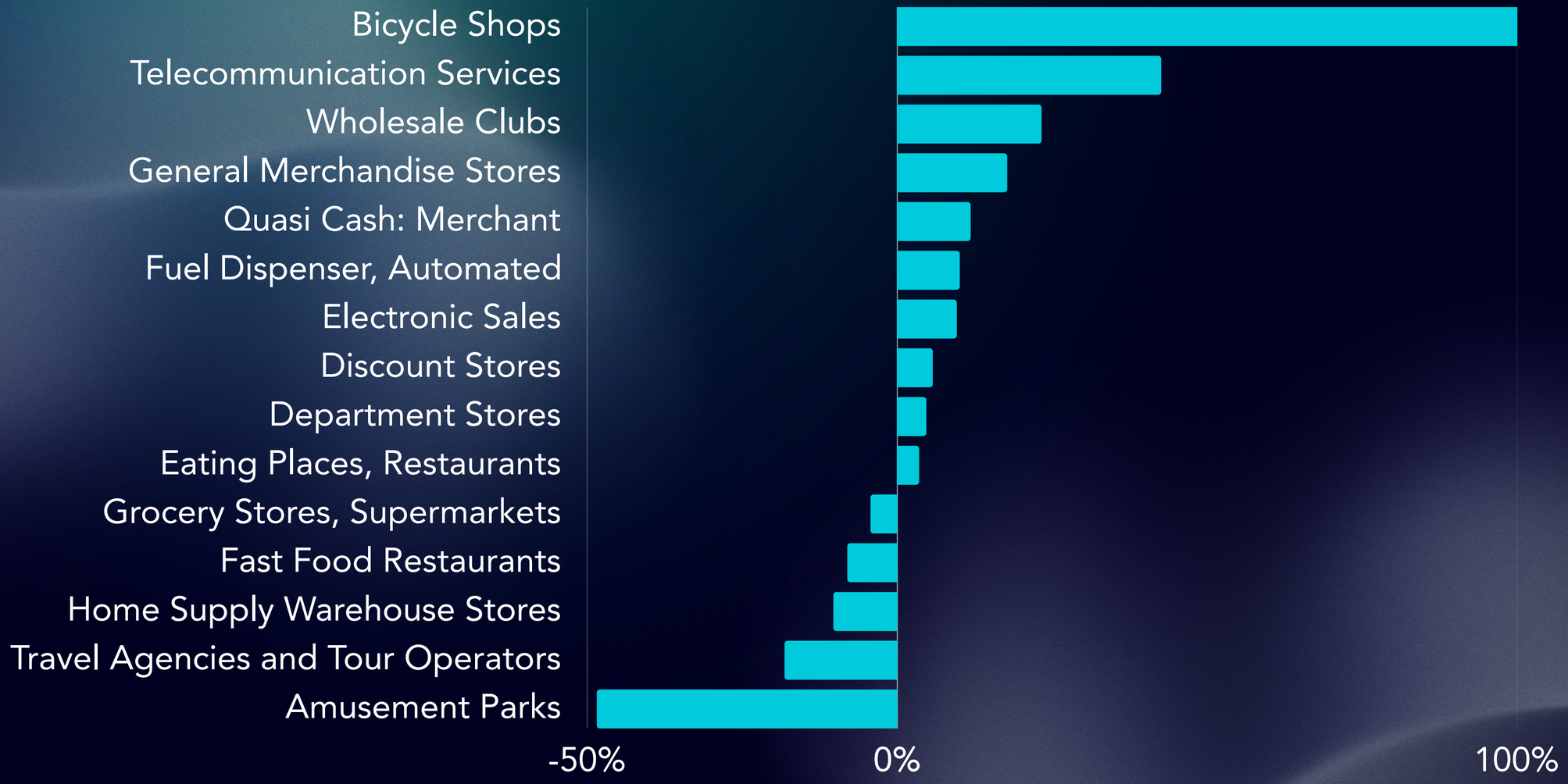
Data analysis: Fraud dollars change



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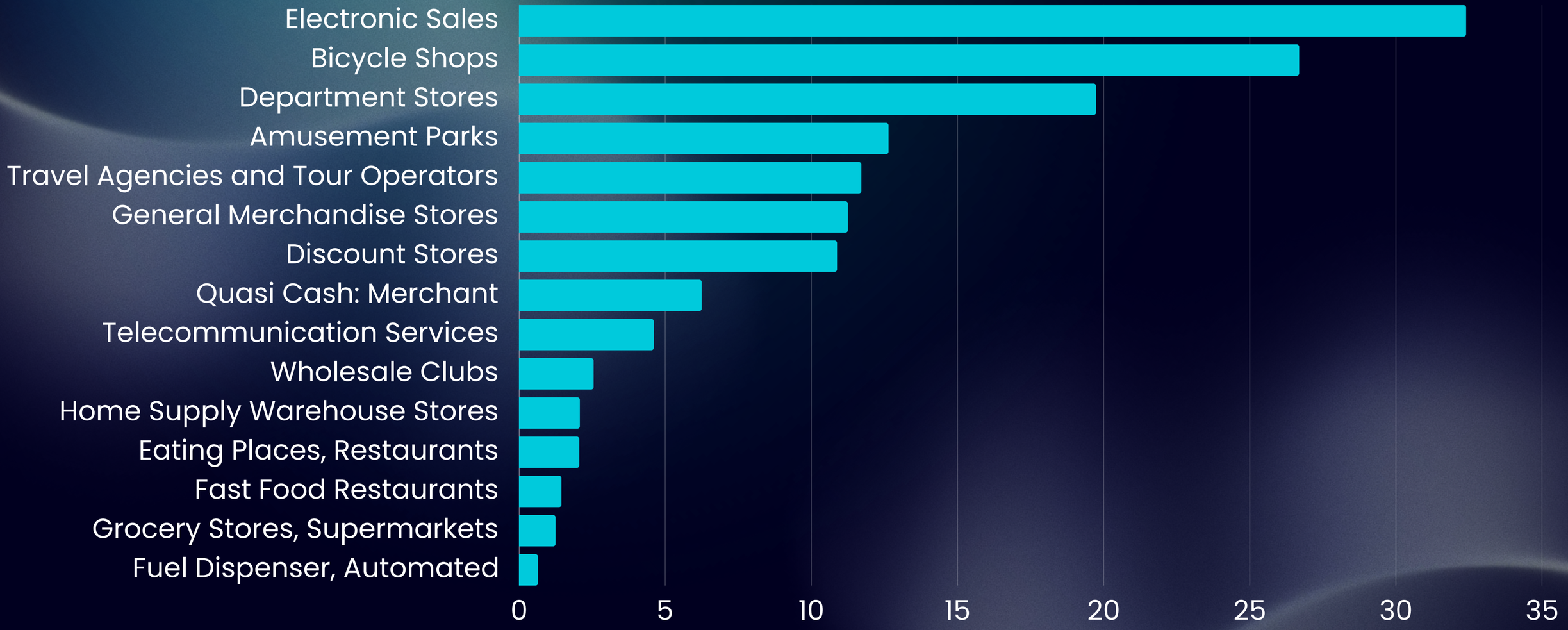
Data analysis: BPS of fraud



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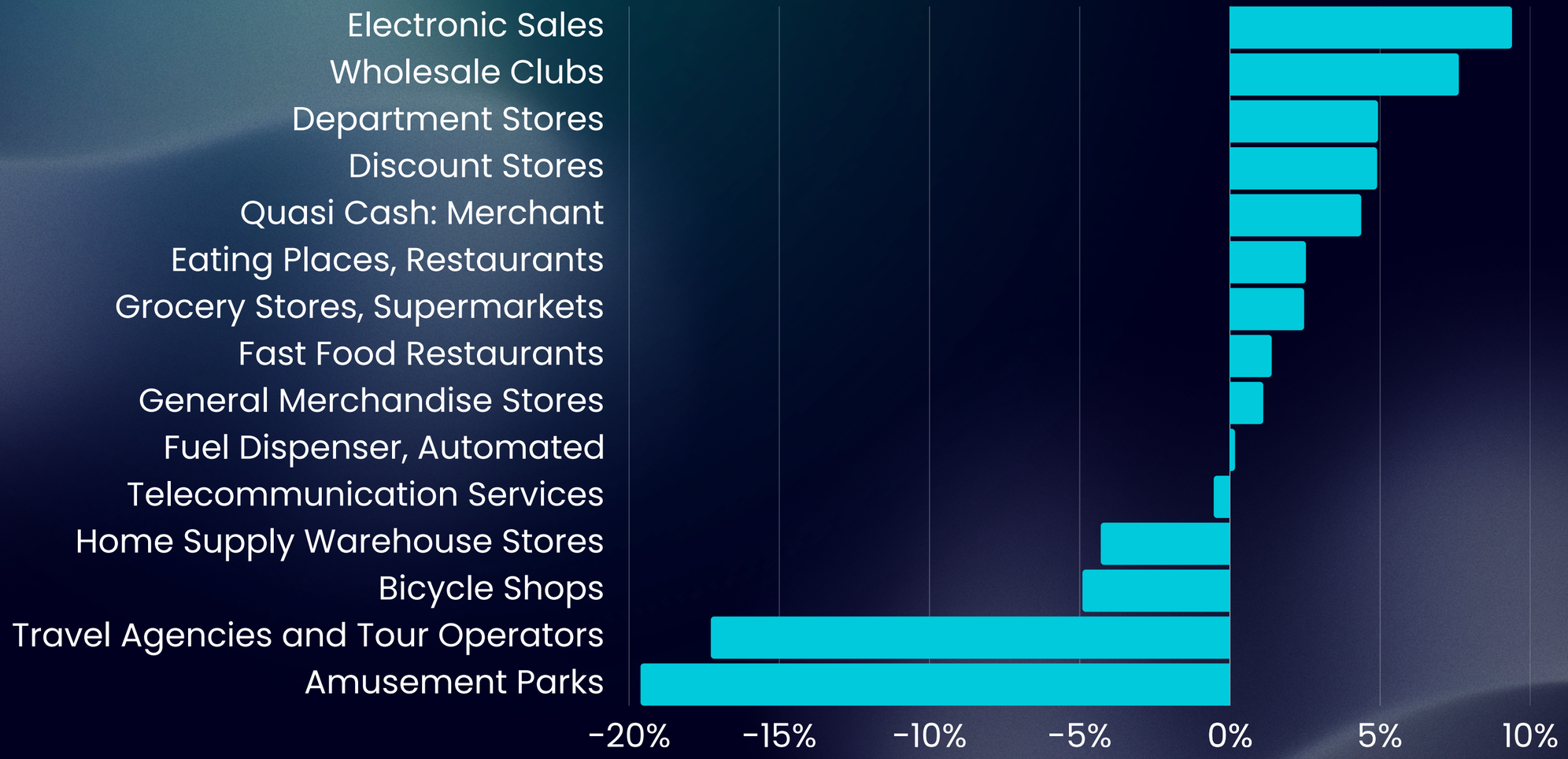
Data analysis: Change in authorized dollars



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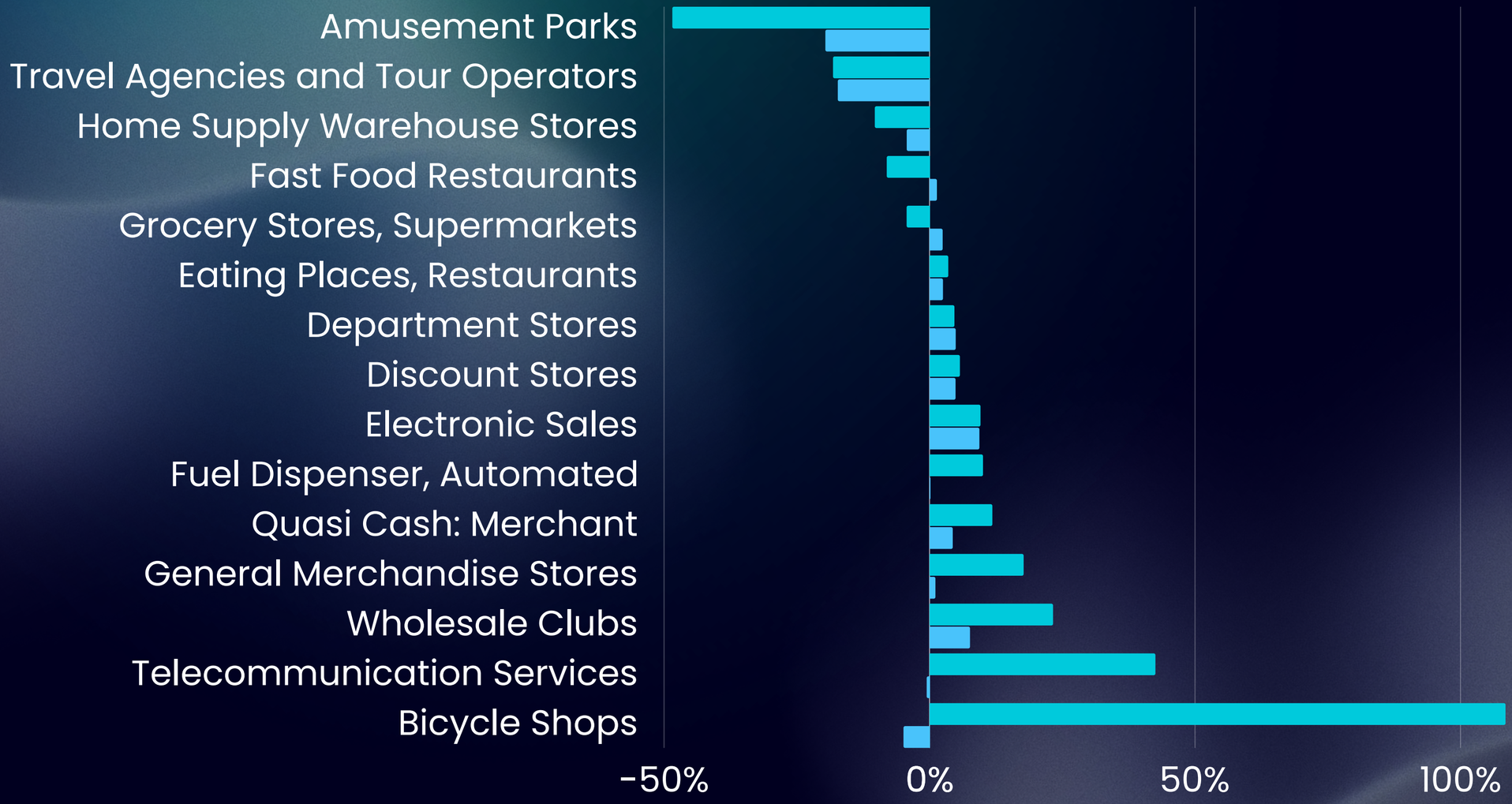
Data analysis: Relationship: Fraud dollars to authorized spend



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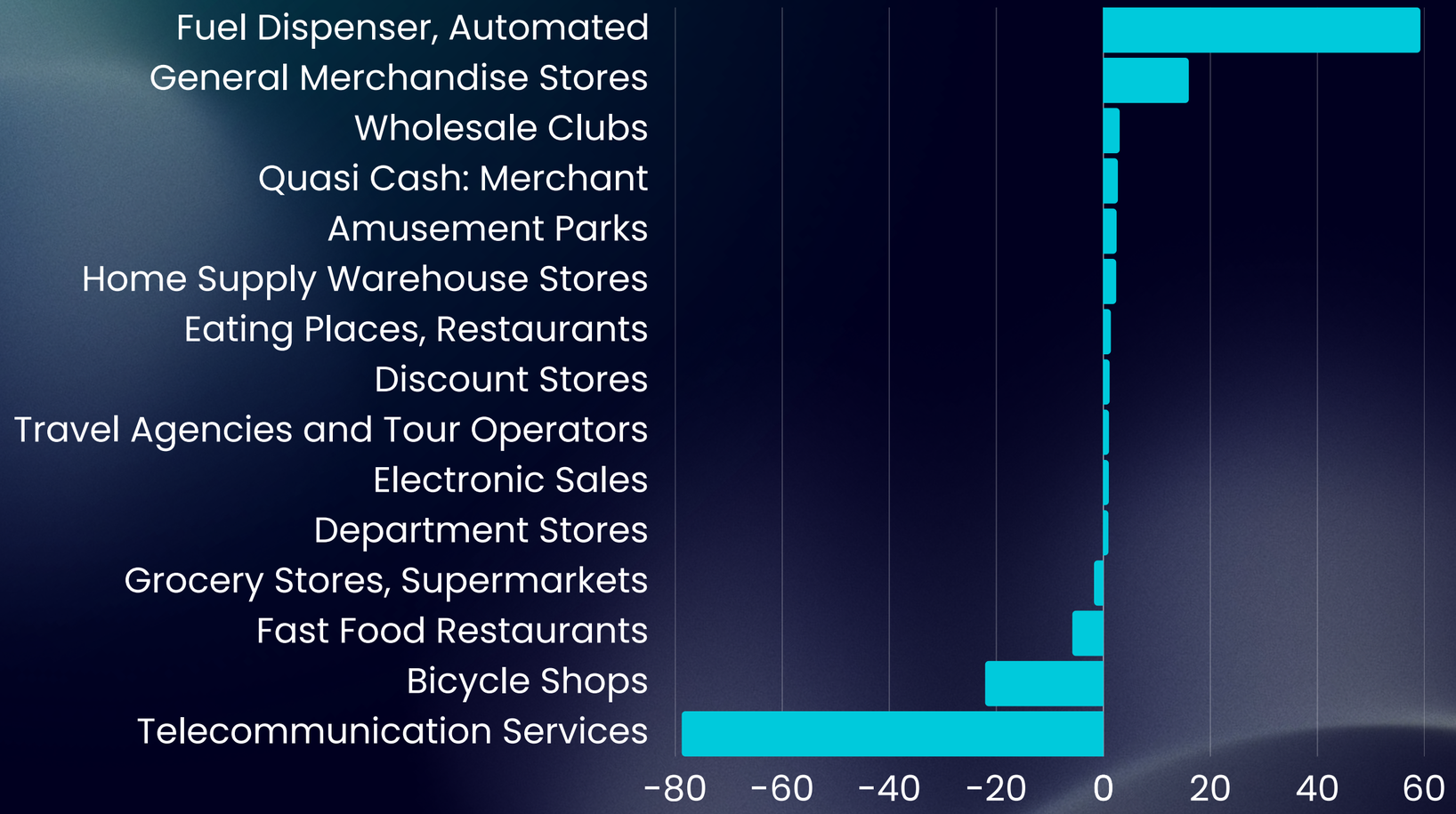
Data analysis: Relative Fraud Growth Index

Highlights how closely spend is linked to fraud, showing each MCC's vulnerability to fraudulent behavior.

Fraud Growth vs. Spend Growth Ratio:

- > 1 → Fraud is growing faster than spending (bad).
- < 1 → Fraud is growing slower than spending (good).
- < 0 → Fraud is growing while spend is decreasing (or vice versa) → signal of unusual risk shift.



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Selected insights by category

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4814 – Telecommunication Services

Analysis: Spending

Spend dipped slightly (-0.54%), consistent with typical monthly fluctuations in recurring billing cycles or seasonal declines in device purchases.

Analysis: Fraud

Fraud rose sharply (+42.54%) in contrast to the slight drop in spend. The fraud rate climbed to 4.61 bps, suggesting new or intensified exploitation of prepaid services, bill payment portals, and digital top-up systems.

Conclusions

Telecom fraud is often hidden within routine billing patterns. Institutions should flag unusual behavior such as high-frequency microtransactions, use of multiple cards on single merchant accounts, or sudden increases in prepaid top-ups.

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5940 – Bicycle Shops: Sales and Service

Analysis: Spending

Spend fell -4.91%, consistent with seasonality as colder weather begins in many regions.

Analysis: Fraud

Despite the drop in consumer activity, fraud surged +108.48%, driving the fraud rate to 26.69 bps. This likely reflects targeted campaigns on high-ticket items bought through card-not-present channels.

Conclusions

Bicycle shops are again a seasonal fraud hotspot. Institutions should monitor for large online purchases, buy-online/pickup-in-store patterns, and repeat transactions at the same merchant, which often signal synthetic or stolen card usage.

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5300 – Wholesale Clubs

Analysis: Spending

Spend grew +7.62%, likely tied to early holiday preparation and bulk household purchases.

Analysis: Fraud

Fraud outpaced spend at +23.26%, and the fraud rate sits at 2.55 bps. While this is lower than some high-risk categories, the growth suggests that fraudsters are embedding activity within trusted merchants where customer behavior is less scrutinized.

Conclusions

Wholesale Clubs are increasingly vulnerable as fraud blends with routine spend. Transactions involving large gift card purchases, high-volume electronics, or cross-state shipping should be flagged and monitored using merchant-specific rules.

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Strategic recommendations

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Strategic Recommendations (Rippleshot Lens)

Track Emerging Fraud in Everyday Utilities

Categories like telecom services often fall below risk thresholds but are increasingly targeted for their recurring billing systems. Monitoring patterns like multi-card usage and unusual recharge behavior can surface fraud early.

Strengthen Controls in "Trusted" Merchant Environments

Fraud is hiding in merchant types that typically receive low scrutiny — like wholesale clubs. Applying merchant-specific fraud scoring and verifying bulk transactions can help catch embedded fraud early.

Balance Fraud Rate and Volume in Risk Models

Don't let high-dollar fraud blind you to categories with rising fraud rates. Prioritize action where per-dollar fraud is rising quickly, even if total fraud spend is not yet alarming. This gives your institution early signals to act on.

Apply Smart Rules to Niche High-Risk Categories

Sudden surges in fraud within niche categories like bicycle shops require smarter rules.

Use AI and consortium data to ensure you're ahead of the curve.

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About Rippleshot

Fraud is moving fast. Rippleshot helps financial institutions move faster. We proactively detect and help stop credit and debit card fraud before it strikes.

Trusted by more than 1,700 financial institutions, Rippleshot combines AI, machine learning, our data consortium of over 5,000 participating financial institutions and 50 million daily credit and debit transactions – and the expertise of fraud and data scientists to deliver rapid risk detection, data-based decision rules, and actionable intelligence.

Rippleshot gives fraud managers, analysts, and executives comprehensive visibility and insights to safeguard cardholders, streamline fraud operations, and boost fraud mitigation performance.

Learn more at www.rippleshot.com

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Learn how you can benefit from the full capabilities of Rippleshot’s solution

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