Is your fraud prevention program too much of a good thing?
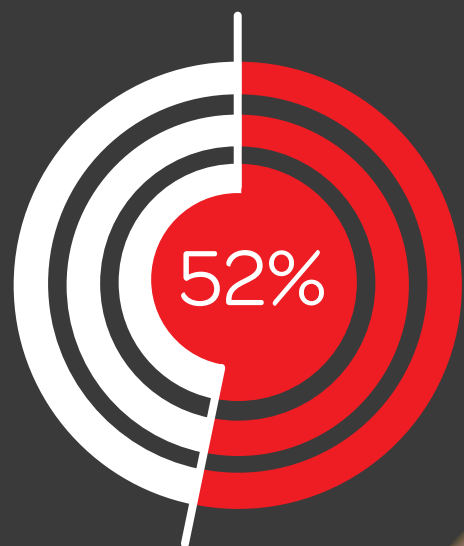
eCommerce risk management designed to protect the bottom line may in fact jeopardize it.

LexisNexis®
RISK SOLUTIONS

52%

52% of fraud
management dollars spent on staffing manual review teams [3]

We're not here to tell you that you need to catch more fraud.

You know your thresholds and whether you're within acceptable limits for your company. You have the people and systems in place to address questionable card-not-present transactions, and you are stopping plenty of them. Your organization does critical work to protect the business bottom line. But here's the thing: You might be doing too much.

Reviewing too many transactions. Expending too many resources. Saying "no" too many times because you can't get the clarity you need to confidently declare a purchase "Approved!" And this is all costing your business far too much in lost revenue, unhappy customers and wasteful inefficiency.

Fraud prevention can look an awful lot like growth prevention.

Those potentially bad transactions you've been denying? Viewed through a different lens you might see them in a new light. Many of these transactions may be valid after all. Our analysis shows that about one-quarter of transactions denied in manual review should have been approved[1]. False positives occur frequently as a result of patch-worked and manually driven risk management processes — many of them based on very rudimentary tools that rely on unverified and unsophisticated data sources.

Even when manual review leads to approved sales, it comes at the expense of profitability. Retailers review as many as one out every four transactions at a cost of about $3 each[2] — in personnel alone. And 85% of those manually reviewed transactions end up approved anyway.[1]

For a retailer processing many thousands of sales a day, that's a huge chunk of revenue eaten up by unnecessary due diligence.

Then come the insults.

There's no denying that fraud prevention activities can put customer experience at risk. "Shop from anywhere" convenience means a consumer might be making an online purchase hundreds of miles away from the address their card is tied to, and shipping the item to yet a third location.

Delaying or denying a transaction because you can't find the connections in the incoming data – like the IP address, billing address, and shipping destination – leaves you with a lost sale and an angry customer. A customer who just might move on to your competitor. A competitor that says "yes" to the sale.

What if you chose another path?

Imagine if you said "yes" more often, and enabled legitimate sales rather than preventing them? You can, without any compromise to your risk program. Invest in a solution that fuses robust identity verification, risk scoring, and analytics tools to produce the most complete decisioning information for each transaction.

Know more—sooner—so you can avoid unneeded, time-consuming manual reviews and deliver the service your customers expect.

The way forward: Fraud prevention as growth generator.

The moment your customer initiates the purchase, LexisNexis® Order Score goes to work to analyze billions of consumer records from more than 13,000 data sources, activating powerful linking and analytics tools to connect the dots between identities and addresses. The system instantly returns a risk score that can be acted on immediately without involving an analyst — and for far less cost than a manual review.

End result? In less than 1 second, the fraud team becomes the sales rescue team. Not only protecting the bottom line — but adding real value to it.

[1] 2015 LexisNexis® True Cost of Fraud Study™
[2] LexisNexis Risk Solutions estimates
[3] 2015 Cybersource Online Fraud Management Benchmarks
[4] Javelin Strategy, Overcoming False Positives, 2015

Goodwill: Denied

The impact of false positives on a merchant:

26%
of declined cardholders reduce patronage [4]

32%
stop shopping there altogether [4]

How "too good" is your fraud prevention?

You may be preventing too many valid sales. Let us do a free assessment. We'll show you how to bring risk management and sales enablement into optimal balance.

Visit us online at lexisnexis.com/retail

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