



CASE STUDY



How PatPat is reducing chargeback fraud with LexisNexis® ThreatMetrix®

Industry

Ecommerce

Client

PatPat

Top-Level Overview

PatPat was founded by InterFocus Inc. in Silicon Valley in 2014. It's a cross-border ecommerce platform that sells baby clothes and matching family outfits. PatPat delivers products to consumers across 100 countries and regions and plans to expand beyond its major markets in Europe and North America into regions including the Middle East and South America.

Solution

LexisNexis® ThreatMetrix®
LexisNexis® Digital Identity Network®

PatPat's challenge

As the business grew and PatPat started accepting payment cards, their true fraud chargeback fees and losses also started to increase. In 2021, PatPat suffered a large amount of chargeback fraud, originating from Brazil and Mexico. They found it difficult to distinguish between trusted users and fraudulent behaviour of bad actors and found it hard to keep up with the amount of chargeback fraud they had to review manually. A true fraud chargeback is a genuine person claiming a chargeback because a transaction was made via a stolen payment card. A higher chargeback rate meant PatPat must pay more in fees and spend more time collecting evidence to defend their chargeback losses. PatPat started looking for an effective fraud detection solution to address this challenge.

Bottom Line Results

Incorporating ThreatMetrix® into their fraud prevention workflow enabled PatPat to:



Distinguish between trusted and fraudulent behaviour as the transaction takes place



Improve capability to detect fraudulent payment with high accuracy



Improve customer experience



Increase automatically rejected high-risk payments by 12.5%



Reduce the manual review rate by 33%



Improve overall operational efficiency



“LexisNexis® ThreatMetrix® is user-friendly. It took me about a day to learn how to use the platform. The use cases are comprehensive. I am satisfied with the LexisNexis® ThreatMetrix® suggestions. I feel our team made the right decision in adding this invaluable tool to our fraud defense.”

- Wendy Wei, Payment & Risk Control Specialist, Interfocus Inc.

Solution

In September 2020, they turned to LexisNexis® Risk Solutions for help. LexisNexis® ThreatMetrix®, is a sophisticated fraud detection platform that reliably differentiates between trusted and fraudulent online payments on a real time basis. Payments are automatically screened to detect and prevent fraud in near real time, so there is no delay to PatPat's service or the customer experience. ThreatMetrix® enables companies to harness intelligence related to devices, locations, identities and past behaviours to confidently distinguish between trusted and fraudulent behaviour. ThreatMetrix® is powered by the global LexisNexis® Digital Identity Network® solution, a crowdsourced intelligence database aggregating more than 75 billion global transactions each year, including logins, payments and new account creations.

ThreatMetrix analysed hundreds of data attributes of customers devices, such as laptops, tablets or smartphones. ThreatMetrix compared this to other customer information on their global fraud intelligence database, such as phone numbers and location analysis (VPN number a customer was using and where they were located, for instance). The review status of ThreatMetrix enabled PatPat to make a more informed decision on whether to accept a payment/ transaction from the customer.

ThreatMetrix automatically checked all transactions in real time, identifying and flagging all high-risk transactions. This meant PatPat only had to manually check medium and low-risk transactions, significantly reducing manual review rates by 33%.

Working closely with PatPat's internal teams, LexisNexis® Risk Solutions professional services team provided consultation and training on how to write rules that reduce chargebacks, improve data analysis and machine learning optimization, how to find new fraud patterns, such as using email addresses with no history and tackling fraudulent payments.

Fraud patterns will continue to remain fast and dynamic as fraudsters change their tactics to stay ahead of the game.

LexisNexis Risk Solutions will continue to advise PatPat on how best to frequently refresh their fraud detection policies for superior performance, including support for important retail dates such as 11.11 single day and Black Friday in November.

PatPat's ecommerce platform was underpinned by the following core capabilities from LexisNexis® ThreatMetrix®:

- Our risk management platform enables analysis, orchestrations, rule and policy creation, investigation and reporting.
- We analyze connections between devices, locations and anonymized personal information. We can identify behavior that deviates from this trusted digital identity and flag it as potential fraud. It can detect high-risk events in near real time.
- LexisNexis® Digital Identity Network® crowdsources intelligence of billions of global transactions and interactions. LexisNexis ThreatMetrix uses this intelligence to identify the unique digital footprint of an online persona, assigning it a unique LexID® Digital number. PatPat leverages this enhanced visibility into historical transaction patterns and context across multiple industries to understand this persona from a holistic perspective covering behavior, devices and transaction intelligence. This expanded and persistent view enables PatPat to proactively detect and block the persona even as it attempts to utilize multiple vectors and entry points to transact and avoid detection.
- ThreatMetrix® identifies returning users that act suspiciously. By recognizing threat patterns such as wiping cookies or using private browsing, ThreatMetrix helped capture more frauds.
- LexisNexis® Risk Solutions Professional Services Advisory: Provides hands-on fraud expertise, tailoring the ThreatMetrix solution to meet the unique and evolving requirements of PatPat. The team helps to continually optimize rules and policies to ensure that the full spectrum of fraud attacks is effectively detected, while minimizing false positives and manual reviews.

For more information visit <https://risk.lexisnexis.com/fraud-identity-en>



LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of informationbased analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com and www.relx.com. Our financial services solutions assist organizations with preventing financial crime, achieving regulatory compliance, mitigating business risk, improving operational efficiencies and enhancing profitability.

LexisNexis, LexID and the Knowledge Burst logo are registered trademarks of RELX Inc. ThreatMetrix and Digital Identity Network are registered trademarks of ThreatMetrix, Inc. Other products and services may be trademarks or registered trademarks of their respective companies. Copyright © 2023 LexisNexis Risk Solutions. NXR15933-00-0323-EN-US.