

Solution Brief

Zumigo DeRiskify Prevents Fraud, Improves Customer Experience for e-Commerce

Zumigo DeRiskify solution leverages mobile identity and payment card verification to stop fraud before orders are processed. Businesses can recover more revenue from fraud losses by reducing chargebacks with minimal friction to the customer experience.

Online payment fraud is going to cost merchants more revenue over the next five years. According to Juniper Research, merchant loss from online payment fraud is forecasted to exceed \$362 billion globally from 2023 to 2028, with \$91 billion alone in 2028.

The most common e-commerce fraud involves fraudsters using stolen credentials to gain access to a customer's account. With this unauthorized access, fraudsters can steal additional information or order products and services for their own use. Both merchants and their customers suffer from financial loss as a result of chargebacks. Merchants must prioritize safeguarding both their business and their customers from the detrimental effects of fraud.

Challenges in Existing Fraud Detection Process

To effectively reduce loss and prevent fraud, merchants have to address the following challenges in their fraud detection process:

Distinguish Genuine from Fraudulent Transactions:

As customers increasingly rely on e-commerce and mobile channels for their purchases, merchants have to sort through more transactions to detect and weed out the fraudulent ones. False positives and/or negatives can impact revenue as well as customer experience.

Limited Information on Transaction Details:

Many identity verification solutions rely on insights based on static purchase history or predictive online behavior – which can be delayed, incomplete and inaccurate. If the fraudster uses some real personal identifiable information (PII) while making up others to complete a transaction, it can bypass detection and appear like a genuine purchase.

Increasing Sophistication of Fraud Technology:

Fraudsters use sophisticated technology, including artificial intelligence, or tried-and-true techniques like email phishing, to obtain customer information and to mask their fraudulent activities, making it difficult to catch them.

Customer Desire for Frictionless Experience:

According to Baymard Institute, one of the top reasons for online cart abandonment is a long and complicated checkout process, accounting for almost 20% of abandonment cases. This means that layering additional verification and authentication steps that add friction to the customer will make the experience worse, and by extension, increase cart abandonment rate.

1. Online Payment Fraud: Market Forecasts, Emerging Threats & Segment Analysis 2023-2028 by Juniper Research
2. <https://baymard.com/lists/cart-abandonment-rate>

When fraud hits, the business impact to merchants include financial loss, compliance remediation, negative sentiments from customers, and degradation of brand reputation. The best way to recover from fraud is to help merchants prevent fraud from happening in the first place – without adding more friction to the customer experience.

Order Risk Analysis Based on Real-time, Authoritative Verification

Zumigo DeRiskify leverages deterministic digital user information from authoritative sources to authenticate identity and verify payment methods to stop fraud before orders are processed. This allows businesses to reduce fraud losses by eliminating chargebacks. The solution determines the risk of transactions by analyzing risk factors of customer's phone number, payment and other digital information.

Zumigo DeRiskify features the following:

Multi-Layered Authentication: Zumigo verifies and authenticates the following information based on authoritative sources:

- ❖ Name and address associated with the mobile phone number and credit card, and that the name and address match the phone ownership and/or cardholder's records on file
- ❖ Confirmation of phone possession via SMS verification for mobile number and voice call for landline
- ❖ IP address of the customer's browser client and customer email address validity
- ❖ Geodesic distances between billing address, shipping address and customer IP address to confirm the customer's physical location

Cross-Reference with Billing Information: In addition to name validation, Zumigo can cross-reference the name with the billing address provided, further strengthening the authentication process.

At-a-Glance Perspective on All Transactions:

From the dashboard, merchants can see how their orders are performing at a glance, including the number of total transactions; what are the high-risk orders and customers; the number of fraud orders processed and their value; the type of merchandise that is high risk; and the location/origins of risky transactions. Merchants can also drill into each transaction for more information.

Real-Time, Highly Accurate Verification:

Zumigo verifies the customers and transactions against real-time information from mobile network carriers, credit bureaus and other information sources. Using authoritative information sources instead of static purchase history or predictive online behavior – which can be delayed, incomplete and inaccurate – Zumigo DeRiskify eliminates more false positives and/or negatives than other verification methods.

Suspicious Transaction Flagging: Zumigo DeRiskify returns trust scores of the transactions based on the verifications above and flags any suspicious transactions for the merchant to investigate further. Merchants can choose to fulfill only the low-risk transactions.

Expedite Customer Onboarding and Checkout:

Zumigo DeRiskify offers passwordless log-in and pre-fills customer shipping and billing information during checkout after initial enrollment to reduce customer friction and increase conversion.

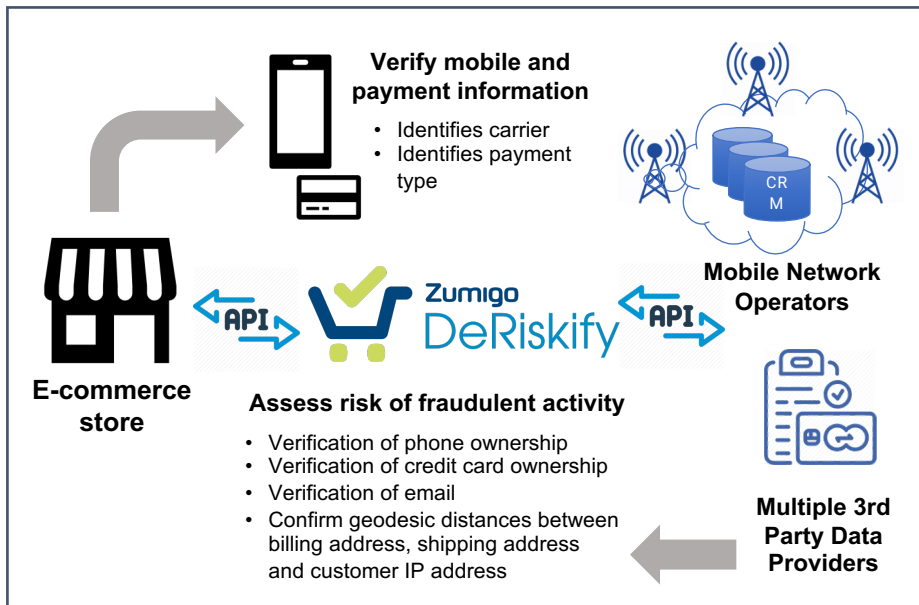


Figure 1: Zumigo solution for e-commerce and partner ecosystem

Easy Deployment: Zumigo DeRiskify can be integrated via API with any custom eCommerce store. It is also available as a plug-and-play app on other eCommerce platforms*.

Summary

Zumigo DeRiskify empowers merchants to detect and prevent fraudulent purchases by bringing together multi-layered phone and credit card authentication, geolocation tracking, and real-time verification. The accurate trust scores allow merchants to make quick decisions and significantly reduce the window of opportunity for fraudsters.

Additionally, Zumigo DeRiskify allows merchants to improve conversion rate and expedite purchase process with passwordless log-in and pre-fill form at checkout. Auto form fill can save users time and effort by automatically populating the required personal information on laptop, tablet or mobile phone.

Zumigo DeRiskify frees merchants from the resource-consuming cycle of fraud chasing, while saving millions from chargeback costs resulting from fraud. Merchants can also maintain the reputation for security and trust, and safeguard the customer's financial assets.

About Zumigo

Zumigo is on the frontline of digital identity verification that helps the world's largest enterprises protect transactions, devices and accounts. With a multi-layer approach, Zumigo validates users against a unique identity intelligence network that spans global carrier providers, authoritative third-party data sources, and payment information. Learn more at www.zumigo.com.