



Case Study: FUGU

Fraud prevention with a performance guarantee

The case

E-commerce fraud is evolving and has become more sophisticated as online sellers exercise greater caution. At the same time, false declines of transactions are beginning to pose a problem, with businesses losing not only the transactions themselves but also disappointed customers whose legitimate transactions are declined. FUGU has addressed this problem with machine-learning-based technology that helps online merchants to accept transactions currently lost to fraud, false declines and payment churns. FUGU's AI, combined with its automated, transaction-level, post-checkout Know Your Customer (KYC) checks and adaptability to a variety of fraud types, offers a framework for accurate fraud detection and prevention.

The challenge

Combating fraudulent transactions is a challenge in and of itself that is now becoming even more challenging as fraud becomes more complex and sophisticated. Fraud patterns may vary from stolen identities and friendly fraud on the part of cardholders who claim they did not make any online purchase, to attacks on detection algorithms by professional fraudsters using changed fraud patterns. As a result, merchants have become overprotective and try hard to prevent more fraud, which in turn raises the likelihood of blocking legitimate payment attempts. This leads to poorer payment conversion rates, lost profits and disappointed clients. In addition, a company's reputation may suffer. While most organisations evaluate transactions manually, use pre-defined rules or decline transactions based on information available at the point of checkout, they often fail to screen multiple additional risk indicators post checkout, which increases false declines rates.

The solution

FUGU uses machine-learning technologies to offer a self-learning fraud prevention strategy that combats fraud at various points of the transaction life cycle. FUGU is able to monitor and analyse a broad spectrum of continuously collected data, including customer behaviour post checkout, website visits, email interactions, order changes, etc. It is capable of taking the final decision whether a transaction is legitimate right before or at the point of shipment. A longer screening process makes use of the extra time to collect more data without delaying shipment, resulting in a more educated approval. In the case of suspicious transactions, and if risk concerns arise, FUGU triggers KYC requests for even more data (e.g. digital signatures, ID scans, selfies) and uses this data to mitigate risk concerns and as evidence should a potential dispute arise at a later stage. In addition to safely accepting transactions, FUGU helps online sellers reduce their operational costs by saving time and human labour spent on identifying fraud and responding to unjustified disputes post checkout.

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About FUGU

FUGU, a company founded in Israel, offers a new breed of payment anti-fraud solution that audits payments post checkout. It helps merchants to safely accept transactions they currently lose to fraud, false declines and payment churn and also effectively curbs the expanding friendly fraud phenomenon. Its multi-tier fraud prevention solution combats payment fraud at various points of the transaction life cycle, thus achieving a significant reduction in both false declines and chargebacks. FUGU enables online stores to safely accept more payments.

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