

Can **FREE** be too expensive?

Know when to upgrade from your FREE Shopify fraud prevention solution.



NOFRAUD



low

medium

high

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Introduction

The internet has opened numerous new channels of eCommerce in almost every industry. With that, however, came new opportunities for fraud and theft. As an eCommerce merchant, chances are you're taking advantage of the various tools and solutions that Shopify provides its users.

Hopefully, you have not been inundated with pesky fraudsters trying to steal from you, but you have most likely encountered your fair share of flagged orders, falsely canceled orders and chargebacks from disputed orders. In this eBook indicators of the efficacy of Shopify's free fraud analysis tool will be explored and explained, so you can decide when it's time for an upgrade.

1

Why worry?

Unfortunately, Fraud is a very real part of doing business. More so online, than in store. Card-not-present fraud has increased dramatically in recent years with **54% of consumers claiming fraudulent or suspicious encounters online** (Chuprina, 2021).

Every online business needs some form of fraud prevention. Fraudsters are opportunists and will look for the path of least resistance. Much like an unlocked car or an open window, **insufficient fraud protection will eventually be found and exploited.**



Many businesses may initially feel a false sense of security for lack of fraudulent activity on their site or because of the nature of what they sell. Often, an eCommerce business will be satisfied with minimal to no fraud protection at all until they are hit with a costly string of fraud. In most cases, the theft isn't discovered until weeks later when the chargebacks roll in. By then it is far too late to avoid financial losses as the items have already been shipped out and delivered.

2

Free fraud tools

Shopify provides its users with free fraud analysis tools that will flag orders with suspicious markers and elevated fraud risks. These indicators include orders made using IP proxies, multiple card attempts, and different billing and shipping addresses. **These tools are a good starting point in learning how to identify fraud.**

At first, a flagged order may cause discomfort, even fear and a business may feel most comfortable canceling it rather than risking fraud liability. However, with time it will likely become common practice for a shop owner or employee to review orders that Shopify flagged before canceling them. This can be due to the realization that the Shopify product lacks sophistication and was flagging too many good orders, or as a preemptive attempt to avoid complaints from legitimate customers whose orders were being canceled.

A decision will need to be made for each flagged order, whether to allow it through or to cancel it. Often, orders flagged as 'high risk' are

canceled outright while 'medium risk' orders will undergo a manual review. An intelligent approach would be to perform a quick google search to investigate the discrepancies or concerning indicators. For example, social media or google may show that the customer is a prominent professor at a college in close proximity to the shipping address even though it is miles away from the billing address. Or, a quick phone call, text or email can verify the validity of a customer and their order. As time goes on, it quickly becomes obvious that **many of the orders that are flagged are in fact legitimate customers with logical explanations for the apparent discrepancies.**

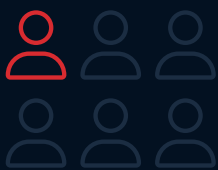
3

Is Fraud or the Fear of Fraud, Winning?

Flagging, blocking and canceling legitimate orders will also result in substantial financial loss. Additionally, research indicates that a customer won't return to a site that declined their credit card. **The result is not only an immediate lost sale, but future revenue as well.**

False decline statistics:

Source: [JavelineStrategy](#)



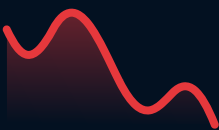
1 in 6

legitimate customers were declined at least once last year



15%

of good business is lost to false declines.



\$118 Billion

lost to falsely declined orders



32%

of declined customers won't return to a site following a decline

Merchants should be on the lookout when their approval rates seem too low, and customers start complaining of canceled orders or declined credit cards. These signs are a significant indication that a business's free Shopify fraud solution is costing their company substantial losses.

The realization that flagged orders may actually be legitimate will likely prompt businesses to invest time and effort into manually reviewing and investigating each flagged order. **Manually reviewing orders can quickly become a full time job!** Especially, during peak seasons and through sales and promotions. This tenuous exercise can cause fulfillment and shipping delays which in turn will lead to grumpy customers and negative reviews. When shop owners or customer service representatives are bogged down with manual review, they are unable to do the job they are best at, which is helping their customers and growing their business.

The most painful symptom of inefficient fraud prevention is **being hit with actual fraud by fraudsters who found a way around Shopify's limited system.** Perhaps they performed an account takeover and are presenting themselves as returning customers, or maybe they created new accounts using stolen identities. There are also more sophisticated fraud rings and those who practice triangulation fraud. They use stolen cards to buy from your site and have the merchandise shipped to "their customers" who purchased the items on eBay or another third party marketplace. Eventually, the rightful card owner will notice the unauthorized charges and report it to their credit card companies. The liability always falls on the merchant in the form of a dreaded chargeback. This is another strong motivation for businesses that **investing in advanced fraud prevention will actually save, not cost, a business lots of money!**

NoFraud is here to Help!

NoFraud was founded by eCommerce merchants who, above all, appreciate the value of every sale. At NoFraud, **identifying fraud is as important as identifying legitimate customers**. We are so confident in our platform that we provide a full chargeback guarantee! That means that if an order NoFraud approved results in a chargeback, we will fully reimburse you for your loss.

Our software combines powerful AI models with proactive human oversight to analyze every transaction, generating accurate 'pass' or 'fail' decisions. We don't provide a 'score,' but rather, we provide a 'decision,' removing the burden of consideration from our customers. We consider device data, behavioral insights, online activity across multiple industries, global fraud patterns, and emerging threats and trends. **Our goal is to get ahead of fraud and proactively protect our customers.**

Additionally, NoFraud understands that the cost of false positives is real. Declining valid orders leads to undue friction, poor reviews, and customer abandonment. It all boils down to lost revenue. That's why **we boast the highest order approval rates in the business**. Every single order counts, especially for shops with high order values! That's why we go the extra mile to proactively review orders that other fraud solutions would simply decline. To increase approval rates as much as possible, NoFraud analysts can take steps to verify the purchaser's identity in real-time for the highest-risk transactions.

Rooting out fraud is the backbone of our business, but we address many more issues than just fraud. **Our teams root out many potential obstacles, such as time-consuming manual review, declining false positives, abandoned carts, and chargebacks**. NoFraud also offers services that will lift the burden of managing disputes off your shoulders—even for non-fraud-related claims like "defective merchandise," "item not as described," and "item not delivered."

5

NoFraud compared to Shopify

NoFraud collected and analyzed data from over 10 million transactions that have gone through both Shopify's and NoFraud's fraud prevention systems and compared the accuracy of the decisions generated. The statistics are staggering:



23.8% of all orders classified as "high risk" by Shopify received a "pass" by NoFraud, with a chargeback guarantee.



A whopping **84.4%** of all orders that Shopify deemed "medium risk" were, in fact, safe to ship, backed by our chargeback guarantee.



In the footwear industry alone, Shopify's Fraud Analysis issued a wrong decision **56%** of the time!

Here are the stats broken down by industry

56% Footwear	23% Smoke & Vape
36% Appliances	23% Nutritional supplements
35% Wigs & extensions	21% Auto parts
35% Sporting goods	20% Audio equipment
28% Apparel	17% Cosmetics

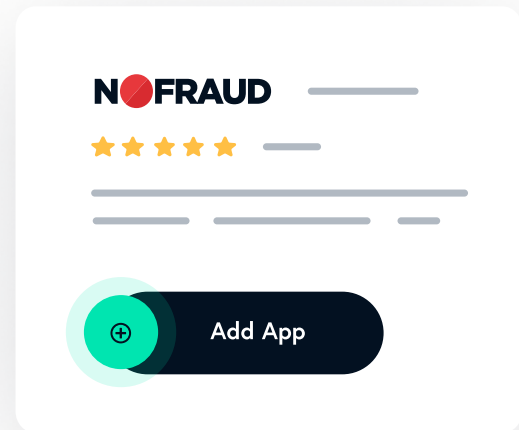
Getting NoFraud should be the easiest decision an eCommerce business ever makes!

6

Is Upgrading Difficult?

Growing pains are a normal part of advancing a business and it is understandable for merchants to be wary of large scale changes to their operations. That is exactly why NoFraud designed our system to **integrate seamlessly within minutes!**

NoFraud plug-in integrations are the easiest way to get started. Simply download NoFraud from the App Store of your eCommerce platform provider and you'll be up and going in five minutes or less. It's that easy to install, setup and adapt to your workflow without requiring any developer support.



Ready to learn more?

Set up a trial with a fraud analyst and see how NoFraud will benefit your business, by approving more orders, relieving your internal teams and having a positive impact on your bottom line.

✓ Start a Free 2-week Trial Today