



Overcoming False Positives: Saving the Sale and the Customer Relationship

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Merchants face a serious challenge in today's marketplace as they try to balance the need for strong antifraud measures with consumers' desire for fast, easy, and digital purchases. Quite often, security measures incorrectly flag legitimate transactions, which potentially alienate customers and result in reduced revenue for merchants.

One in six (15%) of all legitimate cardholders experienced at least one decline because of suspected fraud in the past year, resulting in a total of \$118 billion declined. Unfortunately for merchants, 26% of declined cardholders reduced their patronage of a merchant following a decline and 32% stopped shopping with the merchant entirely.

This whitepaper, sponsored by Riskified, analyzes the prevalence of false-positive declines in the U.S., explores key consumer segments disproportionately affected by incorrect declines, and presents best-practice solutions for merchants. The whitepaper was independently produced by JAVELIN.

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METHODOLOGY

The consumer data in this report is based primarily on information collected in a random-sample panel of 3,200 consumers in a November 2014 online survey. The margin of sampling error is $\pm 1.65\%$ at the 95% confidence level. Javelin targeted respondents based on proportions of gender, age, and income representative of those of the overall U.S. population.

Market Sizing

The false-positive market sizing is derived through survey results, Javelin industry analysis of reported means and frequencies, regularly revised U.S. Census population data, and Javelin's previously published POS, online, and mobile proximity purchasing forecasts.

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