

Not All Chargeback Alerts are Equal



KEY TAKEAWAY: Significant differences in the accuracy of alerts exist with competing chargeback solutions and affect your true costs and risk prevention.

Merchants seeking outside help with chargeback prevention have several options to consider, both internally and externally, to lower their chargeback experience.

Open-loop vs. Closed-loop

Some solutions operate through open-loop workflows or rely heavily on a combination of issuer data and other sources of association-reported fraud data such as TC40. These data sources include all reported cases of fraud aggregated by issuers and are not necessarily a great tool for chargeback prevention. These sources are often aged and do not reach the merchants until it is too late, leading to defects and double refunding.

Verifi's Cardholder Dispute Resolution Network's (CDRN™) patented closed-loop process provides unmatched service quality, accuracy and actionable insights to do what's right for their business to minimize costs and losses.



The Differences are Clear:

KEY CAPABILITIES

	CDRN	OTHER SOLUTIONS
Timeliness	Direct integration with top issuers provides accurate and true indications of customer-initiated disputes in near real time.	Open-loop solutions include data sourced from several sources, including TC40 files. These include all reported fraud cases; they are not always a true and accurate reflection of a pending chargeback or can be received too late to stop a chargeback.
Accuracy	Data is directly sourced from the issuer in near real time and backed with a zero defect guarantee to back it up.	Rely on data sources that are often inaccurate or aged and may result in false positives (paying for a risk that did not exist) or defects (chargeback still occurred when acted upon) that impact a merchant's true cost per chargeback alert.
Mitigate Additional Losses	Prompt notifications help stop additional losses, enabling merchants to stop fulfillment of goods or services for fraud reasons and avoid over refunding. CDRN STOPS the chargeback process, giving merchants up to 72 hours in which they can determine how to best resolve the dispute within their business objectives.	Open-loop workflows can result in communication delays and usually only allow for a 24-hour window in which merchants can respond to avoid the chargeback or reduce downstream losses.
Merchant Learning/ Insight	Unmatched insights and data accuracy direct from the source help merchants avoid false positives and lost profits. Reason code data provided by feedback loops enables merchants to fine-tune internal processes to prevent future chargebacks, reduce operational costs and dial back overly restrictive fraud controls that inhibit legitimate sales.	Some solutions rely on data sources that are not targeted or can be aged or incomplete, resulting in overpayment for protection that was not needed or legalized as well as creating expensive manual reviews. Lack of root cause data insights limits the merchants ability to improve and fine tune operations and fraud protocols.
Breadth of Coverage	Provides comprehensive coverage for all types of disputes - for both fraud and non-fraud - so that chargeback risk mitigation is optimized.	Other solutions are more heavily reliant on stopping only fraud disputes which inhibits merchants' ability to prevent rising non-fraud chargeback problems like friendly fraud.

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.

