Get ahead of fraud to grow your business

PayPal Open

Fraud is on the rise

No matter the industry. Or size of the business. That makes online payments attractive targets for fraudsters.

Fraud can pose a threat whenever a business and a customer interact.

- **Before a transaction:** When customers may share their information to create accounts
- **During a transaction:** When payments are processed
- **After a transaction:** If customers dispute charges

But fraud management doesn't have to interfere with customer satisfaction. PayPal offers a single platform for full-stack processing, global scalability, and profitable business growth. The right tools can help you to run your business efficiently, increase authorisation rates, reduce costs, and decrease fraud.

Find out how in this guide.

By 2028, global retail e-commerce sales are predicted to reach almost

$8 trillion USD [1]

[1] Statista. (2025, Apr). "Global retail e-commerce sales 2022-2028."

Digital channels now account for

52%

of overall fraud losses, surpassing physical fraud for the first time[2]

Fraudsters are embracing AI to evolve and expand

Thanks to AI and social media, it could be easy for anyone to commit fraud.

Fraud can be costly. Both in the short and long term:

- If a business experiences fraud regularly, a card network may label it as a risky business and impose penalties. A payment service provider (PSP) may also refuse to process its transactions.

- A brand's reputation can suffer. A single bad experience can turn a good customer away forever. Or it can deter future customers who may encounter unfavourable reviews or word of mouth.

- Time spent fighting fraud can distract businesses from focusing on core strengths and besting the competition.

[2] Forrester. (2024, Feb). "LexisNexis® True Cost of Fraud™ Study – EMEA."

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Be open for business. But closed to fraudsters.

Your business doesn't need to choose between efficient payment processes and mitigating fraud. A growth-friendly fraud prevention framework can let you manage fraud while scaling the business.

Work with a PSP to get help with fraud management

PSPs with global fraud management tools like PayPal can help merchants to combat bad actors both offline and online. These tools work together to flag fraudulent transactions while helping businesses to minimise the impact on the shopping experiences of good customers.

Layer fraud solutions for better defence

Multi-layered fraud solutions are supported by deep troves of data. These can help merchants to identify and protect against fraud throughout the transaction lifecycle. When businesses invest in multi-layered solutions that are integrated with cybersecurity and online customer service operations, they can sustain lower fraud losses.

Increase auth rates. Reduce costs. Decrease fraud.

New, stringent compliance and regulatory requirements help merchants to protect customers against increasing fraud. The authentication process has evolved from 1-time password requests to broader identity and authentication solutions.

Tools that can help businesses to keep information safe and updated:

Account updater tools

Credit card accounts remain active with expired cards. Fraudsters can use these cards to access financial information or complete fraudulent transactions. Account updater tools can securely handle and automatically update sensitive card information, such as numbers, expiration dates, and account status. This can decrease a business's fraud risk.

Network tokenisation

Network tokenisation replaces the primary account number (PAN) for a debit or credit card with a business-specific token. Then it generates a 1-time-use cryptogram for each individual transaction with that business. Network tokens can also help merchants to mitigate fraud by providing a secure way to pay.

Compliance tools

Sophisticated authentication tools such as 3D Secure (3DS) can help merchants to comply with regulations and get rid of fraudsters. While maintaining positive experiences for good customers. Businesses can invoke 3DS to tailor authentication for specific use cases and regions. This can help merchants to detect and deter fraudsters.

Get smart. With risk intelligence.

Shield your business from evolving threats with AI

AI and machine learning (ML) tools can adapt to detect fraud patterns in real time. So businesses can work to detect fraud. Even as fraudsters evolve.

These tools can profile ever-changing purchase patterns. They can help merchants to identify risky customers and transactions in real time. And they can increase the authorisation rates of good customers.

Reduce fraud with dynamic routing

With a smart routing strategy, businesses can route payments across different payment processors. Based on their predefined rules.

Some dynamic routing systems can incorporate advanced fraud detection. This identifies and helps merchants to protect against fraudulent transactions. In real time.

Get ahead of fraud

Reduce chargebacks

Businesses can reduce chargebacks before they happen. By working with PSPs that offer chargeback protection service. ML-powered chargeback protection can help businesses to decide whether transactions should be approved. Or declined for potential fraud.

Chargeback protection can also help businesses to:

- Drive conversions and revenue from good transactions. And protect against potentially fraudulent transactions.
- Lower chargeback rates that can lead to higher processing fees.
- Reduce false declines, or declines from legitimate purchases. And avoid uncomfortable conversations with customers.

Automate chargeback management

PSPs that offer tools to automate the dispute resolution process can help merchants to automatically fight disputes:

- Dispute automation allows a business to respond to chargebacks at scale. A PSP can automatically create and submit dispute responses on a merchant's behalf.
- Chargeback protection helps you to increase the ratio of your successful chargeback responses and gather insights that can help to prevent future chargebacks.

The largest chargeback management challenges that merchants face:

Recovering revenue from incorrectly filed chargeback cases[3]

Reducing overall chargeback rates[4]

PayPal helps Kiva to reduce transaction review rate by 200%

The opportunity

Increase productivity with an enhanced fraud solution
Kiva, a crowdfunding nonprofit, had a cumbersome fraud prevention process. Each month, there were thousands of transactions to review manually, including many false positives. Kiva wanted to automate fraud management to gain more time to focus on its mission.

The solution

Kiva integrated PayPal Fraud Protection Advanced[5]
Kiva chose PayPal for its adaptive machine-learning solution that helps organisations to protect against evolving fraud and its financial cost.

The impact

Fraud Protection Advanced helps to reduce reviews, optimises productivity, and provides customised analytics
Kiva now sees 200% fewer transactions that require review. Fraud Protection Advanced provides calculations and analysis that Kiva trusts. And that gives Kiva confidence in the tool's effectiveness over manual decision-making.[6]

Read the Kiva case study to learn how the nonprofit reduced manual review of transactions with PayPal.

[5] Terms and exclusions apply to the Fraud Protection tool. Fraud Protection is available for accounts enrolled in Advanced Credit and Debit Card Payments. See terms.
[6] Data is from Kiva comparing Q3 of 2023 vs. Q3 of 2020. These results may not be typical and may vary substantially by business.

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Checklist

✓ Work with a PSP like PayPal to help your business manage fraud

✓ Layer fraud solutions throughout the transaction lifecycle

✓ Optimise authentication to help protect customer transactions

✓ Harness AI to help defend your business from evolving threats

✓ Use smart routing systems that can help reduce fraud in real time

✓ Tap into ML-powered protection to proactively reduce chargebacks

With $1.68 trillion USD in total annual payment volume,[7] PayPal can provide insights and solutions that help your business to manage fraud without friction.

The PayPal team is here to answer your questions.

[Learn More]

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