



ValidSoft Technology Targets Belgian Bank Card Fraud Crisis

LONDON--(01/18/11) - ValidSoft Limited, a wholly owned subsidiary of Elephant Talk Communications, Inc. (OTC.BB:[ETAK](#)) (www.elephanttalk.com), is warning consumers that from today, January 18th, Belgian Maestro users may be unable to use their debit card when travelling abroad. According to press report quoting the Minister of Economic Affaires, Vincent Van Quickenborne, <http://www.hln.be/hln/nl/943/Consument/article/detail/1207013/2011/01/12/Debetka-arten-niet-meer-bruikbaar-buiten-Europa.dhtml>, the measure has been taken in an effort to prevent fraud resulting from card skimming which has risen over 750% in the last 3 years. Fraudsters are easily able to copy the magnetic strip of a debit or credit card, and there have been high profile news reports of data thefts around the world where fraudsters have got hold of large numbers of card details and PINs. Fraudsters then use these fake cards to pay for goods or services or get cash from ATMs.

The report states that the measure being introduced means that Belgian debit cards will now only be accepted in 56 countries within and around Europe that use Chip and PIN enhanced security, but not in the US, Canada and China, to list some examples of exclusions. According to Spaargids.be, approximately 12 million Maestro users in Belgium could be impacted by the measure, which has the potential to cause significant headaches for Belgian consumers and the 22 issuing banks that are introducing the measure.

"Belgian banks are clearly very worried about the rapid rise in card fraud," said Bennie Peleman, Vice President, ValidSoft. "Fraud creates major headaches for banks; they generally have to foot the bill for fraud and call centres are overwhelmed with 'false positives' from customers who have had cards blocked when they are on holiday or travelling for business," explains Peleman.

But payments companies and card issuing banks now have sophisticated new technology to fight back. ValidSoft, a leading provider of electronic fraud detection and prevention solutions, specializes in card related fraud prevention.

"We are actively targeting the Belgian market with our flagship card fraud prevention solution, VALid-POS®," says Peleman. "Card fraud has become a global concern recognized by leading banks worldwide. The measures taken in Belgium, although perhaps drastic, are understandable and definitely reflect a primary objective in protecting their customers' interest. It is our strategic objective to contribute in restoring the confidence in both card present and card not present transactions into the financial services markets worldwide."

VALid-POS® works by correlating the origination of a purchase or withdrawal using a card to the proximity of the card owner through the card owner's cellphone in less than half a second so banks can check the legitimacy of the transaction before it completes, and stop it if they suspect fraud. In the absence of VALid-POS®, banks try to spot fraud by comparing new purchases to past spending patterns. If a card typically used in Belgium is suddenly buying computers in California, that's suspicious.



The problem for banks is that comparing the current transaction to traditional spending patterns is fundamentally inaccurate. Worse, banks can't typically carry out this check fast enough, so driven by the need to prevent fraud, they actually end up declining the transaction, or in the case of the Belgian market completely disallowing the transaction. Denying a legitimate transaction is termed a "false positive" and 90% of the transactions flagged as suspicious are actually legitimate. Trying to contact card owners to eliminate these so-called 'false positives' is a huge expense and headache for banks. Banks often cut off credit cards because transactions look suspicious, only to be left with irate customers.

"The cost to banks runs into billions of euro a year," says Peleman. ValidSoft's system not only spots the fraudulent transactions, it virtually eliminates the false positives. "We change the 90% failure rate in identifying fraud into a 90%-plus success rate," explains Peleman. "We've been able to completely change the model of how risk can be managed."

VALid-POS® was awarded the European Privacy Seal in March 2010, <https://www.european-privacy-seal.eu/awarded-seals/valid-pos>, certifying its compliance with European Data Protection law and enabling Issuing Banks to implement on an "Opt-Out" basis only. ValidSoft is the first, and remains the only, security software company in the world to be awarded the European Privacy Seal for its flagship card fraud detection and prevention solution.

Mr. Peleman continued, "The problem for the Belgian banks is the negative consumer impact, potential customer churn and revenue loss through disallowing millions of international transactions that generate lucrative interchange fees for the banks. However, with VALid-POS®, banks can be secure in the knowledge that card fraud and false positives can be virtually eliminated, their revenue streams intact and their customers protected."

About ValidSoft

ValidSoft Limited, headquartered out of Tullamore, Ireland, is a wholly owned subsidiary of Elephant Talk Communications, Inc. (OTC.BB:ETAK), and is a market leader in providing solutions to counter electronic fraud relating to cards, the internet, and telephone channels. ValidSoft's solutions are telecommunications based and are at the cutting edge of the market, utilising their access to the most sophisticated global telecommunications networks and expertise. The solutions are used to combat card-present and card-not-present fraud as well as electronic fraud on all channels, including the most advanced fraudulent attacks such as Man-in-the-Browser. The solutions are designed for mass markets, in a highly cost effective and secure manner, yet are easy to use, intuitive and leverage the most ubiquitous devices available. For more information please visit www.validsoft.com.

VALid-POS® was awarded the European Privacy Seal in March 2010, certifying its compliance with European Data Protection law and enabling Issuers to implement on an opt-out basis only -- ValidSoft is the only Security Software company in the world to be certified to EuroPriSe standards and successfully renewed the European Privacy Seal for VALid-POS® in December 2010: <http://www.elephanttalk.com/images/upload/ETAK%20-%20EuroPriSe%20Seal%20Renewal%20-%20FINAL.pdf>.



About Elephant Talk Communications

Elephant Talk Communications, Inc. (OTC.BB:[ETAK](#)) is an international provider of business software and services to the telecommunications and financial services industry. The company enables both mobile carriers and virtual operators to offer a full suite of products, delivery platforms, support services, superior industry expertise and high quality customer service without substantial upfront investments from clients. Elephant Talk provides global telecommunication companies, mobile network operators, banks, supermarkets, consumer product companies, media firms, and other businesses a full suite of products and services that enables them to fully provide telecom services as part of their business offerings. The company offers various dynamic products that include remote health care, credit card fraud prevention, mobile internet ID security, multi-country discounted phone services, loyalty management services, and a whole range of other emerging customized mobile services. For more information visit www.elephanttalk.com.

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