

# A guide to combatting disputes

## In this guide, you'll learn how to:

- Build a multilayered chargeback prevention strategy
- Reduce friendly fraud
- Resolve cardholder disputes before chargebacks occur

Chargeback mitigation doesn't have to be hard. Verifi's chargeback management solutions help merchants quickly and easily take control of their chargeback volumes with automation tools that stop disputes before the issuer initiates a chargeback.

From the point a cardholder first inquires about a transaction, to when the issuer initiates a chargeback, Verifi's solutions provide a window of opportunity for merchants to optimize a multilayered dispute strategy that prevents friendly fraud and resolves cardholder disputes before chargebacks are triggered.



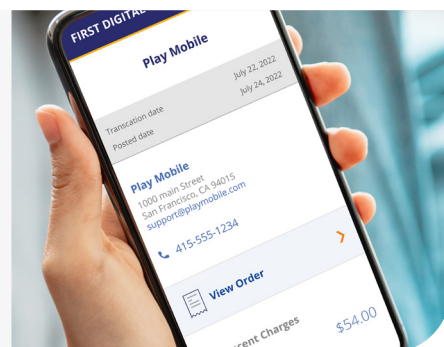


# Friendly fraud prevention with Order Insight

More than 60% of merchants say they have experienced an increase of friendly fraud disputes over the past year<sup>1</sup>; however, with the right strategy and tools, chargeback fraud is largely preventable. Secondly, Order Insight stops first-party-misuse by empowering merchants to optimize their stored data to bridge the communication gap between cardholders, merchants, and issuers. Lastly, the data sharing tool ensures all stakeholders have transaction transparency at three touchpoints to combat both intentional and unintentional chargeback fraud.

## 1 Order Insight reduces cardholder confusion

Often cardholders forget or do not recognize legitimate transactions due to confusing or limited transaction detail. Order Insight refreshes the cardholder's memory by providing a full digital receipt within the cardholders mobile banking app and online portal.



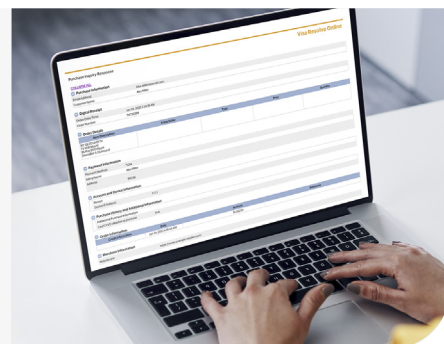
## 2 Empower the issuer call center

When a cardholder calls their issuer call center to inquire about a transaction, customer service agents often have limited transaction detail available to share. Order Insight utilizes a back-end banking platform to give customer service agents access to enhanced transaction information.



## 3 Systematic dispute deflection

Order Insight's Systematic Dispute Deflection feature leverages the Visa Compelling Evidence 3.0 rule to deflect disputes before a chargeback is triggered. Automatic data sharing with the issuer effectively blocks confirmed first-party-misuse on Visa card-not-present fraud disputes.



<sup>1</sup>Verifi's 2024 Global Fraud & Payments Report



# Order Insight in action:

## Customer use case

Order Insight transformed the business's chargeback mitigation strategy to effectively reduce friendly fraud and maintain consistently chargeback-to-sales ratios.



### Challenges

- When customers bypassed the merchant's customer service center, the merchant was unable to provide the positive customer service that is core to their business.
- Heightened consumer demand rapidly increased sales volumes, and simultaneously dispute and fraud volumes.
- Disputes related to first-party misuse became much more prevalent, largely because issuers erroneously marked reoccurring transactions as fraud disputes, when the disputes should have been redirected to the merchant as customer service complaints.



### Solutions

#### Order Insight with Systematic Dispute Deflection

- With the introduction of Verifi's Order Insight, the merchant now fully extends customer service to the post purchase environment, offering their customers enhanced customer service at all points of contact, including their mobile banking app, issuer call center, and the merchant's call center.
- The merchant implemented Systematic Dispute Deflection for CE3.0 chargeback fraud, using Verifi's Order Insight. With this enhanced version of Order Insight, the merchant now keeps their chargeback volumes under Visa thresholds.
- With Systematic Dispute Deflection for CE3.0 fraud disputes, the merchant seeks to lower their operational costs relative to dealing with disputes, allowing internal teams the ability to focus on more productive projects and tasks.
- By proving the legitimacy of transactions in question through the sharing evidence of a historical customer relationship, the merchant retains revenue and prevents disputes from being submitted as chargebacks by issuers.





## Results

# 25%<sup>1</sup>

expected fraud  
reduction rate

# 0.9%<sup>1</sup>

consistent chargeback-  
to-sales ratio

## Early CE3.0 Adopter – Implementation Results



### Required data:

It's important for merchants to capture the required core data elements. The merchant was already capturing 2 of the core data elements, appropriately satisfying the data requirements for deflection.



### Historical transaction data:

Establishment of the historical footprint is important to prove a relationship exists between merchant and cardholder. The merchant had already captured, and securely stored data as aligned with best practices for subscription merchants.



### 2-second response time:

Necessary to keep up with the need for speed in payments. The expectation for quick resolution has extended simply from front-end payments to resolution of first-party misuse.



<sup>1</sup>Verifi Case Studies 1 - 2024



## Capturing disputes beyond chargeback fraud

Order Insight is exceptionally effective at providing transaction transparency and deflecting friendly fraud disputes; however not all disputes are the result of friendly fraud. Merchants need a second line of defense to combat the rising expense of high chargeback volumes. Not all chargebacks are worth the cost it takes to fight them. For example, if the value of the transaction is less than the combined chargeback fee, penalty, and operational expense it takes to submit a rebuttal.

### Decisioning technology resolves cardholder disputes before a chargeback triggers

Verifi's unified resolution tool gives merchants the choice to resolve both Visa and non-Visa disputes by proactively initiating a cardholder credit before the issuer triggers a chargeback. Dispute resolution improves the customer experience, reduces operational costs, and helps reduce overall risk.

With Verifi's decisioning tools, merchants can approach their decisioning strategy in a highly customized way based on their unique business needs. Flexible integration gives merchants the freedom to use each solution in isolation or in combination for automated decisioning, manual refunds, and real-time notifications for all Visa and non-Visa disputes.



### Auto-decisioning

#### Rapid Dispute Resolution (RDR)

Merchants can leverage automated decisioning technology to resolve Visa disputes in real-time with a customizable decision engine to instantly issue a credit to the cardholder.

### Delayed decisioning

#### Cardholder Dispute Resolution Network (CDRN)

Merchants gain greater control with merchant-initiated decisioning; which gives merchants 72 hours to manually issue a cardholder credit to resolve both Visa and non-Visa disputes.

# The resolution benefits



## Eliminate over-refunding

Guarantee cases will not resurface as chargebacks. Disputes resolved with CDRN and RDR are not eligible for future disputes.



## Improve dispute ratios\*

Enhanced control over dispute volumes gives merchants immediate control over their dispute ratios. Disputes resolved before a chargeback initiates do not count against Visa's dispute ratio.



## Reduce costs and operational needs

Optimize your process to reduce disputes with low recovery rates. Avoid costly fees, fines, penalties, and potential loss of processing privileges.



## Leverage global reach

Scalable solutions give merchants the freedom to grow all over the world. Access a network of global issuers across Visa and non-Visa card networks (Mastercard, Discover, and American Express).

\* Acquirers may have their own risk assessment parameters, and may levy fees based on such parameters regardless of a seller meeting Visa's dispute ratio target.



# Resolve with decisioning:

## Customer use case

Resolution with decisioning transformed this service-oriented company's chargeback mitigation strategy to effectively reduce chargeback volumes and maintain consistent dispute-to-sales ratios.



### Challenges

- When customers bypassed the merchant's customer service center, the merchant was unable to provide the positive customer service that is core to their business.
- Heightened consumer demand rapidly increased sales volumes, and simultaneously dispute volumes.
- The merchant became at risk of getting flagged into a chargeback monitoring program, which created added operational costs that impacted the merchant's bottom-line.
- The elongated post-purchase dispute cycle left the merchant's customers with a bad taste, which decreased retention, referrals, and returning customers.



### Solutions

#### Resolve with decisioning

- With decisioning solutions, the merchant reduced dispute to-sales-ratios, and increased customer satisfaction with Rapid Dispute Resolution (RDR) and Cardholder Dispute Resolution Network (CDRN) which proactively resolve customer disputes by crediting the transaction back to the customer in a matter of seconds. The swift resolution prevents disputes from initiating as a chargebacks.





## Results

disputes  
declined by

**55%**<sup>1</sup>

consistently  
maintains a  
chargeback-to-  
sales ratio below

**0.9%**<sup>1</sup>

## Current state



In a survey, the merchant found that many customers who had previously left and filed disputes, had a positive dispute experience and chose to return to the service for a renewed subscription.



Even as business continues to grow at an accelerated rate, and new payment models and products are rolled out, the implementation of Verifi's Order Insight, Rapid Dispute Resolution, and Cardholder Resolution Network, the merchant has successfully maintained a chargeback-to-sales ratio below 0.9%.



<sup>1</sup>[Verifi Case Studies 1 - 2024](#)