Staying Ahead of Fraud with PayPal Fraud Protection Advanced

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Overview
Digital fraud is evolving

Fraud doesn't stand still. As consumer behaviors continue to change and the expectation for seamless online experiences has become a must-have for merchants, fraudsters are developing new ways to take advantage of online experiences that are meant to be easier on customers. As a result, cyber fraud is on the rise[1] – and so is the amount of money businesses are willing to spend to fight it.[2]

Today's consumer expectations center on trust, ease of experience, and respect. In this age of data breaches that are increasing in frequency and impact, customers are choosing to do business with merchants they trust. Having a solid brand reputation for putting security first has never been more critical. Additionally, consumers are expecting easy, quick online experiences — whether on a website or in-app — and are abandoning shopping carts for competitors when faced with an inordinate amount of friction. Customer insult may lead to cart abandonment — applying blanket fraud solutions that treat customers and fraudsters alike and create friction-filled experiences for all will turn customers away from your platform.

Staying ahead of increasingly sophisticated and complex fraud schemes is key for merchants to be able to deliver on today's consumer expectations but making the move to a digital-first model must happen first. As the global shift towards online experiences continues, merchants must remain competitive by implementing fraud solutions tailored to this evolving digital landscape.

![PayPal logo]

Adaptive Risk Management
Stay ahead of fraudsters while maximizing revenue and minimizing costs and stress

When first launching their business, smaller merchants may only need a lightweight fraud prevention solution. However, as they grow, merchants may eventually require an advanced fraud and risk management solution that comes equipped with more advanced capabilities and customizable features. There are a few key things that these merchants need to look for when choosing such a solution: seamless integration, advanced machine learning powered by risk intelligence, and, above all, the ability to quickly and accurately differentiate between genuine and fraudulent transactions.

PayPal has the solution that merchants need: **Fraud Protection Advanced**.

PayPal Fraud Protection Advanced is an adaptive machine learning solution that helps enable merchants to protect against evolving fraud. With robust capabilities that help mitigate fraud and reduce losses, Fraud Protection Advanced empowers your business to:

- **Identify and investigate suspicious transactions**: Help stop fraudulent transactions and chargebacks before they happen. Merchants may see a significant decrease in chargebacks with Fraud Protection Advanced when compared to other fraud prevention solutions.
- **Customize capabilities according to your business needs and risk tolerance**: As your business adapts to changing market conditions, Fraud Protection Advanced helps enable you to keep up with rapidly changing buying behaviors and complex regulatory environments without compromising the integrity of your platform

- **Quickly differentiate legitimate customers from bad actors**: Help prevent fraudsters from using your platform to reach new markets and groups of legitimate, active customers ready to buy more and buy often from your platform
- **Streamline online experiences for trusted users**: Customer insult and friction-laden online experiences send consumers to your competitors. Create frictionless customer journeys that help increase conversion rates, reduce good customer declines, and increase customer lifetime value — merchants may see a significant reduction in good customer declines with Fraud Protection Advanced when compared to other fraud prevention solutions.
- **Optimize resources**: Help improve operational efficiency to build and maintain a modern payments infrastructure that can meet your individual requirements and helps reduce manual reviews, and free up your fraud team to focus on other business-critical needs

Merchants currently using Braintree to process payments can easily start using Fraud Protection Advanced to decision transactions without having to wait weeks or months for installation. Fraud Protection Advanced is available out-of-the-box for Braintree merchants, and decisions credit card, debit card, Apple Pay, Google Pay, Samsung Pay, and Secure Remote Commerce transactions processed with Braintree.

With Fraud Protection Advanced, merchants can help defend their business against evolving fraud, increase conversion rates and accept more orders, reduce chargebacks and declines, and protect brand reputation by reducing customer insult.

But what sets Fraud Protection Advanced apart from other fraud prevention solutions is access to fraud and risk data from PayPal.

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The PayPal 2-Sided Network
Intelligence coupled with machine learning

With data from over 330 million active consumers and 25 million merchants, and over 20 years of Fintech experience working with some of the biggest companies in the world,[3] the PayPal 2-Sided Network is a rich source of transaction and risk data. This intelligence is based on decades of viewing both the merchant and consumer sides of more than 15 billion transactions a year, which helps enhance fraud detection to more quickly adapt to shifting fraud patterns.[3]

Intelligence from the PayPal 2-Sided Network

- Fraud Protection Advanced provides merchants with a risk score based on PayPal network intelligence, which indicates the potential risk of a transaction
- Merchants get access to a wealth of information about each transaction, helping fraud analysts to make more informed decisions and build better fraud strategies
- PayPal data can also be leveraged in conjunction with a merchant's own data (via custom fields) to create filters

Advanced machine learning and analytics

- Use customized, out-of-the-box filters based on your unique business metrics, including TPV, age of merchant account, chargebacks, and transaction frequency
- Filter testing to test new filters or changes to existing filters on your own historical transaction data, helping you to understand how the changes might impact your business
- Receive actionable filter recommendations to keep filters continuously optimized, helping you stay ahead of ever-changing fraud
- PayPal uses data science to actively monitor merchant performance

PayPal

Powerful Fraud Protection

The rich data from the PayPal 2-Sided Network along with our ability to offer a customized, integrated solution enables you to help you achieve high fraud decisioning performance that can lead to lower chargebacks, less customer friction, and fewer declines of legitimate customer transactions, helping drive business growth.

In addition to enhanced risk data from PayPal, Fraud Protection Advanced empowers merchants with customized out-of-the-box filters, filter testing, filter recommendations, and graph-based case management. The graph-based view depicts how transactions are linked through shared attributes, enabling you to better analyze and understand the transaction under review as well as other connected transactions and their shared attributes. This gives you a 360-degree view into transactions happening on your platform, and how potentially fraudulent transactions may be linked to others.

Fast and seamless integration

If merchants are already processing with Braintree, they can access Fraud Protection Advanced almost immediately. This is a huge advantage when compared to other stand-alone solutions, which typically require weeks to months of installation time.
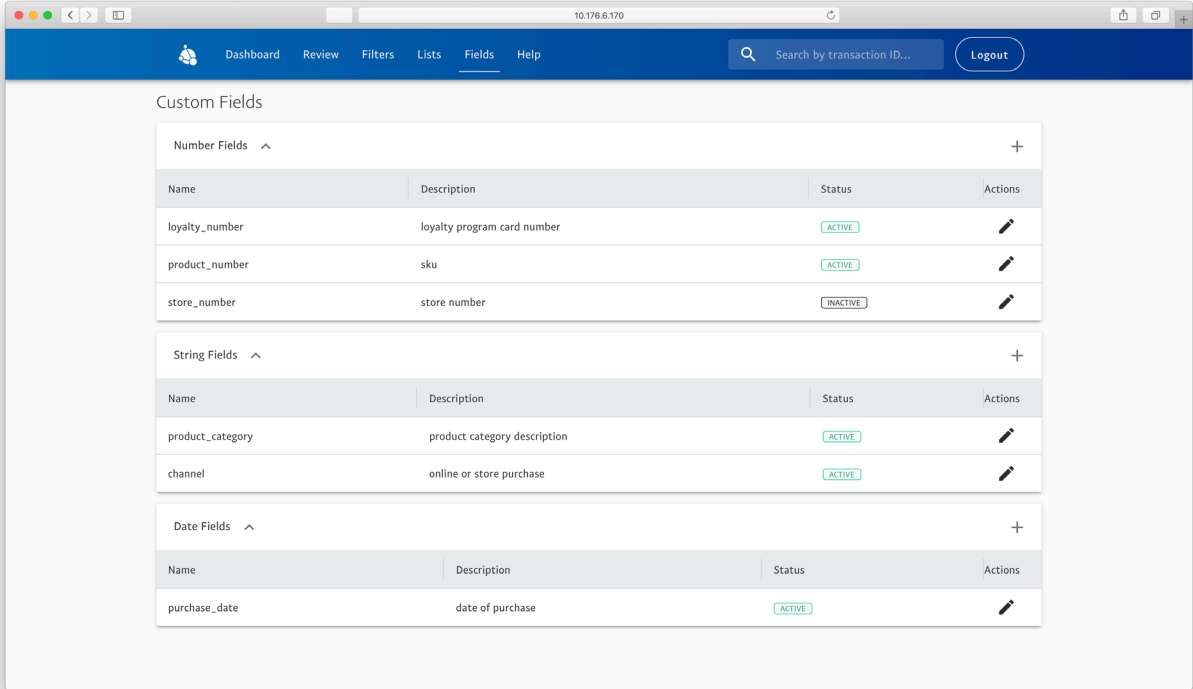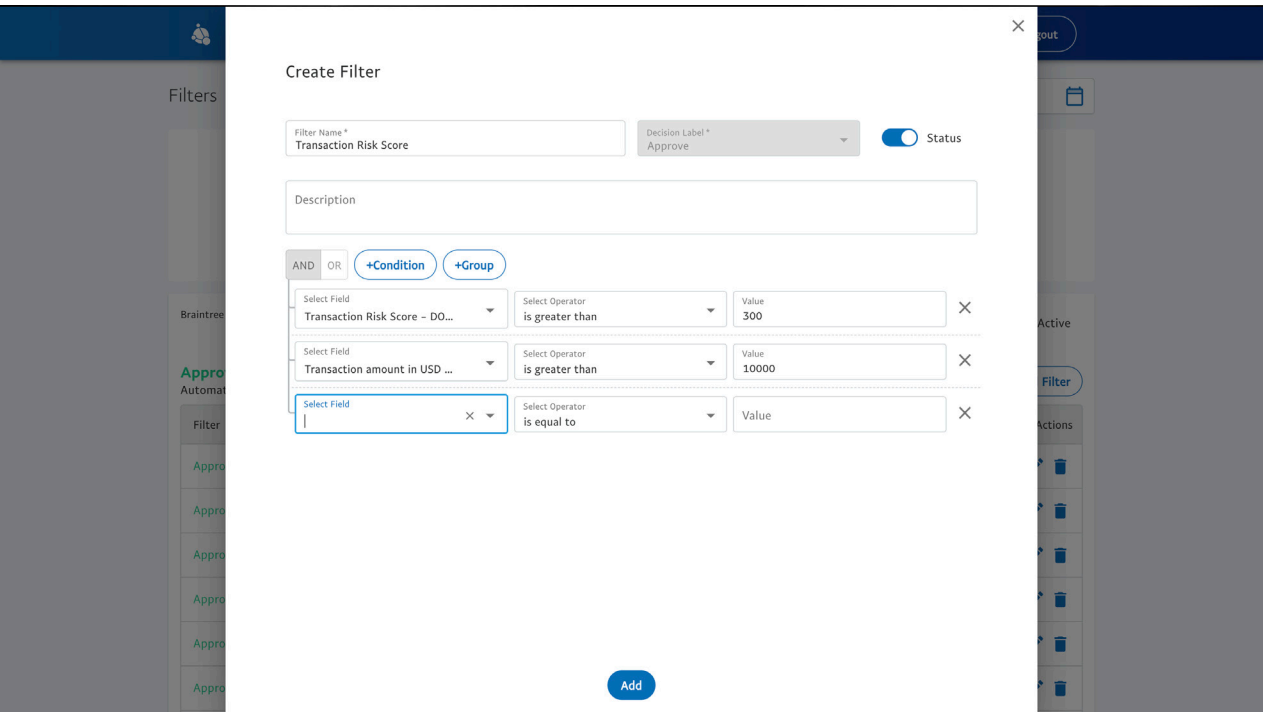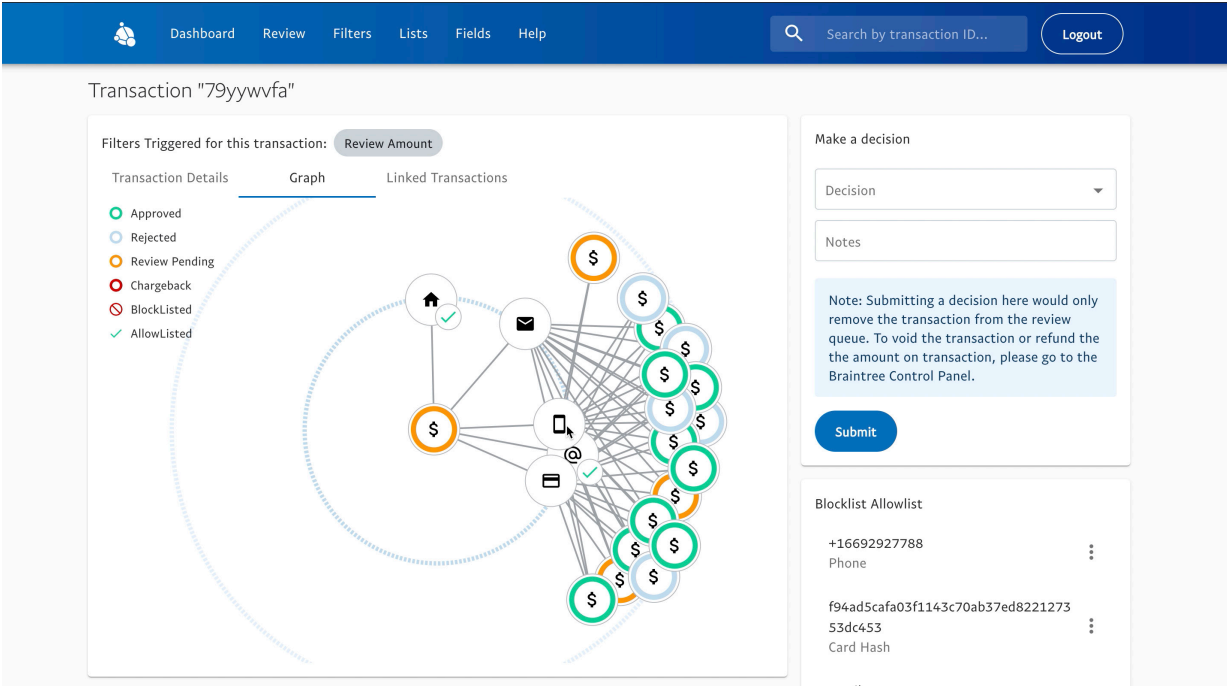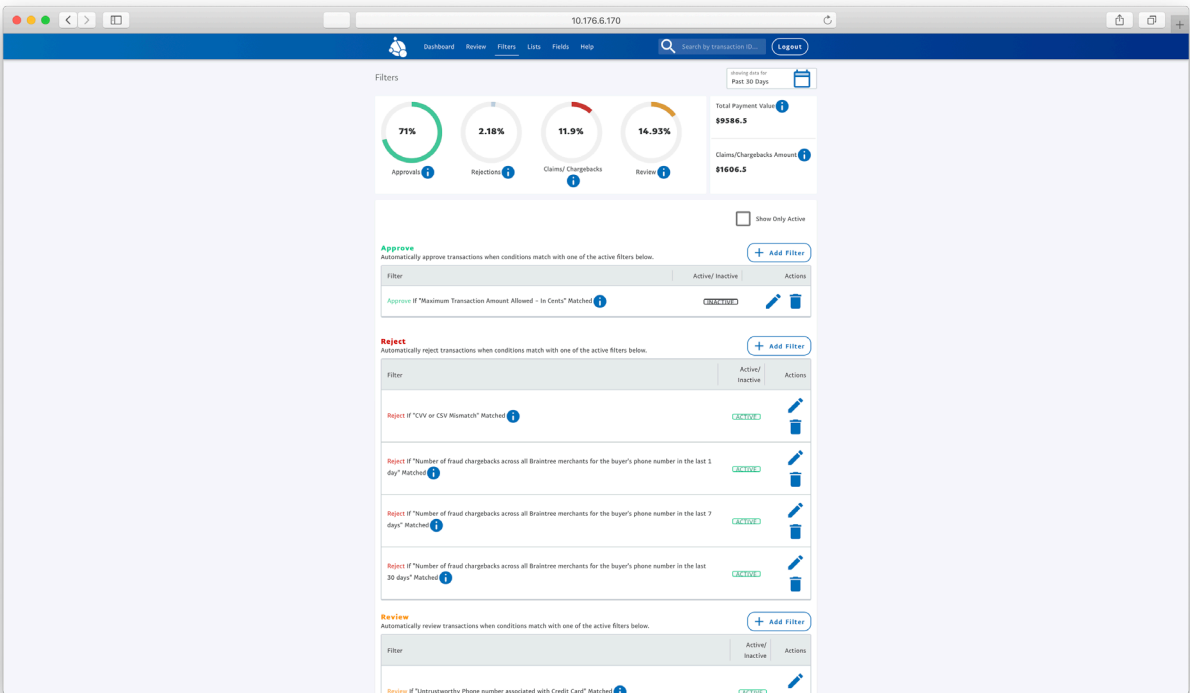
Illustrative purposes only.

Custom filters

Use tailored, out-of-the-box filters based on your business metrics, or create your own with complex logic and custom fields. Leverage over 200 pre-calculated features in custom filter sets.

Custom fields

Use custom fields to write strategies suited for your business. Add up to 40 number fields, 40 string fields, and 20 date fields.

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Filter simulation

Understand the impact of filter changes and the impact of newly created filters before you activate them.

Graph view

Visually display connections to help you understand how transactions are linked through shared attributes.

Conclusion
It may be time to take the next step in securing your platform against fraud — because risk management isn't optional

Fraud continues to grow in complexity and intensity as fraudsters look for any possible way to circumvent fraud mitigation efforts. Fraud prevention solutions that can't keep up with ever-evolving tactics leave merchants vulnerable to attacks and unable to protect their business and reputation. Customer expectations for smooth online experiences are no longer nice-to-haves, but must-haves, and traditional fraud solutions create customer insult due to their inability to secure platforms without treating legitimate customers and fraudsters the same as one another.

PayPal Fraud Protection Advanced helps merchants have the intelligence they may need to differentiate legitimate customers from fraudsters and analyze transactions to proactively reduce fraud before it happens. With advanced features that you may not find in other standalone solutions and the rich data gleaned from over 20 years of Fintech experience, Fraud Protection Advanced helps enable merchants to shift to a digital-first model that reduces friction and manual reviews, improves operational efficiency, and creates a more secure platform to help stop fraudsters and delight customers.

The future of fraud prevention is now, and it's here with PayPal Fraud Protection Advanced.

The content of this ebook is provided for informational purposes only. You should always obtain independent business, tax, financial, and legal advice before making any business decision.

1 Global increase in cyber fraud risk since the coronavirus outbreak, Statista, August 2020.
2 Fraud detection and prevention market worldwide 2016-2022, Statista, November 2020.
3 PayPal Q4 and FY 2020 Operating Highlights.

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About PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 330 million consumers and merchants in more than 200 markets to join and thrive in the global economy.