

KEY TAKEAWAY: The manual review process for chargebacks is complex and time-consuming. Data quality and accuracy in your chargeback prevention service dramatically reduces your resource burden and costs required for manual reviews.

The Cost of Manually Reviewing Chargebacks is Significant

A manual review is a task completed by internal staff, which validate orders as either fraudulent or legitimate. Generally, lowest risk orders are automatically "accepted" and the highest risk orders are declined. Most everything in between gets funneled into the manual review pile for a closer look. Bad data increases manual review time as transactions that get inaccurately flagged as potential fraud are added to the manual review bucket. When merchants rely on aged or inaccurate data to paint the entire fraud picture, they end up manually reviewing transactions more than necessary (and perfectly legitimate orders get delayed for reviews or – worst case – declined altogether). These manual reviews drain merchants of time – resources in money spent analyzing fraud that doesn't exist rather than preventing actual fraud.



It is estimated that 27 percent of orders undergo manual reviews.¹ Those manual reviews take five minutes to complete, with smaller merchants spending twice that amount of time.¹ Review teams typically account for the largest share of a company's fraud management budget, which is unfortunate when that money could be better spent on the core business.¹

Reducing the Manual Review Burden

The best way to reduce manual reviews is to reduce false positives – when a merchant pays for and receives an alert of a pending chargeback threat where none exists. Since the root cause of false positives is inaccurate and incomplete data and timing, merchants should employ chargeback prevention solutions that deal with data direct from the source – the issuers. By cutting out timing delays and misinformation from improper data sources, merchants can be sure that they are dealing with true alerts generated from real disputes. When the potential for error is removed, merchants can take corrective action and resolve the dispute quickly and easily with the customer. By relying on notifications that come from highly accurate and real-time data, a merchant can be positive the dispute exists and can determine how to resolve the issue in the best way for their business.



¹ http://www.cybersource.com/content/dam/cybersource/NA_2016_Fraud_Benchmark_Report.pdf

KEY TAKEAWAY: Verifi's Cardholder Dispute Resolution Network's™ (CDRN) patented and proprietary closed-loop process stops chargebacks with unmatched quality, avoiding costly false positives, defects and lost revenue.

Verifi's Cardholder Dispute Resolution Network (CDRN) becomes active the moment a customer files a dispute with the issuer. CDRN's patented closed-loop process connects merchants with issuers, routing the dispute data directly from the source for resolution. The chargeback process is stopped, providing the merchant with up to 72 hours to review the dispute and take action. This differs from competitive solutions' open-loop processes where the chargeback dispute process continues in tandem with the alert being filed and typically requires a response within 24 hours. The resulting "race to the refund" can cause defects (chargeback was not stopped) and additional losses from erroneous fulfillment of goods.

Solutions that use open-loop processes can also be hampered with timing delays in receipt of needed data to help merchants effectively resolve disputes before they turn into chargebacks. With CDRN, the merchant is notified of the cardholder dispute in near real time so they can resolve the issue directly with the issuer (process a refund or credit) to stop the dispute from escalating to a chargeback and avoid expensive fines, fees and penalties. Merchants are always in control and have the time and insight needed to determine the legitimacy of the sale and decide to let the dispute advance and fight the chargeback through representation later.

The CDRN Closed-Loop Difference – Unparalleled Protection. Here's Why:

Comprehensive coverage and unmatched accuracy

- CDRN's, patented closed-loop process is directly integrated with top issuers so merchants can be confident that notifications are real customer-initiated disputes and not false positives (disputes that will not become chargebacks). CDRN provides comprehensive coverage that covers BOTH fraud or non-fraud disputes for any card type.
- Other solutions can have false positive rates of 50 percent or more, meaning merchants are paying for alerts that are not really chargebacks and use aged data that leads to defects. Merchants should take false positive and defect rates into account when evaluating true "coverage" rates of these other solutions. The combination of bad data, communication silos and rushed response leads to defects that end up hurting profits and increasing the total cost of the service.

CDRN STOPS the chargeback process

- CDRN stops the chargeback process and gives merchants up to 72 hours to respond to the dispute in the best way for their business, removing the possibility of defects from the equation and ensuring the merchant has time to make the best, informed decision and also stop fulfillment to prevent additional losses.
- Other solutions do not stop the chargeback process and often require the merchant to respond to an alert within 24 hours. Since alerts are often generated from aged data, this leaves merchants in a "race to the refund," which can lead to costly defects or issuing too much credit.

Robust and timely data direct for the source

- CDRN notifications come directly from the source of the dispute – the issuing bank – so merchants can be certain it is a real, customer-initiated dispute.
- Other solutions combine data from several sources through an open-loop workflow, pushing information to merchants in a fragmented way while demanding a response in a shorter time frame. The combination of flawed and aged data, communication silos and rushed response leads to defects and false positives (alerts that won't become chargebacks) that end up increasing the total cost of the service.

Prompt notifications help stop additional losses

- Merchants receive insight into the chargeback in near real time that helps to stop fulfillment of goods or services for fraud reasons, preventing additional losses.
- Open-loop solutions are also hindered by communication delays, leaving only a 24-hour window in which merchants can respond. By that time, it's usually too late to stop shipment of goods or provisioning of services.

