

A Qualitative Research of Online Fraud Decision-Making Process

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Abstract : Many online retailers set up manual review teams to overcome the limitations of automated online fraud detection systems. This study critically examines the strategies they adapt in their decision-making process to set apart fraudulent individuals from non-fraudulent online shoppers. The study uses a mix method research approach. 32 in-depth interviews have been conducted alongside with participant observation and auto-ethnography. The study found out that all steps of the decision-making process are significantly affected by a level of subjectivity, personal understandings of online fraud, preferences and judgments and not necessarily by objectively identifiable facts. Rather clearly knowing who the fraudulent individuals are, the team members have to predict whether they think the customer might be a fraudster. Common strategies used are relying on the classification and fraud scorings in the automated fraud detection systems, weighing up arguments for and against the customer and making a decision, using cancellation to test customers' reaction and making use of personal experiences and "the sixth sense". The interaction in the team also plays a significant role given that some decisions turn into a group discussion. While customer data represent the basis for the decision-making, fraud management teams frequently make use of Google search and Google Maps to find out additional information about the customer and verify whether the customer is the person they claim to be. While this, on the one hand, raises ethical concerns, on the other hand, Google Street View on the address and area of the customer puts customers living in less privileged housing and areas at a higher risk of being classified as fraudsters. Phone validation is used as a final measurement to make decisions for or against the customer when previous strategies and Google Search do not suffice. However, phone validation is also characterized by individuals' subjectivity, personal views and judgment on customer's reaction on the phone that results in a final classification as genuine or fraudulent.

Keywords : online fraud, data mining, manual review, social construction

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