

## DECOUPLING ACCEPTANCE FROM PROTECTION: A GAME-CHANGER



### **Decoupling Acceptance from Protection: A Game-Changer**

In the intricate e-commerce ecosystem, operational excellence and customer experience are increasingly intertwined. The decoupling of conversion and protection is an innovative concept significantly refining these areas, enhancing efficiency and security. This advanced strategy, however, requires some deeper understanding.

#### **Decoupling Conversion of Protection**

In eCommerce parlance, 'conversion' pertains to the successful finalization of an online visit into a business transaction, while 'protection' refers to the precautionary measures implemented to ensure the transaction's integrity. 'Decoupling', in this context, implies an innovative process whereby transaction approval and security measures are separated. By adopting this approach, orders are allowed to progress initially, irrespective of high risk indicators. Post-payment verification then follows, providing a detailed examination of the transaction's risk profile, a model championed by FUGU.

#### **The Underlying Significance of Decoupling**

Decoupling offers transformative changes to the e-Commerce landscape. It improves acceptance rates as suspicious transactions are not immediately declined. This proactive measure enhances the retailer's reputation by providing a seamless user experience devoid of unnecessary security-related disruptions. A comprehensive post-payment analysis detects elaborate fraudulent patterns, further fortifying business security. Moreover, by separating the conversion and protection processes, businesses can optimize each component individually, generating substantial benefits by ensuring that both parts function at their best.

#### **The Conventional Paradigm**

Historically, the conventional paradigm for transaction security in eCommerce involved real-time decision-making during the checkout process. As soon as customers hit the "buy" button, advanced algorithms would instantly assess the risk associated with the transaction. Using information such as location, device, and behavioral data, these solutions would make an immediate decision to accept or reject the transaction. While effective at first glance, this real-time approach often led to high rates of false positives, inadvertently declining legitimate purchases and impairing customer experience.

One popular real-time solution was the 3D Secure protocol, a security layer for online credit and debit card transactions. Introduced by Visa, it was soon adopted by other major credit card companies and added an extra layer of authentication to help reduce fraudulent transactions. However, the first iteration of 3D Secure introduced friction into the user experience, often leading to abandoned carts.

Recognizing these limitations, the industry introduced 3D Secure 2.0, designed to streamline the user experience while maintaining robust security. It aimed to do this by using risk-based authentication, enabling smoother transactions for low-risk activities without compromising the security of higher-risk transactions. However, even with 3D Secure 2.0, businesses still faced challenges due to real-time decision-making that could inadvertently block genuine transactions and negatively affect conversion rates.

#### **Advantages of the Decoupling Strategy**

The decoupling strategy presents a range of benefits. It promotes a frictionless shopping experience, fostering customer satisfaction, and encouraging loyalty. It ensures an upsurge in approved transactions, curtailing revenue loss associated with wrongful declines. Additionally, the intensive post-payment verification uncovers nuanced and intricate fraud attempts, bolstering overall business security.

#### **Spearheading Decoupling Innovation**

FUGU pioneers the decoupling strategy, offering comprehensive post-payment verification solutions that significantly enhance transaction success rates, user experience, and overall security. Businesses that adopt FUGU's model, experience enhanced profitability, marking a significant shift in eCommerce operations.

#### **Future Trajectory**

As eCommerce matures, the decoupling strategy is poised to become the norm. Modern customers demand a seamless shopping experience, forcing businesses to refine their security measures to meet this expectation. Advancements in artificial intelligence and machine learning will further enhance the accuracy and effectiveness of the post-payment verification processes, making this balance more achievable than ever.