

CASE STUDY



LexisNexis® ThreatMetrix® Dramatically Improves Conversion Rates for MagicLab, Reducing False Positives and Manual Review Rates

Dynamic shared intelligence from the LexisNexis® Digital Identity Network® helps MagicLab differentiate between high-risk and legitimate payments in near real time

AT A GLANCE

MagicLab↑

CUSTOMER

MagicLab

REQUIREMENTS

- Remove the need for manual reviews when users are making payments via the company's dating and social networking platforms.
- Optimize fraud rules in order to reduce false positives.
- Reduce chargebacks.

SOLUTION

Leveraging ThreatMetrix global digital identity intelligence, MagicLab could differentiate between users making legitimate payments and potential fraudsters using stolen credentials. This streamlined the user experience, reducing friction and manual reviews associated with high false positives.

BOTTOM LINE

- Reduced chargeback rates to ~0.2 percent while still growing revenue.
- Allowed MagicLab to respond quickly to market trends.
- Reduced false positives and increased conversions to 98.5 percent.

“Since integrating the ThreatMetrix solution a number of years ago, we’ve consistently managed to maintain a low chargeback rate and high conversion, despite what fraudsters throw at us.”

— GIANLUCA CASSARO, HEAD OF BILLING & PAYMENTS – MAGICLAB

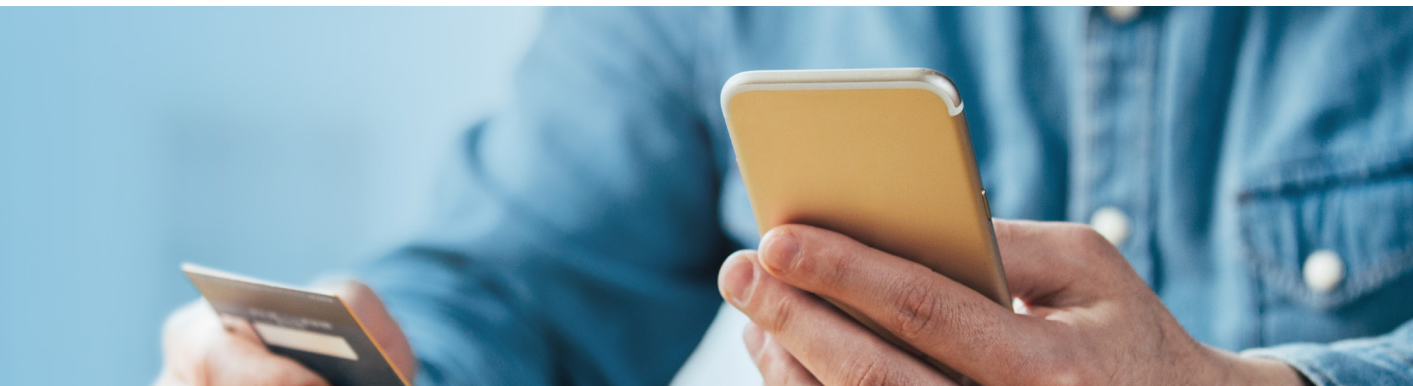
Overview

MagicLab builds and operates leading dating and social networking apps including Bumble, Badoo, Chappy and Lumen. MagicLab’s mission is to create life-changing moments by building relationships, leveraging technology, talent and experience to accelerate long-term growth. With over 500 million users worldwide and approximately 500,000 new users per day, MagicLab has pioneered what are now considered more standard dating app features, such as location-based matching.

MagicLab takes payments for premium services which enhance standard account features; Badoo, for example, charges for services such as ExtraShows and Badoo Premium.

With LexisNexis ThreatMetrix, MagicLab can:

- Streamline the online experience by accepting payments from trusted users in near real time.
- Automate the detection of high-risk payments using dynamic global intelligence from the LexisNexis Digital Identity Network.
- Reduce the requirement for ongoing support for policies/rules and analyst training.
- Dramatically reduce the requirement for costly and labor intensive manual reviews.



Business Problem

When MagicLab began accepting card payments for premium services on its Bumble and Badoo social networking apps, it became a target for fraudsters attempting to use stolen credentials. This led to a high level of chargebacks, with multiple payment service provider (PSP) partners further complicating the problem.

MagicLab decided it needed an independent fraud detection partner to deal with transactions before they were passed to the PSPs. The Badoo dating and social networking app was also experiencing high levels of false positives and high dropout rates as a result of increased friction, with MagicLab looking for a provider to optimize its fraud rules and reduce its number of manual reviews.



The Power of Global Shared Intelligence to Detect High-Risk Events in Near Real Time

The best way to tackle complex, global cybercrime is by using the power of a global shared network. The LexisNexis Digital Identity Network collects and processes global shared intelligence from millions of daily consumer interactions including logins, payments and new account applications. Using this information, the ThreatMetrix solution creates a unique digital identity for each user by analyzing the myriad connections between devices, locations and anonymized personal information. Behavior that deviates from this trusted digital identity can be reliably identified in near real time, alerting MagicLab to potential fraud. Suspicious behavior can be detected and flagged for review, step-up authentication or rejection before a transaction is processed, creating a frictionless experience for trusted users.

The ThreatMetrix Policy Engine also allowed MagicLab to create new fraud rules for its Badoo and Bumble apps. These rules have pushed conversion rates up to 98.5 percent and can be constantly modified and fine-tuned to reduce false positives and improve conversion rates.

“The range of functionality the ThreatMetrix solution offers means we can make a bespoke solution for every type of fraudster. We’re constantly testing new rules to make sure we’re a step ahead of the game.”

— GIANLUCA CASSARO, HEAD OF BILLING & PAYMENTS – MAGICLAB



Key Features of the LexisNexis® Risk Solutions / MagicLab Partnership



Trust Tags enable MagicLab to differentiate between fraudsters and legitimate users. Trust can be associated dynamically with any combination of online attributes such as devices, email addresses, card numbers or any other attributes involved in accepting, rejecting or reviewing a transaction.



ThreatMetrix SmartID® helps recognize returning devices even when cookies are deleted or disabled. Derived from the analysis of many browsers, plug-ins, and TCP/IP connection attributes, SmartID generates a confidence score that detects multiple fraudulent account creations or sign-in attempts from a single device.



Deep connection analysis technologies give MagicLab a clearer view of suspicious events. Fraudsters often attempt to hide behind location and identity cloaking services such as hidden proxies, VPNs and the TOR browser. With Proxy piercing technology, the ThreatMetrix solution examines TCP/IP packet header information to expose both the Proxy IP address and True IP address.

“MagicLab in 2020 has been ranked 1st between app publishers in the UK by App Annie. To achieve this, Magiclab has a very high innovation rate creating new offerings and services. As ThreatMetrix is a stand-alone part of the payment process, it takes no time to set up these new services on our fraud system.”

— GIANLUCA CASSARO, HEAD OF BILLING & PAYMENTS – MAGICLAB



For more information, visit risk.lexisnexis.com

About LexisNexis Risk Solutions

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 information-based analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com and www.relx.com.

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