You've Been Played:
An Overview of Payment Fraud in Gaming

Gain insight into how and where fraudsters exploit users for profit — and how to change the game with nSure.ai solutions.

The Scenario

It's no secret that payment fraud has increased in recent years, especially in digital goods. And the gaming industry is not exempt from it.

As the market continues to grow in size, so does the level of fraudulent activity. Losses caused by digital fraudsters rose by 260% in 2022. Fraud and theft account for $10.5 billion of that sum — a seven-time increase from 2020.
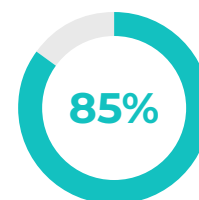
Gaming platforms are frequently under scalable attacks and **once the money is gone, it's gone for good**.

What goes along with it are the positive aspects of the exchange's reputation and valuable real customers.

It doesn't have to be such a losing game.

Increase in online attacks for Gaming in 2022*

260%

85%

increase in fake account registrations in Q1*

Potential Impacts

The expanding world of gaming means there are many new and evolving risks, all thanks to the growing adoption rate and the nature of these digital assets.

More Users

Worldwide active gamers are on the rise. They're estimated to be growing by almost 10% every year. Considering there are currently more than 3 Billion* gamers today, it's a big number.

* https://playtoday.co/blog/stats/gamer-demographics/

GameFi & VR/AR

Thanks to Blockchain, cryptocurrencies, and NFT, users can now utilize their gaming time for money. In addition, according to Gartner, 25% of people will spend at least one hour a day in the metaverse by 2026. Both will bring more users, more money, and a higher threshold.

Pseudonymity

User privacy is growing, and with that, user anonymity. Moreover, the fact that blockchain is slowly getting inside of gaming, and the rise of Web3, help users 'hide' behind crypto wallets and better camouflage their real identities.

The Problem

- Your management has a small fraud appetite, so they have set up excessive filtering and friction to confirm user identity.

- You know it causes a substantial user abandonment, but you are ready to pay the price to maintain a low chargeback rate.

- You see great growth with the market uptrend, but you only have a 75%-80% approval rate.

- You believe most of the declines are fraudulent transactions and only 5%-15% of them are false positives, when in fact it's the other way around. (Note: nSure.ai research (2022) found that 87% of the declines in the gaming industry are legitimate customers).

- You suspect the ones that get blocked are going to a different provider. (Note: nSure.ai research found that 65% of them would be "new" customers; yet are labeled as false positives while 35% are churn of good existing customers.)

- You see great revenue opportunity in new markets and new products, but you're cautious of action on that because of the risk for fraud.

- Assuming you change your appetite for fraud and try to exploit all the different growth opportunities, you expect to be living on the edge with high chargeback rates.

- This creates a huge risk of getting in Visa's or Mastercard's monitoring plan. After a few rounds of getting on and off the monitoring plan, you realize the risk is too much – so you return to your low appetite.

The Solution

At nSure.ai, our focus is on how we can significantly lift approval rates and bring net new customers and revenue to you. This is how we measure our score in the fraud prevention game. We also assume full liability on your chargebacks so the net benefit to you shows up in profit. More gamers telling other gamers about their frictionless experience.

Lift your 75%-85% approval rate to an 90%-95% range which will show up in both your top and bottom lines. Given most of these are likely new customers, it's both the current and the repeat sales that factor into your net gains from nSure.ai fraud prevention.

Unregulated user friction is mostly made for user verification, and our studies show that in gaming, user verification doesn't work. Even worst it creates a significant user abandonment. No friction means elevated conversion rate & LTV.

You don't have to worry about your fraud operations because we take full liability for all chargebacks, regardless of reason. No need to think about fraud, no manual review and no chargeback fees.

Explore new markets and develop new products confidently without worrying about a high chargeback rate and being sent to the payment networks monitoring plan.

Regain lost revenue caused by false positives and churn thanks to Dedicated AI models - build and optimized on the company, behavioral analytics, and unsupervised AI to detect anomaly in the entire traffic activity and not unsuitable legacy fraud protection like identity verification built for ecommerce physical goods.
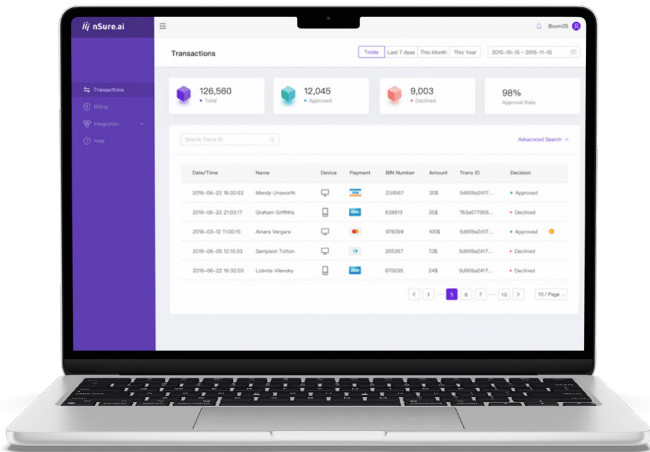
The Results

Going forward, payment fraud in gaming isn't a problem you can ignore. The repercussions of allowing fraudsters into your site, either as registered users or through backdoor hacking, or declining big amounts of genuine customers can be catastrophic.

Right now, many gaming platforms that fell victim to fraudulent attacks just chalk it up to the cost of doing business.

This is bad. Fraud should never, ever be accepted as part of the cost of doing business.

Approval Rates Up to 95%

We provide a financial guarentee to back up the commitment by significantly reducing your false positives through our unique AI engine – which stops fraud in its tracks from scaling.

Full Liability on Chargebacks

We work expeditiously to give you peace of mind by covering all of your chargeback costs and eliminating concerns of being flagged by the payment networks.

Expertly Captures Real Fraud

We don't accept what everyone else does. Unnecessary verifications that block good customers from approval should not be your norm. We bypass all that to elevate your approval rates and minimize churn, resulting in many more new customers and actual net incremental profit.

Your Own AI Model

We design this for your bussines or business lines for maximum efficacy because we focus on your data; not the mainstream market's. This approach is vital to helping you realize the full potential of your P&L goals.

Turn Fears of Fraud to Clears for Cash With nSure.ai's Fraud Prevention Solutions

While there are many unknowns about the future of gaming, one thing is for certain — nSure.ai's fraud prevention is a tool you need in your toolbelt. Maximize your business true potential, get predictability and peace of mind with our full liability shift for your digital goods today.

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