



# Payments & Fraud

Creating 360 Visibility with Managed Services  
for Improved Efficiency and Reduced Losses



**Radial**

powering  bpostgroup



# How do your payments and fraud metrics stack up against the industry?

If you are like many eCommerce retailers, you are keenly aware of the costs of fraud and the complexity of [managing both payments and fraud operations](#). But how do you know you are doing the best you can to manage your top and bottom line?

One way is to look at Industry statistics... published Merchant Risk Council (MRC) data:

All percentages are based on order volume	MRC Percentage (%)	You?
% of revenue lost to payment fraud	0.30%	
% of revenue lost to payment fraud from domestic orders	0.20%	
Order rejection rate for domestic orders.	1.80%	
Order rejection rate for international orders	2.90%	
% of domestic orders that turned out to be fraudulent	0.30%	
% of international orders that turned out to be fraudulent	0.30%	
% of orders that led to fraud chargebacks	0.20%	

Are you above or below these numbers? Of course, industry averages only tell part of the story. Another way to benchmark is to understand how your peers structure their payment, chargeback and fraud operations.

If you're like many, you are struggling to staff payment and fraud teams with enough expertise and resources to keep pace, or you're using multiple third-party tools along with your own in-house teams to tackle these issues but continue to experience growing fraud losses.

The responsibility for mitigating these costs is increasingly blurred between payment, fraud, security, and IT teams. However, without increased visibility across the entire payment and fraud ecosystem, it's exceedingly challenging to improve efficiency, reduce losses, and deliver on customer expectations while safeguarding the business.



<b>20-30%</b>	<b>17%</b>	<b>\$13.73bn</b>	<b>\$3.75</b>
the amount friendly fraud rose globally in 2022	estimate of customers filing chargebacks committing "friendly" fraud	U.S. card fraud cost expected to reach by 2024.	per dollar is the cost to retailers to resolve fraud.

Source: Visa



# You Can't Afford to Keep Payment and Fraud Siloed

Traditionally, retailers have maintained separate payment and fraud teams – each tasked with crucial aspects of eCommerce operations. Advances in fraud techniques and the integration of payment processing, fraud prevention technology, and security are increasingly intersecting fraud and payment for all teams.

On a broader spectrum, machine learning and AI-driven systems are driving wider automation in retail which is essential for a true omnichannel customer experience. Shoppers want an easy, fast, informative, secure, and convenient checkout experience. This means having back end systems that deliver authorization and fraud checks in real time and across multiple payment processing systems and geographies -- ensuring good customers are approved and fraudulent customers are declined.

Creating transparency and full visibility across payment and fraud processes is essential to reduce losses and drive a seamless customer experience. But doing so is complex, especially as brands move into new geographic markets, grapple with legacy technology, and new payment methods emerge. In today's economy, resources are stretched thin, which means most retailers must do more with less. Automated processes will drive speed, but an overabundance of manual reviews can cause slower response times that frustrate shoppers. This can turn into higher reject rates that damage customer relationships. With so many moving pieces to manage, it's easy for fraud and reject rates to climb despite retailers' best efforts. This is leading many retailers to reconsider their payment and fraud approach and the best way to increase visibility.

## Current Models Retailers Use Today

Typically, retailers use one of two approaches to their payments and fraud management:

### **In-house: Home-Grown Model**

*In this model, the retailer handles all their payment processing and develops fraud rules, staffs a manual review team, hires a fraud manager and manages the chargeback process. Fraud decisions are made by the in-house team, and the retailer is responsible for liability. Their payment and fraud teams remain independent and often do not have much visibility into one another.*

### **In-house: Third-Party Model**

*In this approach, the retailer also handles their payment processing but pays cents per transaction to a fraud tool provider to help make fraud decisions. They supplement their own data sets with third-party data sets, and fraud decisions and liability lies with the retailer. Again, teams remain separate and visibility may be increased by third party reporting shared with in-house teams.*

Both models place the full burden for managing payments and processing on the retailer. Neither model facilitates a full 360 view without complex integrations of systems, processes, and teams. These approaches work well until retailers start experiencing certain pain points.



# Signs You've Outgrown Your Current Model

We have worked with hundreds of retailers around the world and see common signs they are outgrowing their existing payment and fraud approaches. Typically, companies that have outgrown their models will be experiencing one or more of the following conditions:

## Business



- Is entering or expanding into new geographies
- Is actively growing their eCommerce business
- Wants a 360 view across the ecosystem but is impeded by legacy technology, diverse systems and independent workflows

## Infrastructure

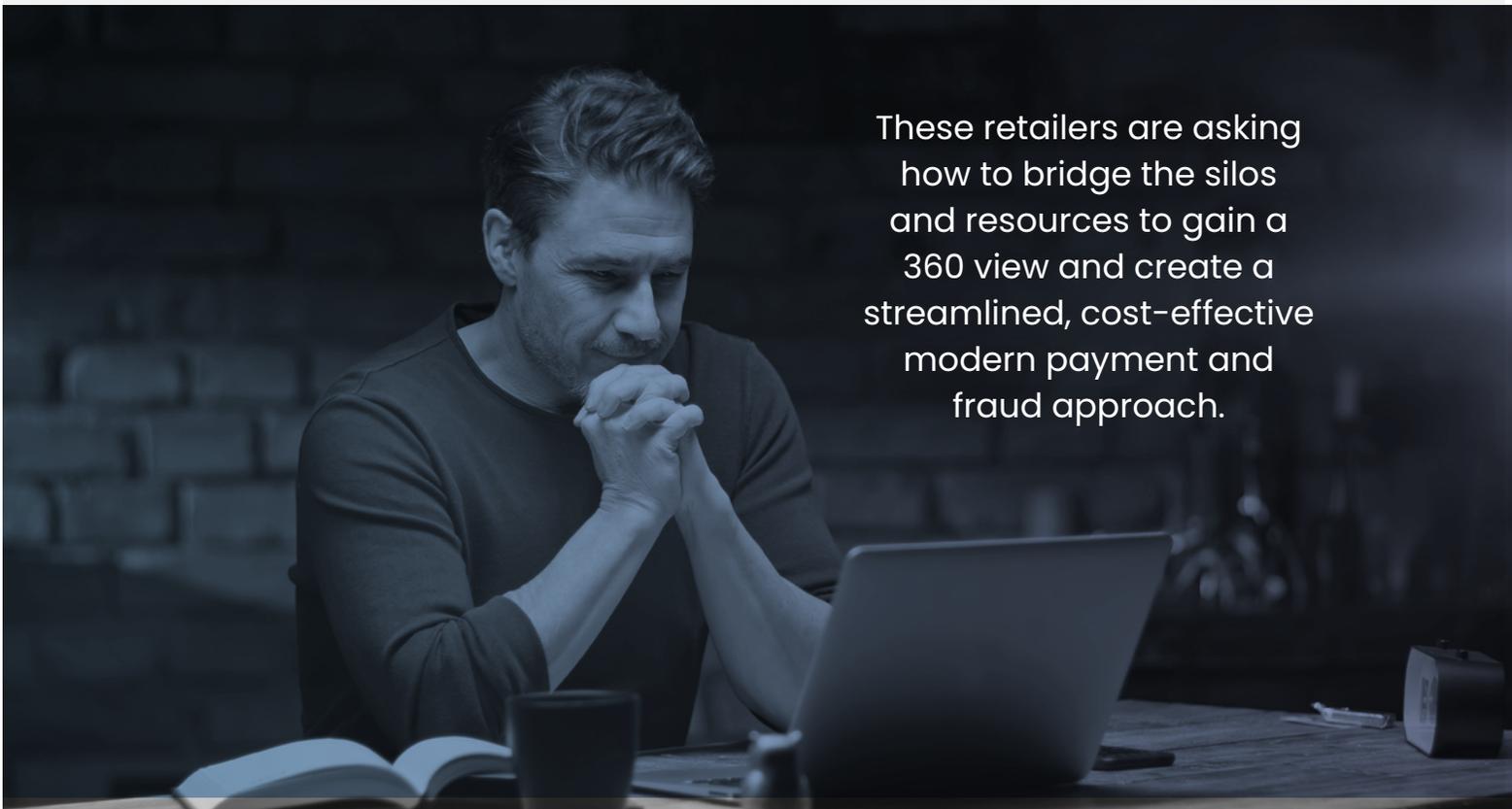


- Consolidating payments and fraud solutions across multiple brands
- Planning to remove legacy systems and move to SaaS solutions
- Struggling with payment integration or adding newer payment types
- Has recently experienced a data breach

## Cost Management



- Is unsatisfied with current reject rates and fraud loss levels
- Is manually reviewing more purchases than it should
- Wants or needs to reduce fraud management costs
- Is unsatisfied with payment processing rates
- Is struggling to staff fraud analyst roles with experienced professionals



These retailers are asking how to bridge the silos and resources to gain a 360 view and create a streamlined, cost-effective modern payment and fraud approach.



# Developing a Modern Payment and Fraud Approach

Retailers have several options when they outgrow their current models; each has advantages and drawbacks.

## Build Out In-house Teams and Systems.

Retailers with the budget and bandwidth can choose to scale their in-house teams and integrate systems to meet the increased demand for payments, manual reviews, and chargeback processing. To gain 360 visibility, this approach requires complex integration of tools and systems, as well as custom reporting structures. Too often, retailers with this model end up using spreadsheets and manually preparing custom reports based on data from multiple sources.

### Pros

- Retain full control of their payments and fraud approach
- Scale at the pace their growth allows
- Develop and customize in-house systems and software

### Drawbacks

- Solely responsible and liable for all fraud decisions and losses
- Difficulty finding skilled and experienced fraud analysts
- Necessity for more IT resources to develop and integrate systems
- High cost of fraud management
- Limited datasets for fraud decision making
- Often has limited reporting functionality
- Risk of being unable to meet demands
- Risk of not keeping pace with time-sensitive chargeback processing

## Create a Best-of-Breed Ecosystem of Third Party Providers.

Retailers using third-party providers to supplement their in-house model can expand on this approach to create a best-of-breed ecosystem of partners that support their payments and fraud management. Their reporting will often rely on reports provided by third-party sources, which may not provide a complete view of their payments and tax landscape.

### Pros

- Choice of top solution providers
- Increased datasets access in fraud decision making
- Retain control over payments and fraud processing via SLAs and contracts
- Less need for in-house expertise
- Potentially lower costs than full in-house option

### Drawbacks

- Solely responsible and liable for fraud decisions and losses
- Piecemeal system requires extensive integration and IT resources
- Lack of 360 visibility across third-party solutions
- Unpredictable fraud management costs
- Limited datasets for fraud decision making
- Limited reporting functionality
- Risk of being unable to meet demands
- Still requires in-house team of fraud analysts for manual reviews
- Need to manage multiple vendor contracts, relationships, and payment structures
- Higher IT costs for integration and professional services agreements



## Outsource to a Fully Managed Services Payments and Fraud Management Partner.

Rather than handle payments and fraud in-house, retailers that have outgrown their current models are increasingly turning to a [fully managed services provider](#), like Radial, to manage all of their payment, tax, and fraud processing and management for them. This provider can provide complete visibility into their entire payments and fraud ecosystem with easy access to reporting and dashboards.

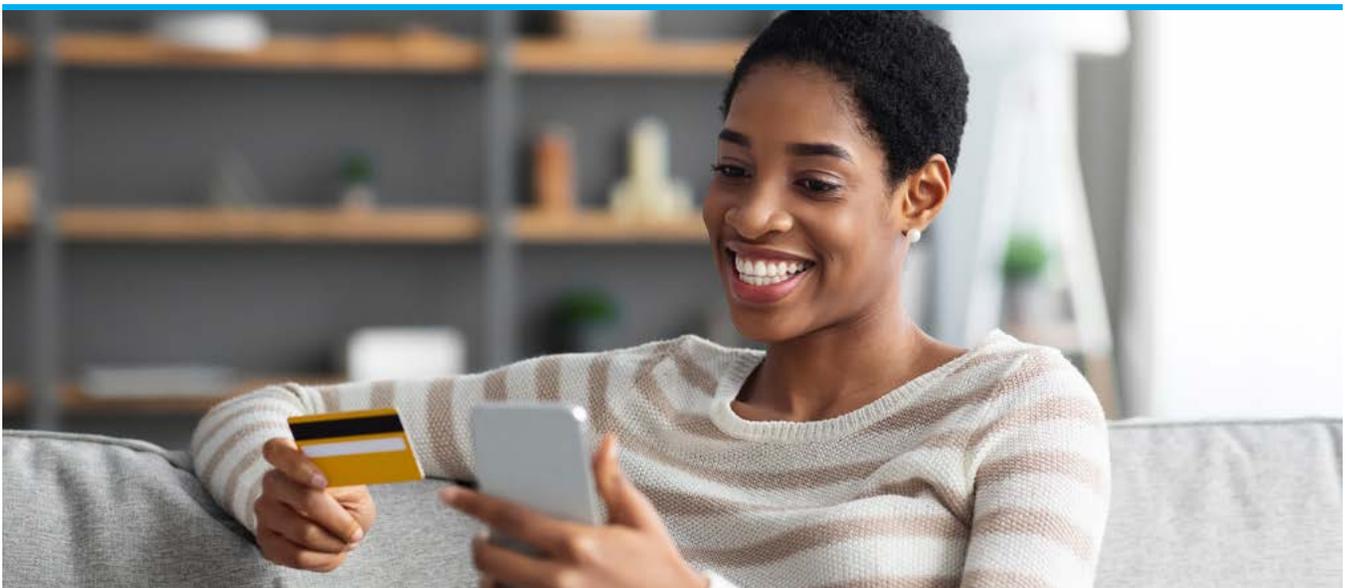
### Pros

- Zero fraud liability when the managed services partner takes full liability
- Zero need for an in-house team of fraud analysts or payment and fraud teams
- 360 visibility across the ecosystem
- Provider offers deep and broad payments and fraud expertise with global experience
- Fraud decisions shift from retailer to fraud management provider
- One provider to interact with predictable costs
- Ability to scale to meet demands
- Easy and complete reporting
- Minimal to zero IT resources required
- Access to large-scale datasets based on global retail network for faster fraud decision-making

### Drawbacks

- Responsibility of choosing a trusted provider with proven experience, expertise, and presence in the retail industry
- Ensuring the provider keeps up with modern machine learning (ML) and artificial intelligence (AI) capabilities while simultaneously investing in human expertise
- Determining that the provider has IT infrastructure and resources to ensure maximum uptime and availability

For retailers that do not want to scale their in-house teams or build out an extensive third-party ecosystem of solutions, choosing a fully managed option can be the best way to quickly gain 360 visibility and improve customer experience, while driving down payment and fraud management costs.





# Radial Managed Services

Radial provides fully managed payments, tax and fraud services as a single-source solution for eCommerce retailers worldwide.

We offer zero fraud liability and a 98.9% approval rate, which means if fraudulent charges make it through our system and processing, we cover all fraud losses. Retailers gain a 360-degree view of their payments and fraud ecosystem streamlined through one trusted provider.

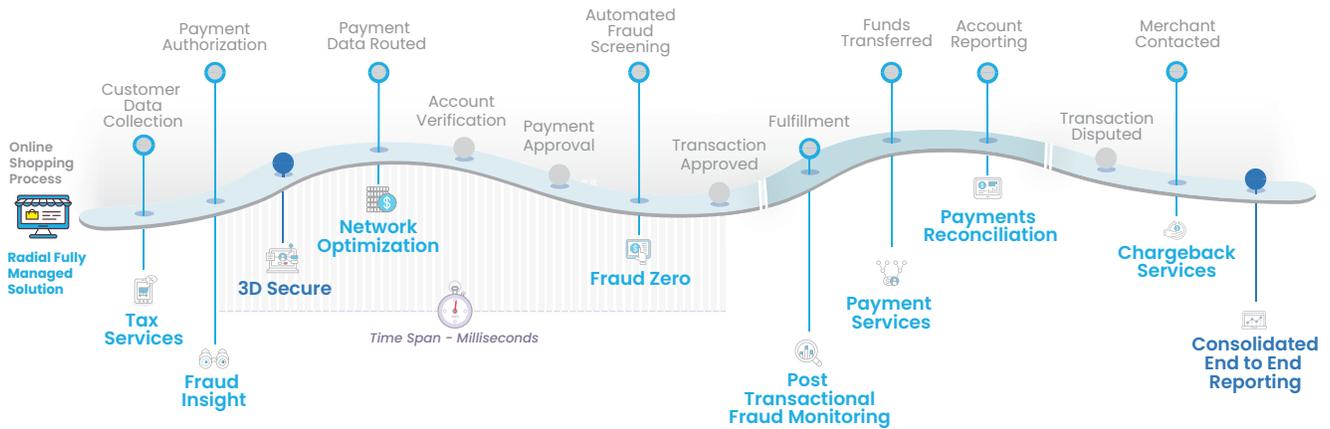
Our team of payments and fraud experts draw on more than 8 billion records to make faster, more accurate fraud decisions – backed by our modern proprietary machine learning technology and machine learning tools. We are the only fully integrated payments, tax, and fraud indemnification provider solely dedicated to eCommerce.

Radial can support you with one team that will handle all your payment and fraud management around the

clock so that you can focus on growing your business and refining your customer experience.

## A Trusted Advisor, Not Just a Provider

Unlike many solution providers, Radial partners with each client to provide trusted advisory services to ensure retailers are leveraging the best tender mix for their business and aligning themselves for success. We understand the complexities of global eCommerce and work with you to create the best array of services to meet your needs now and as you grow. We can handle part or all of payments, tax and fraud management for retailers.



## Our 2022 Industry Leading Results

Source: Radial Playbook

**98.9%**  
Order Approved Rate

**1.5%**  
Manual Review Rate

**0%**  
Fraud Rate



Here's what you can expect with Radial:

### Payments

We offer a comprehensive [payment solution](#) and are one of the only providers with a direct relationship with PayPal, enabling us to provide full account management. We offer global payment processing with consolidated reporting, global tax calculation, full reconciliation, and post settlement recovery of uncollected funds. We also offer pre-authorization fraud checks, re-authorization, interchange optimization, approval optimization and split payment options.

### Fraud

Radial takes control of [fraud risk and chargeback](#) management. We have a dedicated team of fraud experts and use custom rules, machine learning, human expertise, and a consortium of datasets from across our entire network to identify and prevent fraudulent transactions. Our data provides us with intelligence on customer behavior and profiles that enables us to make faster fraud decisions.

With Radial, you'll realize:

- Increased order conversions
- Lower operational costs
- Less customer friction
- Higher bottom line revenue
- Greater customer loyalty

Our deep expertise and more than 25+ years in eCommerce provides the foundation for our partnerships with retailers. We serve as your team and are devoted to your success.

### Chargebacks

Radial also provides end-to-end chargeback management that includes dispute management, representation, and reporting. All chargeback losses are indemnified by Radial, giving you peace of mind that you will have zero fraud losses.

#### END-TO-END DISPUTE MANAGEMENT

- Radial provides full coverage for all fraud and non-fraud dispute and chargeback categories, which includes full coverage for all dispute cycles.
- Radial has a proven and streamlined process for representation responses.

#### DEDICATED CHARGEBACK ANALYSTS

- Core focus is centered around daily dispute and chargeback management resolution.
- Each dispute is investigated.
- Compelling evidence is accurate and provided the first time.
- Understanding of patterns that indicate friendly fraud and claims abuse.

#### EFFECTIVE REPRESENTMENT STRATEGY

- Proactively optimize revenue recovery opportunities.
- Mediate disputes efficiently with pre-chargeback alters.
- Enhance the Customer experience by providing a quick turn time for dispute resolution.

#### COMPREHENSIVE REPORTING AND ANALYTICS

- Radial extracts and maintains real-time chargeback settlement and dispute date for analysis, machine learning, rules tuning and future decisioning.
- Root cause analysis and deployment of remedial action.
- Maintain compliance and regulatory oversight on a Merchant's chargeback activity and volume.

## Supported Tenders

#### All Major Credit & Debit cards

- 170 Accepted Currencies
- Local Acquiring in 24 Countries
- Private label gift cards



#### Deferred Payments



#### Mobile and Digital Wallets



#### Bank Transfer



Source: Radial Playbook

Source: Radial Playbook



# Case Story | TaylorMade Golf

Established in 1979 by Gary Adams, TaylorMade Golf is one of the leading innovators in golf equipment. Starting with the metalwood driver, made from stainless steel instead of traditional wood, TaylorMade is committed to innovation through authenticity, equipping some of the world's best golfers on the PGA, LPGA and world tours.

Learn more about how Radial can support your payments, tax, and fraud management needs.

## Challenge

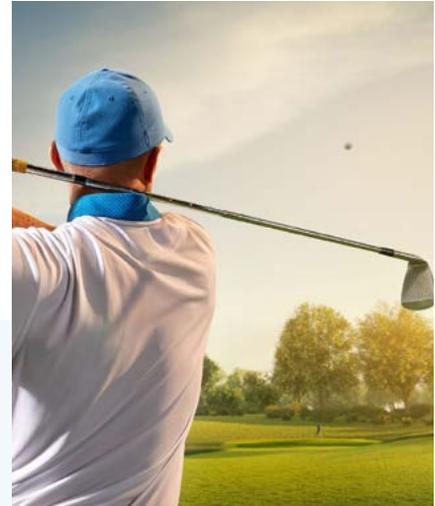
In recent years, golf has experienced tremendous growth in popularity with more rounds played than ever and new/beginner golfer growth breaking records. This increase in demand has paved the way for innovators like TaylorMade Golf, but it's also been an opportunity for fraudsters to purchase in bulk and resell popular items. TaylorMade Golf also noticed a concerning order decline rate due to their current fraud algorithm impacting one out of every ten orders and knew the customer experience was suffering.

## Solution

In 2018, TaylorMade Golf started using Radial Fraud Zero, a technologically advanced machine learning platform designed to automatically detect fraudulent orders based on the retailer's specific business rules. Radial also provided a team of resources to continuously monitor transactions and report on activity to create efficiencies and increased transparency.

## Outcome

Since onboarding Radial Fraud Zero, TaylorMade Golf has seen significant improvements to their approval rates, service level agreements, and overall confidence that they are protecting themselves and their customers against fraud. They were covered during times of increased eCommerce business and are seeing gains in time and revenue due to chargeback provisions and limited manual review. While TaylorMade Golf was certainly pleased to get issue resolution speed down to 20-hours, they are also grateful to have a partner who is looking out for their business. Through the power of Radial's people and technology, Radial provided a best-in-class solution for TaylorMade Golf that helped them protect their core business as well as their bottom line.



## Results

99.03%

2022 approval rate

54%

YTD decrease in chargebacks after launching Fraud Zero

200%

decrease in manual reviews after launching Fraud Zero

2,022

2022 fraudulent transactions prevented

# About Radial

Radial is the pre-eminent B2C eCommerce fulfillment solution provider powering some of the world's best customer experiences. Global brands have trusted us for 30+ years to help them deliver a distinctive consumer experience through tailored, personalized, and scalable solutions. We partner with clients across Europe and North America with technologies such as advanced order management and omnichannel, payment and fraud management, and customer care services. Learn about our solutions at [radial.com](https://radial.com)

