



Your source for payments education

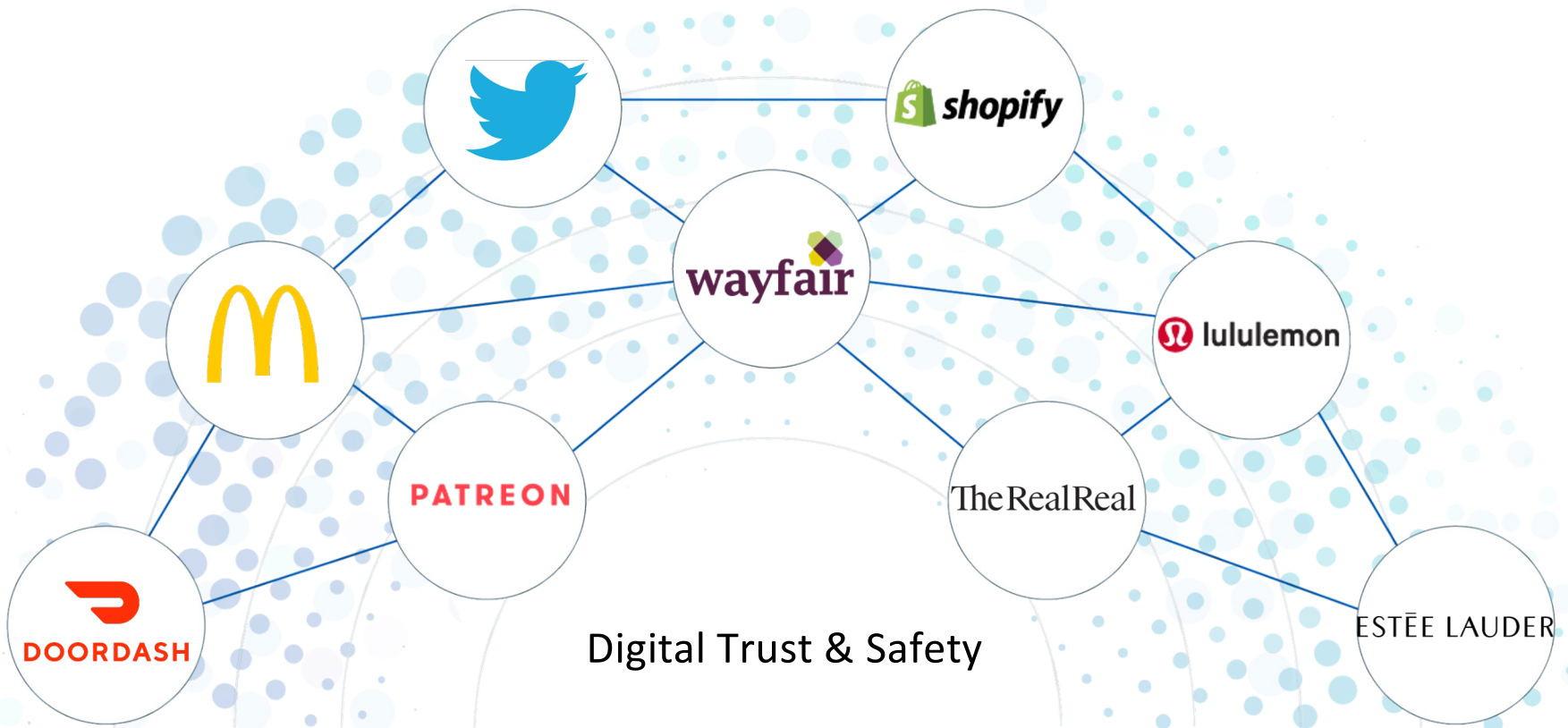
Leveraging Dynamic Friction: Indispensable Tools for Decreasing ATO's



Kevin Lee

VP Trust and Safety, Sift





Agenda

Landscape

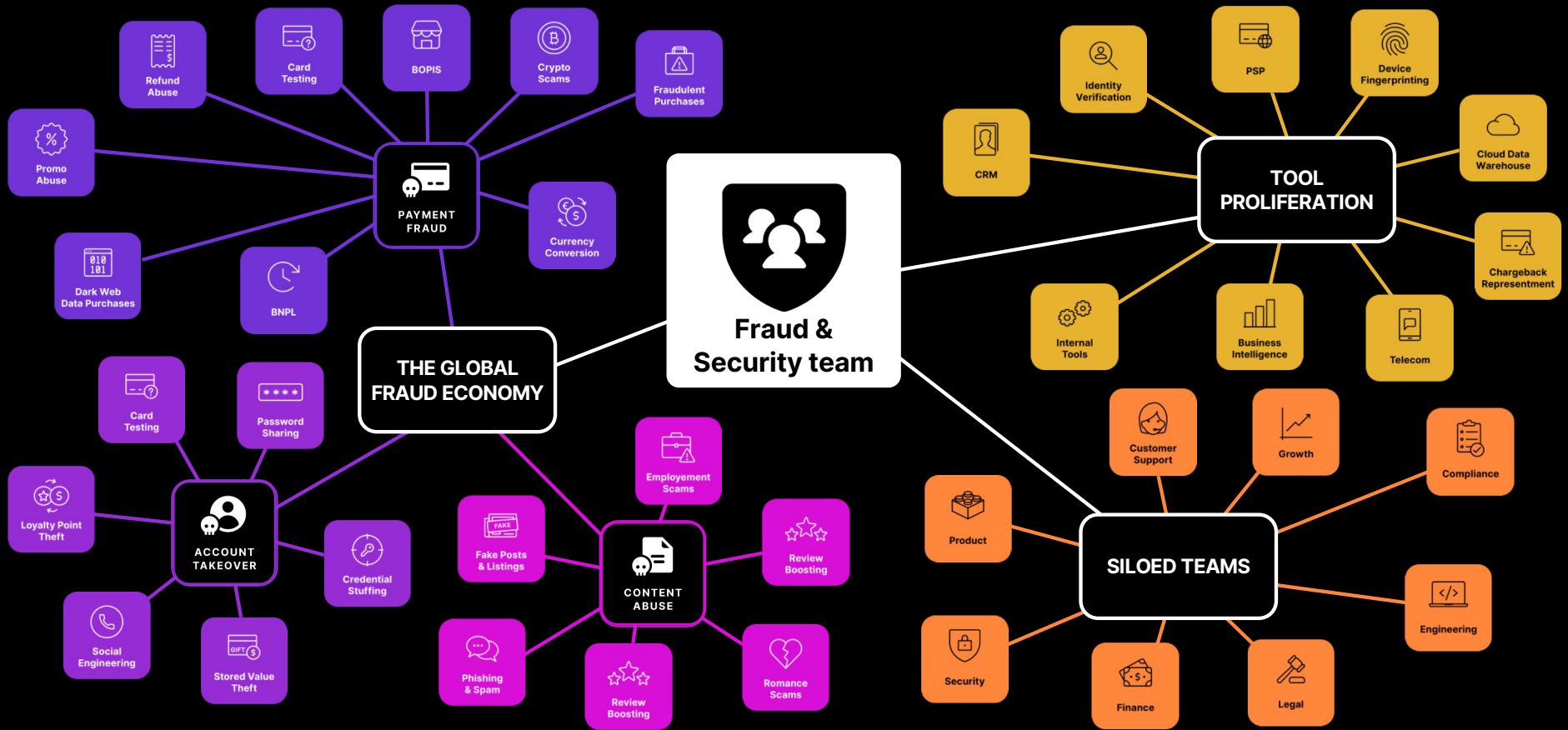
Fraud Economy

Prevention Strategies

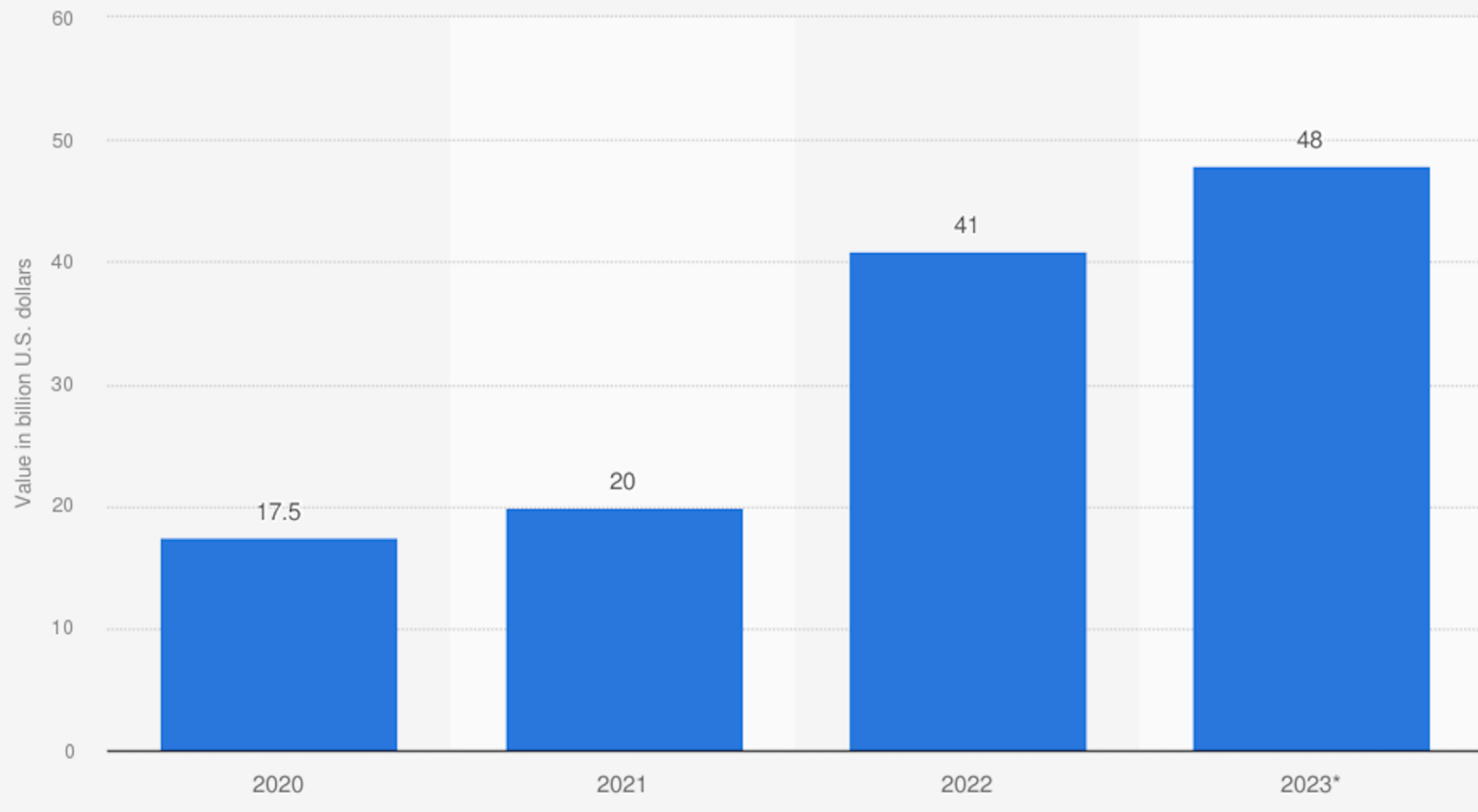
The 99%



The Fraud Economy is a well-connected system



Value of e-commerce losses to online payment fraud worldwide from 2020 to 2023 (in billion U.S. dollars)



Hackers leak email addresses tied to 235 million Twitter accounts

The records,
By Joseph
January 4, 2023 at



65%

Payment Card Fraud Losses Reach \$32.34 Billion

LastPass Password Vaults Stolen By Hackers — Change Your Master Password Now

Davey Winder Ser
Co-founder, Straig



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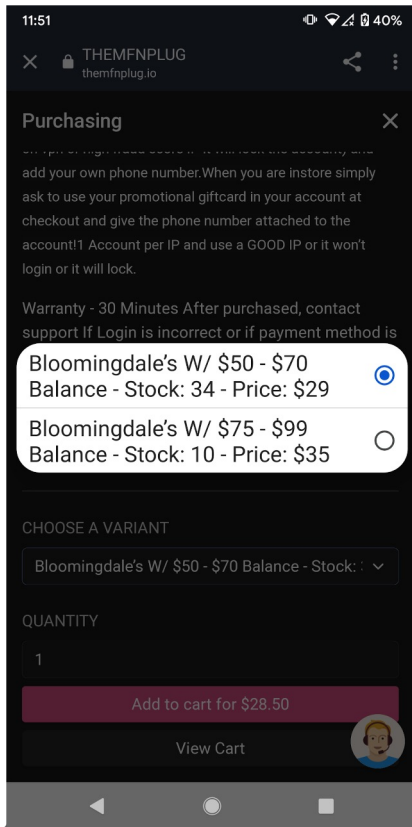
Identity Theft Resource Center's 2022 Annual Data Breach Report Reveals Near-Record Number of Compromises



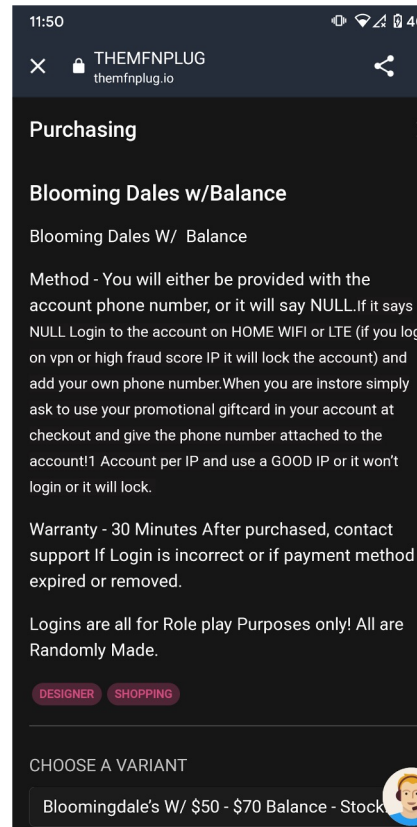
Wed, January 25, 2023 at 4:45 AM PST · 4 min read

Telegram Examples

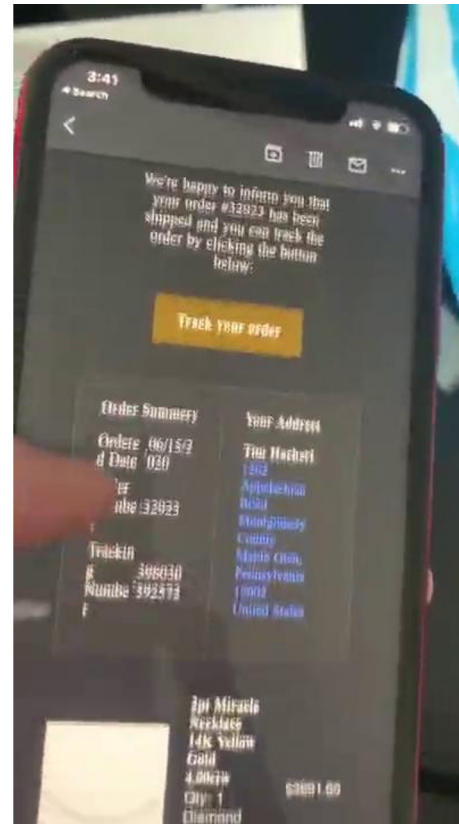
Accounts for Sale



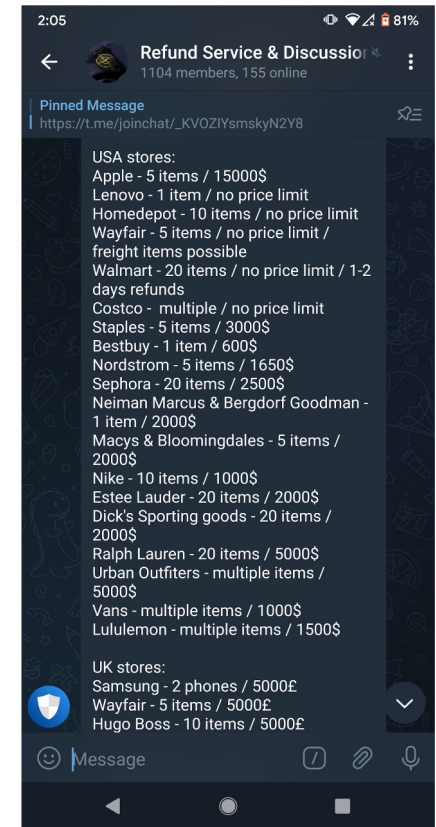
Methods

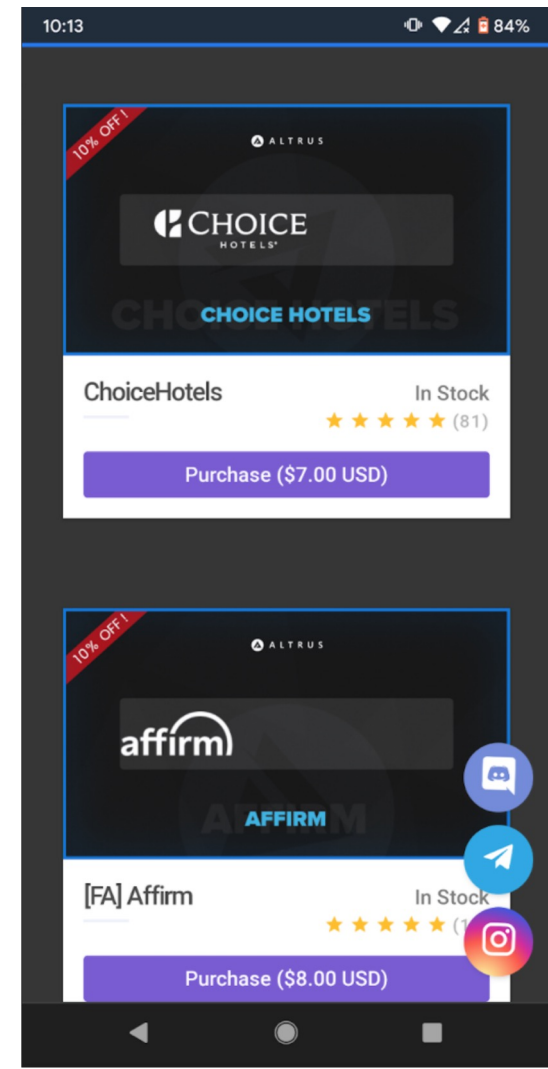
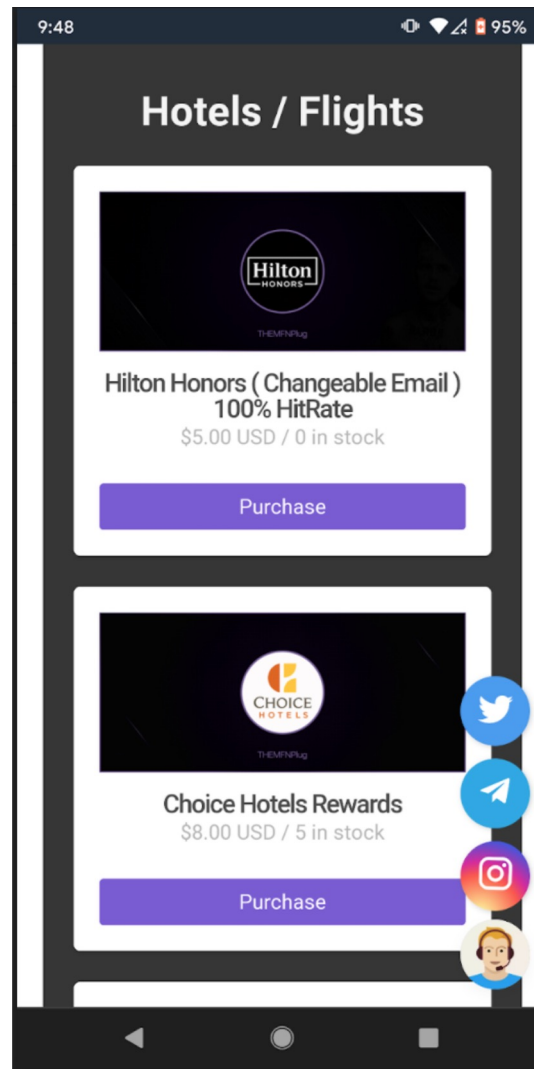
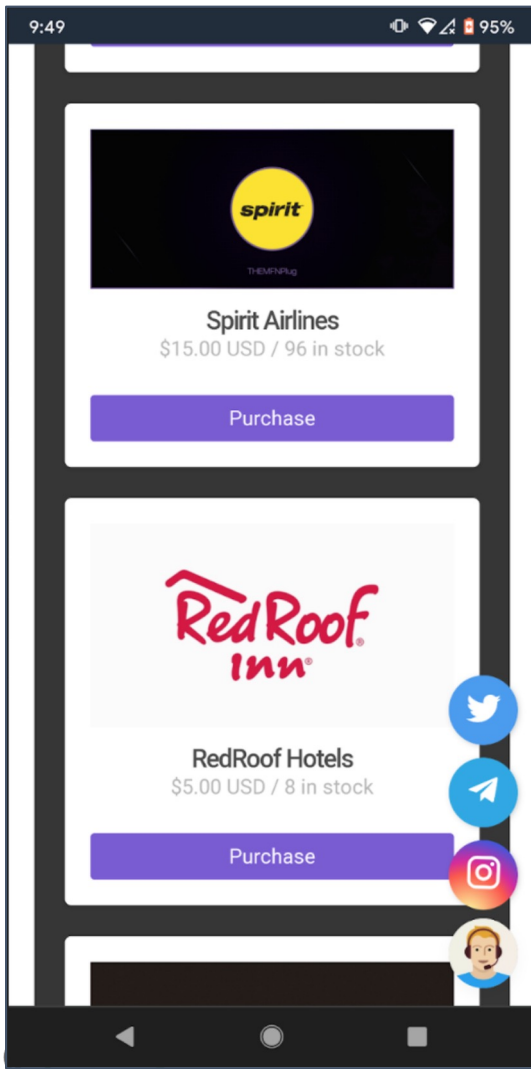


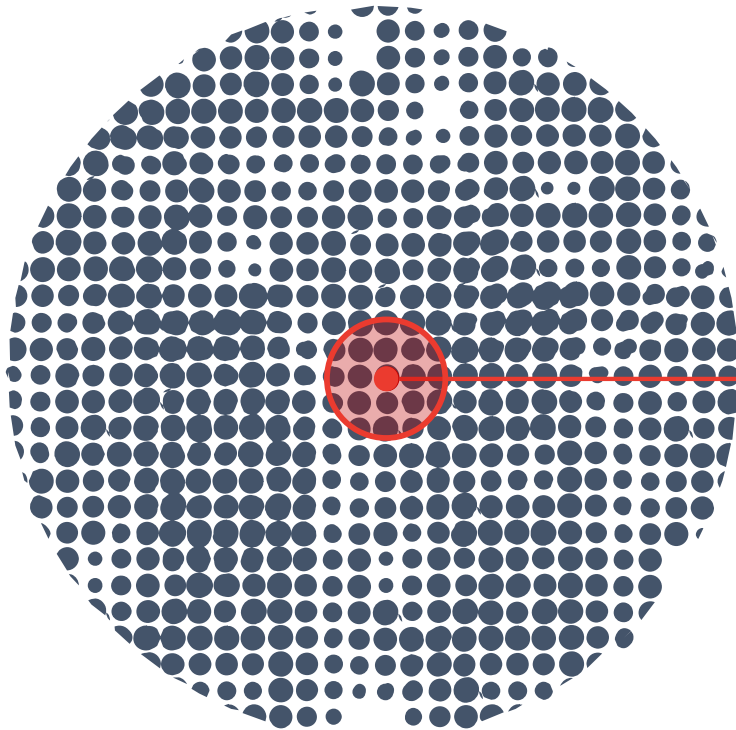
Proof



Refund Fraud

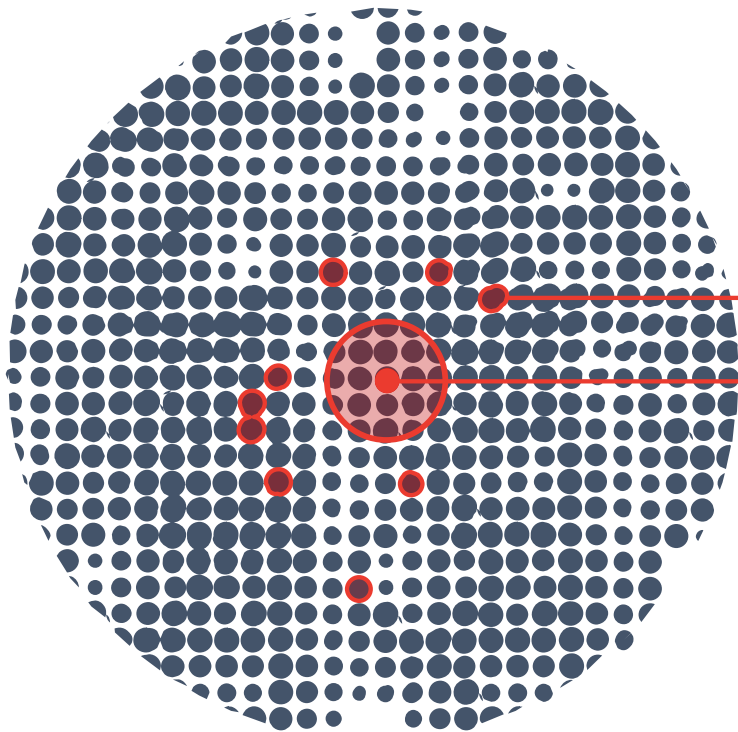






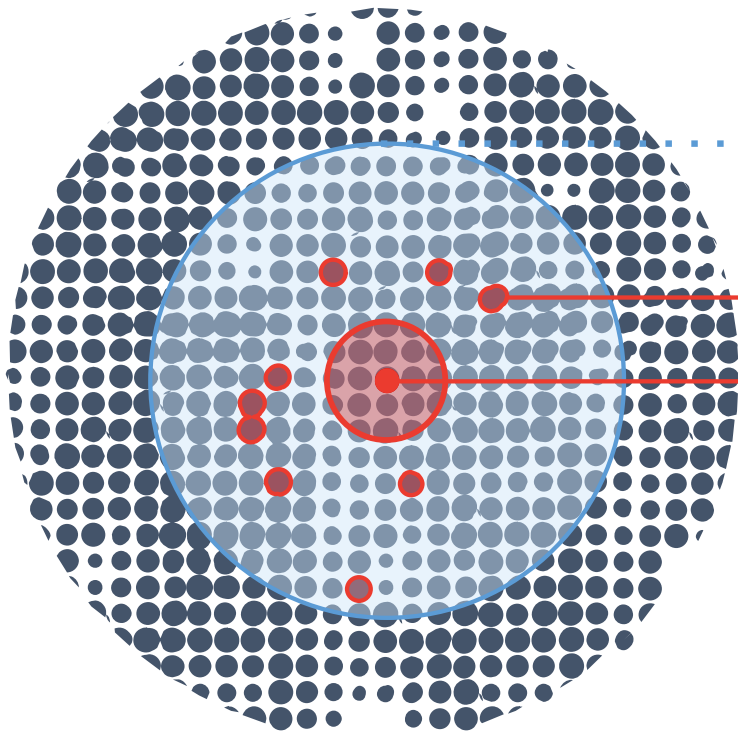
Reported ATO
Single account affected

- Financial loss
- Loss of trust
- Churn



Unreported ATO
Many accounts affected

Reported ATO



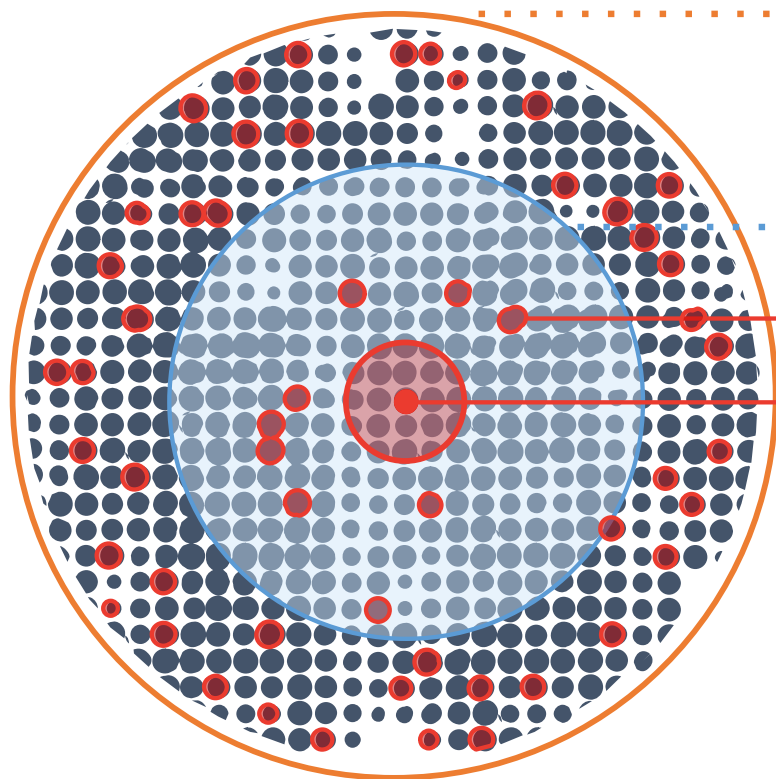
Platform

ATO'ed accounts spread damage laterally

Unreported ATO

Many accounts affected

Reported ATO



Brand

Loss of trust in community and brand

Platform

ATO'ed accounts spread damage laterally

Unreported ATO

Many accounts affected

Reported ATO

Calculating the true cost of ATO

Short Term

+

Long Term

=

True Cost of ATO

$$\begin{array}{c} \$ \text{ in Fraud} \\ + \\ \$ \text{ Operational costs} \end{array}$$

+

$$\begin{array}{c} \% \text{ Churn} \times \\ \$(\text{CAC} + \text{LTV}) \\ + \\ \text{Increase in CAC} \\ \text{resulting from brand} \\ \text{damage} \end{array}$$

=

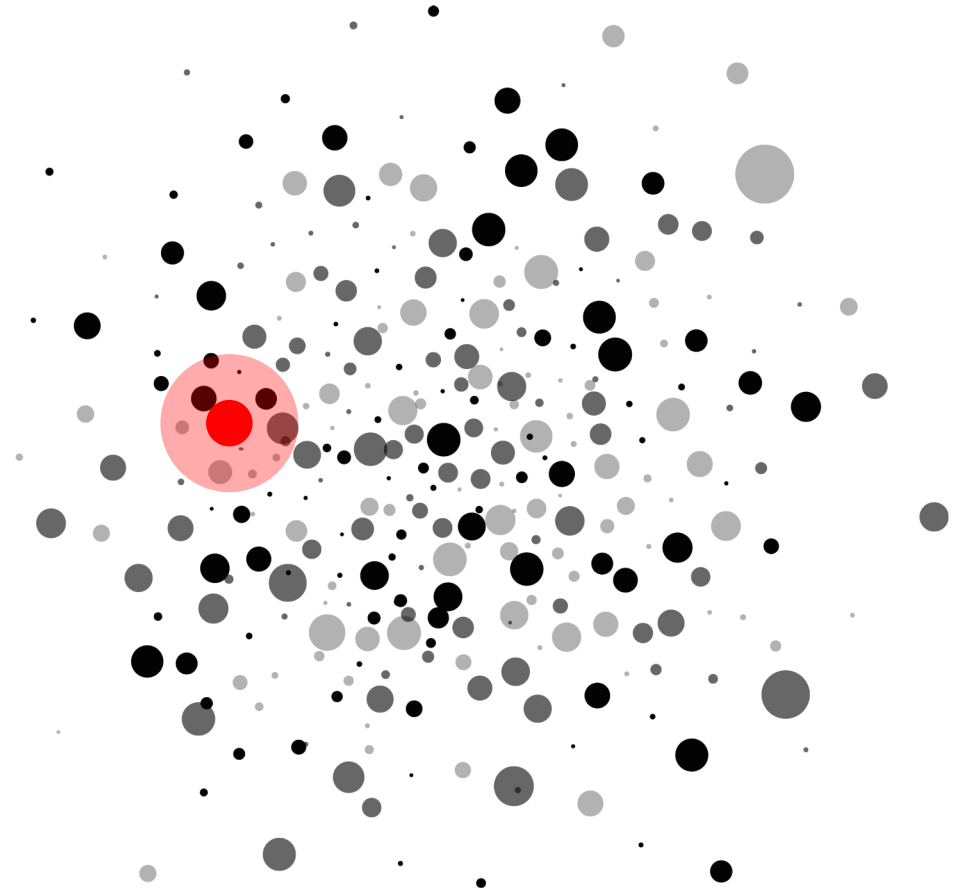
$$\text{True cost of ATO}$$

How common is ATO?

Sift data show that,
on average,

ONE IN
300

successful logins is
an ATO attempt.



Breakdown of Trust

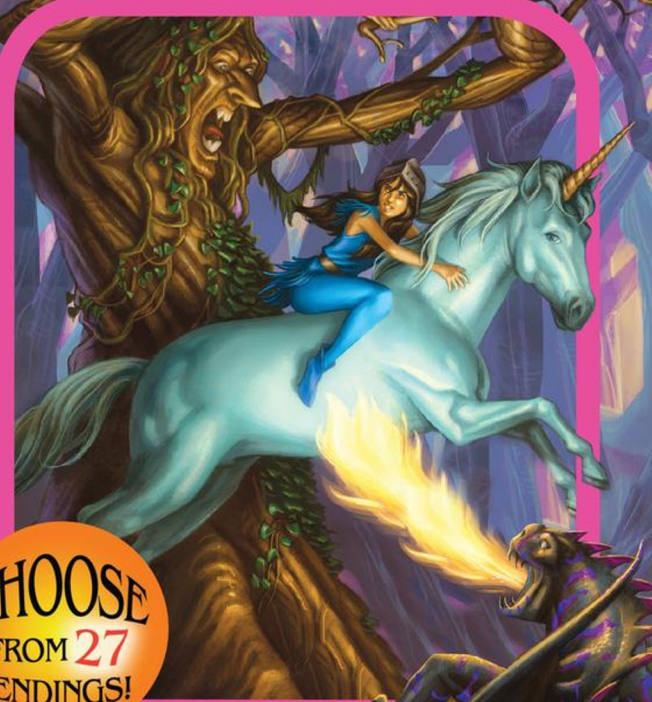
- ATO
- Chargebacks
- Increased friction
 - Reduced engagement
 - Reduced customer lifetime value
 - Increased customer acquisition cost
 - User churn
- Negative PR
- Brand
- Legal
- Compliance
- Ops, Eng & PM staffing



CHOOSE YOUR OWN ADVENTURE®

THE MAGIC OF THE UNICORN

13894-0 * \$1.50 * A BANTAM BOOK



CHOOSE FROM 27 ENDINGS!

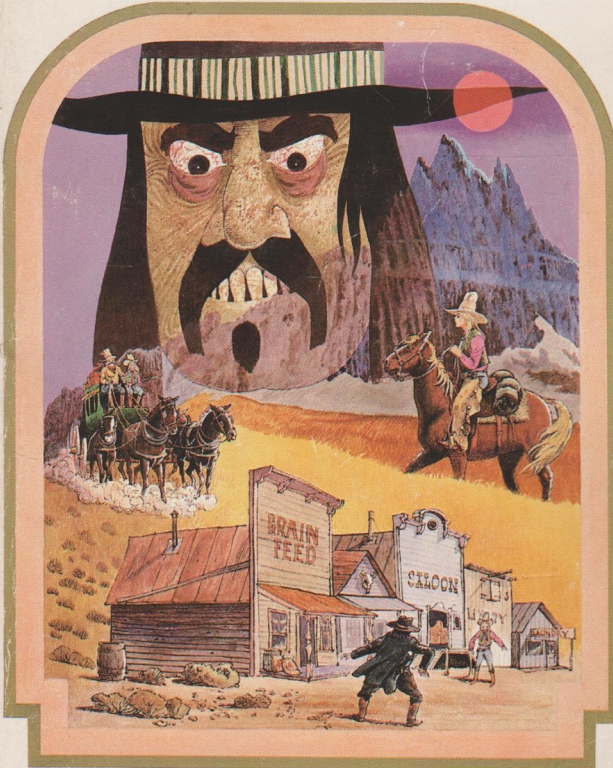
BY DEBORAH LERME GOODMAN

CHOOSE YOUR OWN ADVENTURE™ 8

YOU'RE THE STAR OF THE STORY!
CHOOSE FROM 37 POSSIBLE ENDINGS.

DEADWOOD CITY

BY EDWARD PACKARD



ILLUSTRATED BY PAUL GRANGER

CHOOSE YOUR OWN ADVENTURE® 3

SPACE AND BEYOND



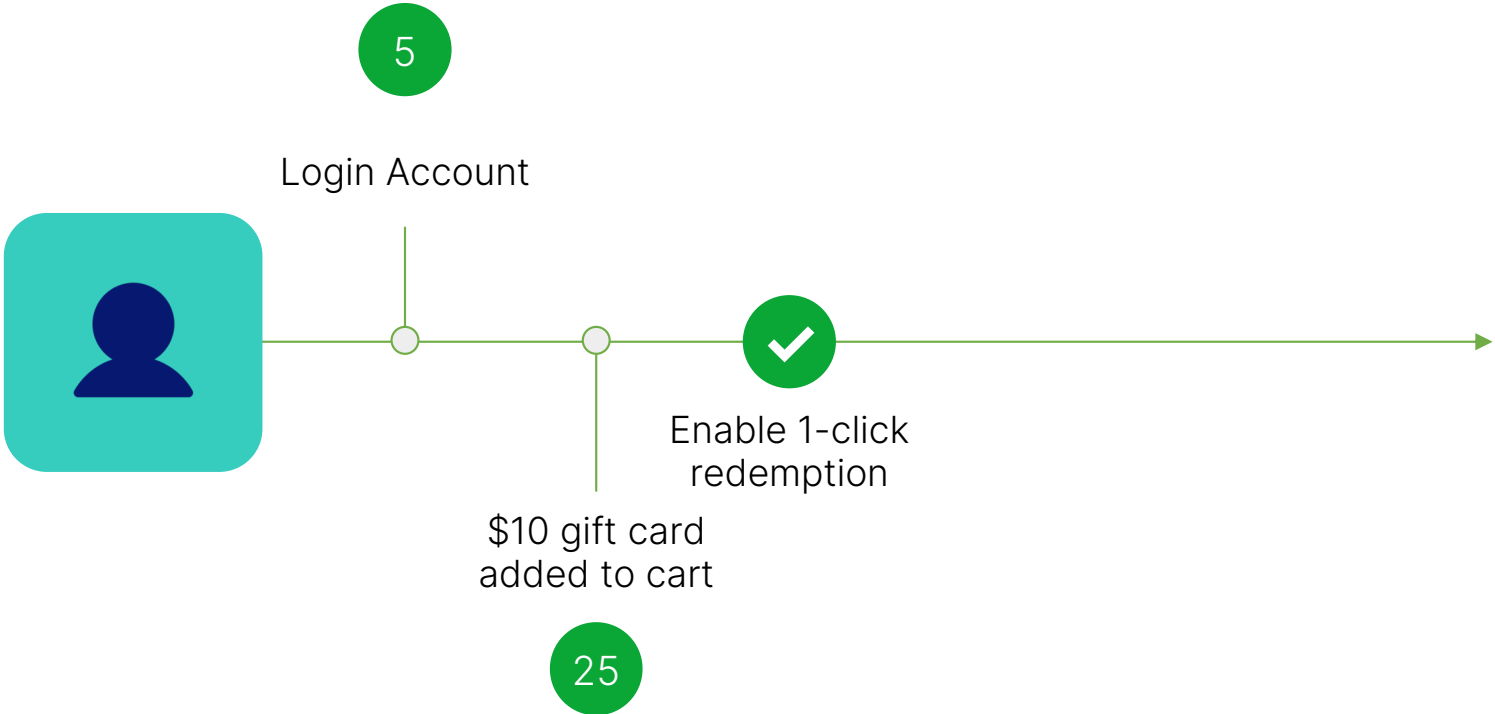
CHOOSE FROM 44 ENDINGS!

BY R. A. MONTGOMERY

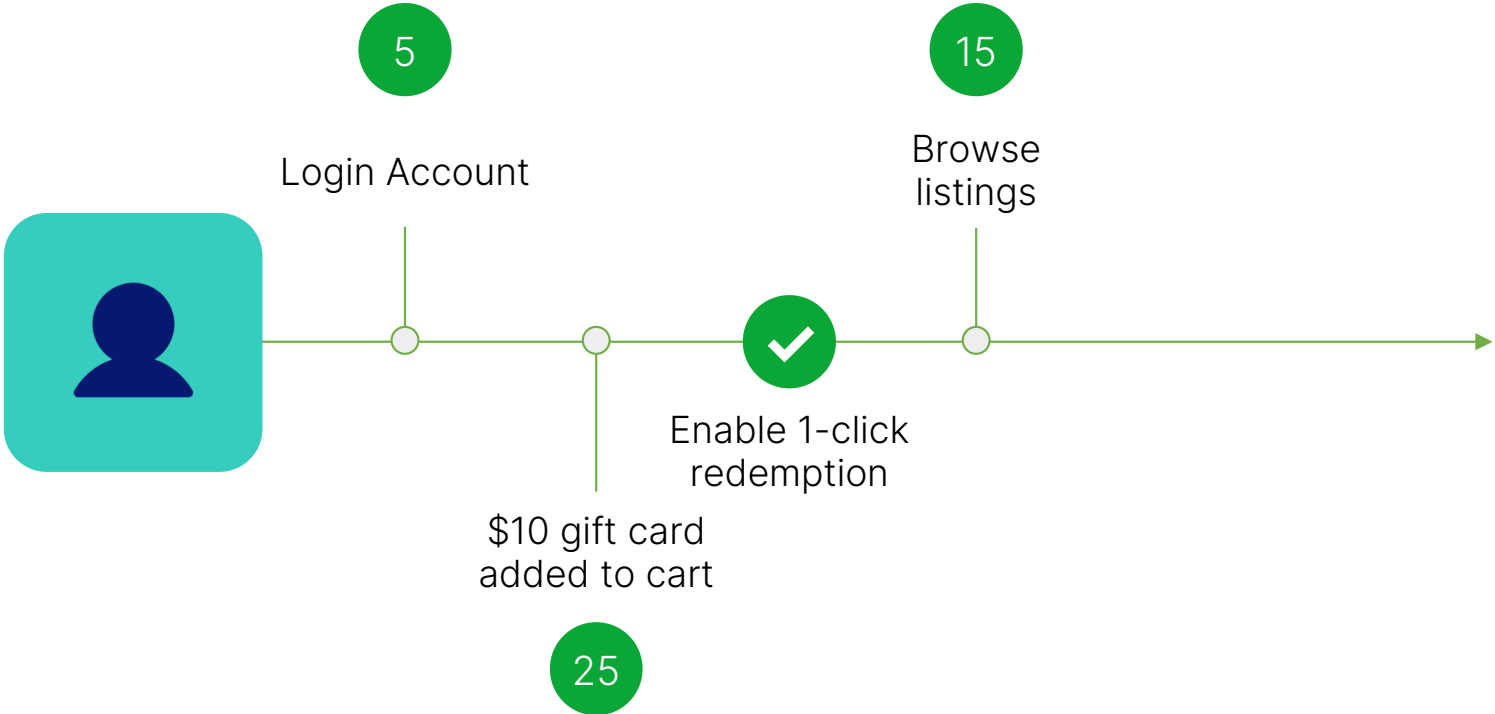
When to apply dynamic friction



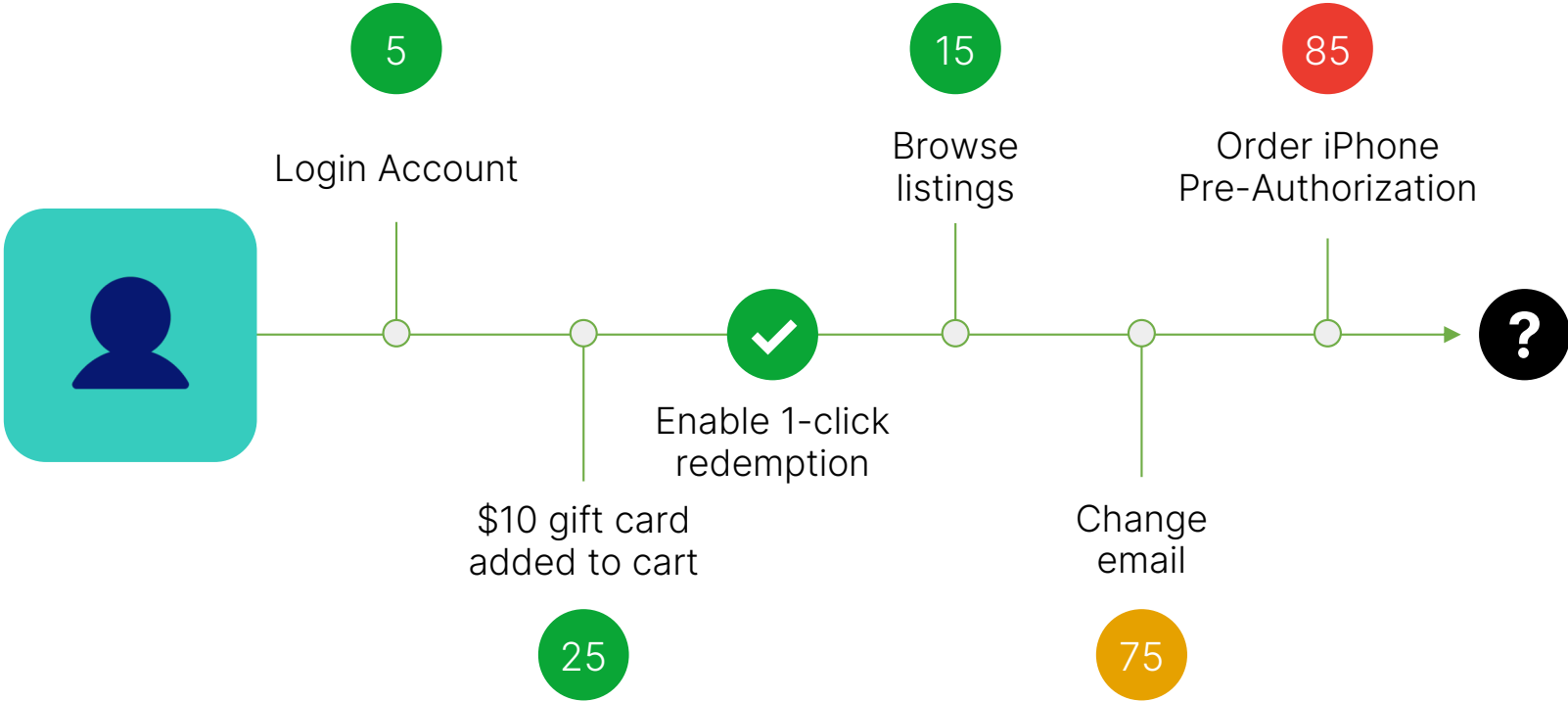
When to apply dynamic friction



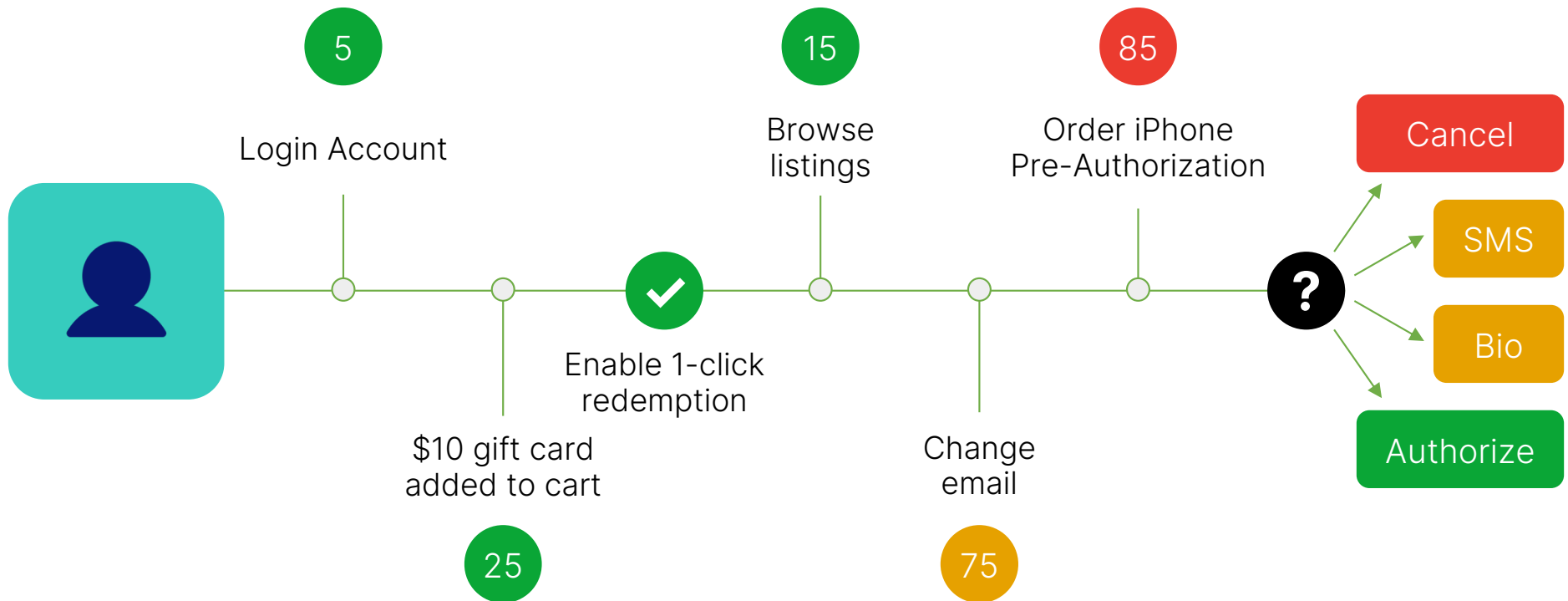
When to apply dynamic friction



When to apply dynamic friction



When to apply dynamic friction



What does a holistic solution look like?



Reporting



Analyst Tools and Feedback



Workflow and Rules Automation



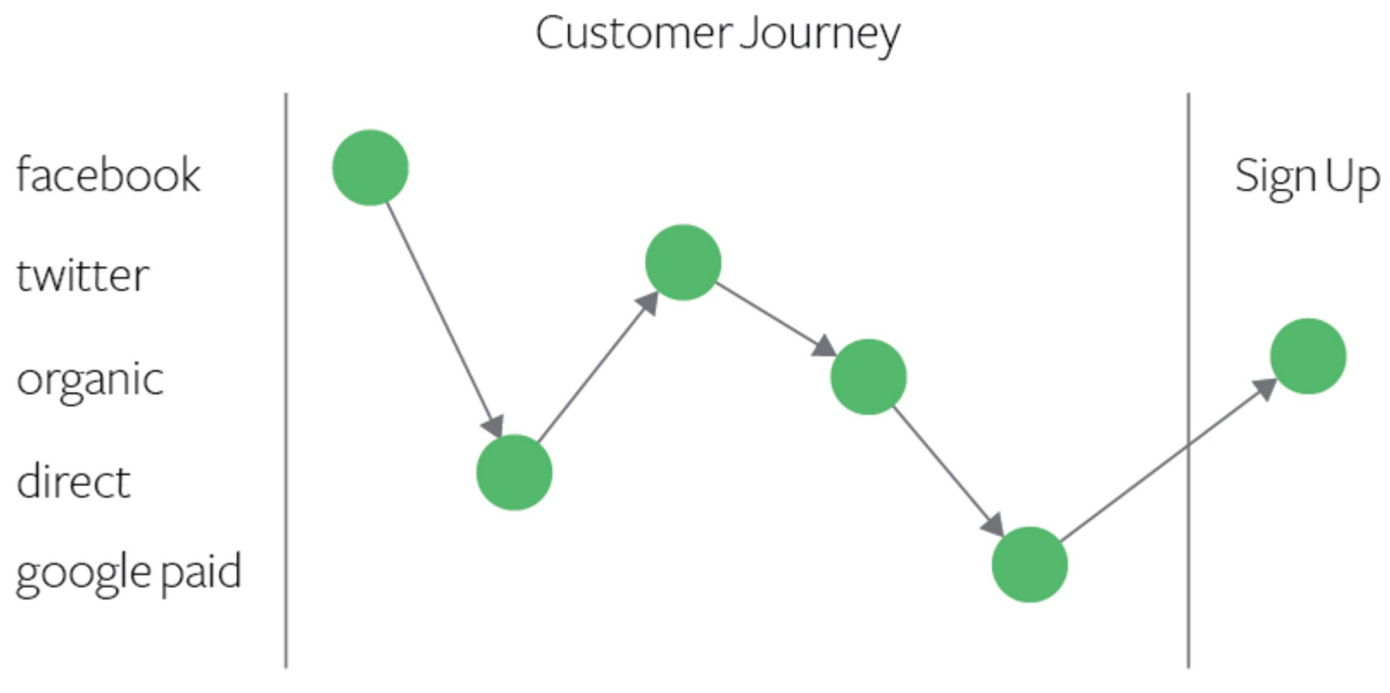
AI and Machine Learning



High-Volume Digestible Data Ingestion

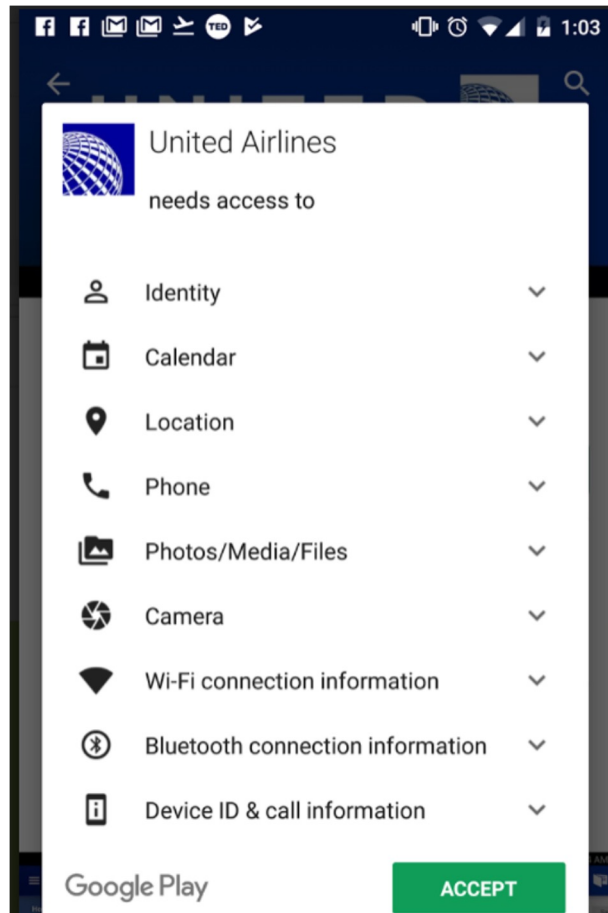


High-Volume Digestible Data Ingestion



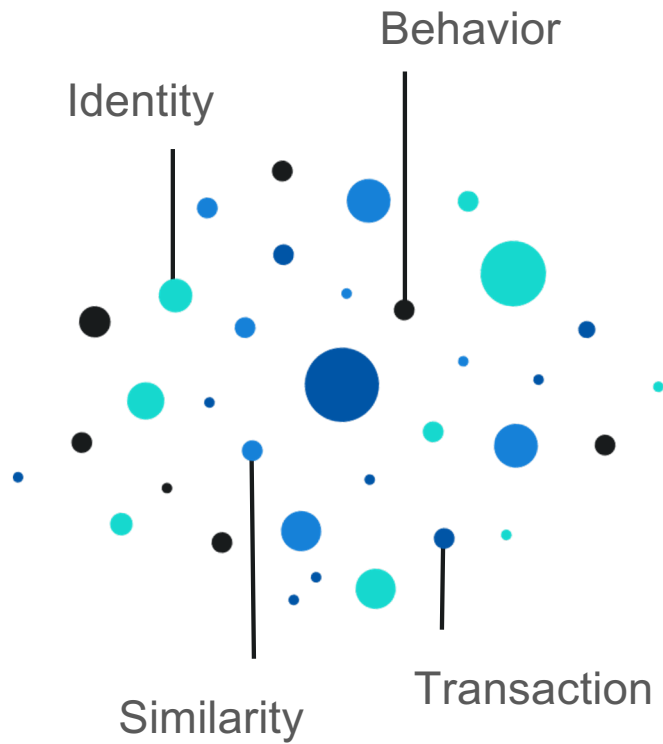


High-Volume Digestible Data Ingestion



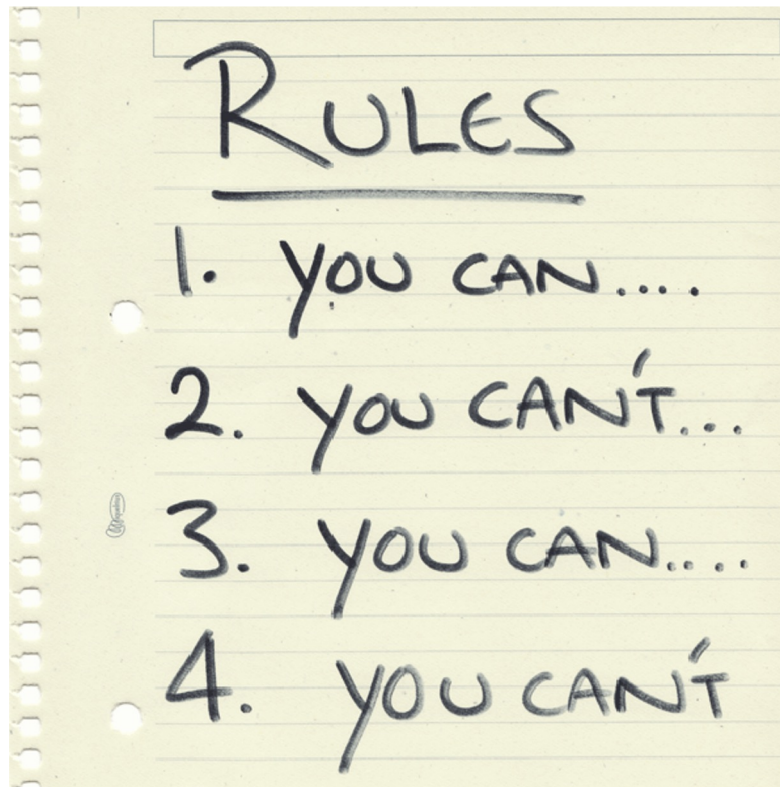


AI and Machine Learning





Workflow and Rules Automation





Analyst Tools and Feedback



User story
(session history)



Single dashboard



Signals (positive,
negative, neutral)



Network view
(shared variables)

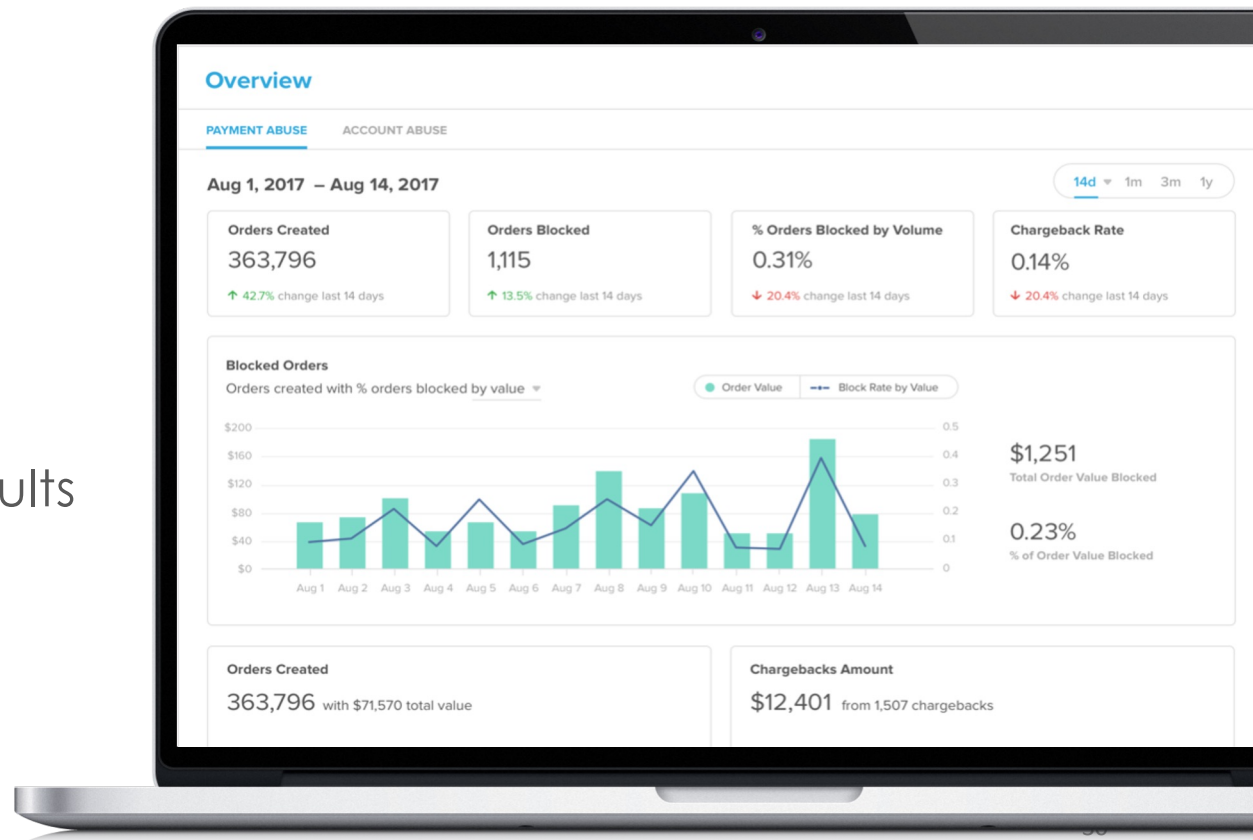


Ability to
take action



Reporting

- Chargeback Rates
- Refund Rates
- Approval Rates
- **ATO Rates**
- Promo Abuse Rates
- Customer Appeals/ Insults
- Manual Review
- Block Rates



What does a holistic solution look like?



Reporting



Analyst Tools and Feedback



Workflow and Rules Automation



AI and Machine Learning



High-Volume Digestible Data Ingestion

Summary & Key Takeaways

1. How can we dynamically improve the user experience for the 99%?
2. ATO: It's when and not if scenario
3. Erosion of user trust can happen on multiple levels
4. Turn trust into a competitive advantage with dynamic friction
 - Understand the (passive) user journey to create dynamic friction
 - Use machine learning as your mechanical advantage
 - Create a platform that blends the strengths of all your tools

Thank you

- Don't forget to submit your session evaluation!



Kevin Lee

VP Trust and Safety

