



Navigating digital commerce: PayPal's guide to effective fraud management.

Four actionable strategies for protecting against fraud
with PayPal's expert solutions.



Help reduce fraud with PayPal.

Despite the escalating cost of online fraud, which rose by 14% from 2020 to 2021¹, 69% of firms using PayPal have rated its fraud management performance above expectations².

At PayPal, we embrace the opportunity to assist you in managing fraud more effectively and effortlessly, helping you to ensure your hard-earned money remains safe and secure. With a keen focus on empowering businesses, we'll unveil the tactics employed by top organizations to help elevate their fraud management capabilities and help them to find the right solution to fit your unique risk management needs.

Partnering with PayPal, you'll navigate the digital landscape with confidence.

¹ PayPal. (2022, August 27). Rules vs machine learning for effective fraud prevention. Paypal.com; PayPal. <https://www.paypal.com/us/brc/article/fraud-prevention-with-rules-vs-machine-learning>

² Cicero Research survey commissioned by PayPal, PayPal Payment Processing Benchmark Assessment 2023. n=927, 5 markets: the US, UK, Australia, Germany and France. Online survey of global merchants (Executive & senior decision-makers responsible for selecting their business's payment provider) between April 2023 - May 2023.



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TIP 1

Help stay ahead of fraud with PayPal's adaptive machine learning.

As fraudsters persistently test and exploit various scenarios, traditional rule-based responses for fraud management should leverage adaptive machine learning.

Surprisingly, despite its limitations, 37% of businesses are still sticking to traditional rule-based methods for fraud detection¹. **Embracing adaptive machine learning could revolutionize fraud detection and empower businesses to keep ahead of fraudulent activities.**

With PayPal, you can help stay ahead of the curve by leveraging machine learning, automation and 20+ years of experience building risk models to help you streamline fraud analysis, improve decisioning, and positively impact your bottom line. Machine learning is at the core of PayPal's fraud solutions, with real-time modeling that enables swift adaptation to shifting fraud patterns.

Stay one step ahead of fraudsters with PayPal's approach to mitigating fraud.



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TIP 2

Empowering fraud defense with PayPal's collaborative insights.

In the battle against fraud, businesses in the same industry often face similar challenges. By fostering collaboration and learning from industry leaders, firms can enhance their effectiveness in combating fraud.

But only 44% of businesses currently leverage collaboration and best practices to tackle this issue¹. However, PayPal stands out with 45% of its users employing this strategy, showcasing one of the highest percentages among competitors¹. With PayPal's expansive two-sided network processing over 15 billion annual transactions, you can gain valuable insights that could supercharge your fraud detection capabilities, swiftly adapting to evolving patterns.



Our advanced, machine-learning based management can be applied to large datasets, enabling organizations to intelligently empower fraud analysts to make more informed decisions.

PayPal Braintree payment processing platform helps offer the best-of-both-worlds: automated machine learning capabilities trained on a huge dataset, but delivered in a user-friendly way, so that businesses with fewer in-house resources can benefit from enterprise-grade risk management.

Collaborate with PayPal and fight against fraud.

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TIP 3

Unleashing the power of large-scale analytics for fraud detection.

Machine learning plays a crucial role in combatting fraudster changing tactics for effective fraud management, owing to its ability to make swift decisions and adapt to ever-evolving trends.

With PayPal you can harness customized, out-of-the-box filters tailored to your unique business metrics. Test new filters or changes to filter testing to understand their impact and receive actionable filter recommendations to continuously optimize your fraud prevention strategy. We monitor merchant performance using data science techniques, helping to ensure your business minimizes fraudulent transactions.

Unleash the power of machine learning with PayPal to help minimize fraud and reduce chargebacks.

Businesses leveraging large-scale analytics for fraud detection



Only 37% of leading merchants are currently leveraging large-scale analytics for fraud detection¹. However, PayPal users enjoy a significant advantage, with 40% benefiting greatly from the rich transaction and risk data provided by the PayPal two-sided network—outperforming non-PayPal users by 7%¹.

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TIP 4

Maximize margins with PayPal Braintree's end-to-end solutions.

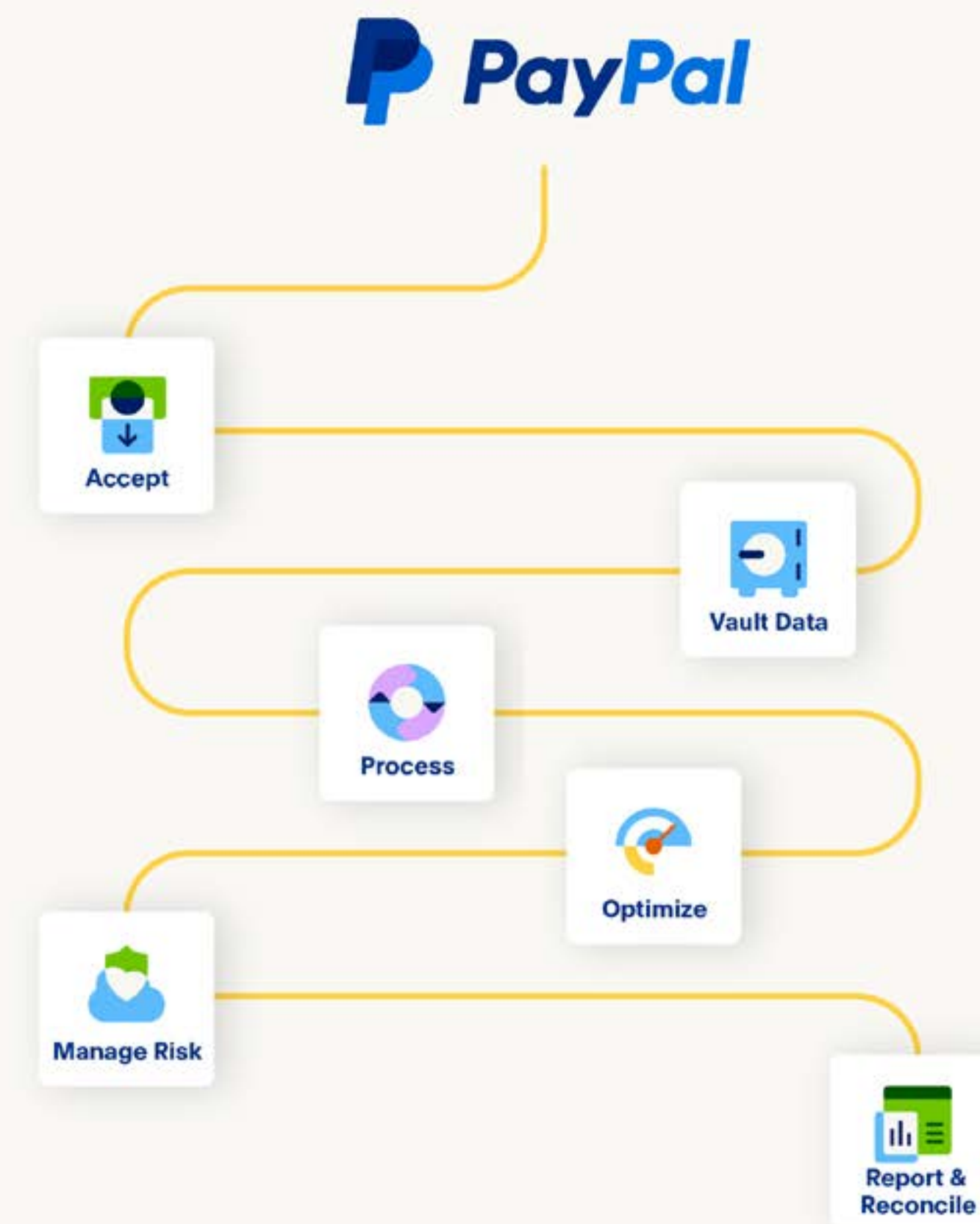
With over half of firms aiming to increase revenue margins in the next 2-3 years to improve risk tolerance, paying close attention to chargeback* rates becomes vital in meeting ideal profit margins¹.

Each chargeback* not only results in financial loss but also the loss of the product or service sold to the customer, impacting your bottom line. High margins translate to higher risk tolerance as legitimate transactions hold greater value than potential fraud loss. In contrast, businesses with low margins have thinner profits, making them more sensitive to any loss—including those caused by fraudulent transactions.

Our payment security tools and proprietary data mix help you mitigate risks, detect fraudulent transactions, and minimize chargebacks* without causing friction at checkout or increasing the risk of false declines by utilizing the following:

Streamlined checkout experience: Embrace a conversion-driving checkout experience by securely saving your customers' payment methods for seamless purchases today and in the future.

Secure payouts: Safely send payments to over 200 markets in 135 currencies, catering to both banked and unbanked payees with the efficiency of PayPal Hyperwallet.



With PayPal Braintree's end-to-end payment solutions, your business will be ready to thrive in a changing environment, maximizing revenues and paving the way for future success.

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*Terms apply to the Chargeback Protection tool. Certain chargebacks are not eligible for the Chargeback Protection tool. Chargebacks that are not related to fraud or item not received (INR), such as a broken item, significantly not as described (SNAD), refund not processed, and duplicated charge are not protected by Chargeback Protection. Chargeback Protection is available for accounts enrolled in Advanced Credit and Debit Card Payments.

Unlock your business potential & stay fraud-protected with PayPal.

At PayPal, we offer businesses a worldwide network that fosters connection, growth, and expansion. Our vast data sources empower us to conduct a comprehensive analysis, enabling us to train our fraud management model effectively.

This ensures efficient detection of potential frauds and forecasting of emerging trends. Additionally, companies can take advantage of PayPal fraud solutions to test their own filters, receiving actionable recommendations that optimize their fraud prevention strategy. With PayPal's comprehensive tools and insights at your disposal, you can confidently navigate the dynamic landscape and propel your business forward.

Contact a PayPal representative to give you customized solutions for your business.

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

