

Fraud-Approval Tradeoff Optimization



Challenge

Merchants started noticing a troubling pattern: many genuine customer transactions were being declined because of overly rigid fraud rules. While fraud losses were low, the sales lost due to false positives had begun to exceed the cost of fraud itself. Legitimate customers, frustrated after seeing their payments declined, often abandoned their orders altogether or shifted to competitor platforms.

Objectives

Strike a sustainable balance between fraud prevention and approval maximization, minimizing revenue leakage. Provide merchants with confidence and transparency in fraud decision-making so they understood the trade-offs.

Key Results

3% Uplift in approval rate

\$4M In recovered sales

Approach

- Straive conducted a comprehensive audit of historical declines, tagging each transaction as genuine, fraudulent, or uncertain.
- Built risk cohort models (low, medium, high risk) by analyzing attributes such as transaction velocity, device fingerprint etc.,

Solution

- Built risk cohort modules and introduced dynamic risk thresholds: instead of one-size-fits-all rules, thresholds adjusted by customer segment and transaction velocity, device fingerprint etc.,
- For medium-risk customers, instead of outright blocking, Merchant applied step-up authentication (OTP, biometrics), saving sales without sacrificing safety.
- Provided merchants with fraud-approval dashboards, enabling them to monitor approval uplift alongside fraud risk in real time.

About Straive

As a data analytics and AI operationalization company, we don't just build top-tier data analytics and AI solutions—we integrate them seamlessly into your core workflows. This approach drives enhanced efficiency, improves user experience, and boosts revenue, setting you apart from the competition.

Serving a diverse range of industries— including Pharmaceutical & Life Sciences, Logistics, Supply Chain & Manufacturing, Research & Publishing, Information Services, EdTech, Banking & Financial services, and Retail Tech, Entertainment & Media— we have a global client base spanning over 30 countries.

Our strategically positioned resource pool operates across seven countries, including the Philippines, India, the United States, Nicaragua, Vietnam, the United Kingdom, and Singapore, where the company is headquartered.