

How a Major eCommerce Enterprise Reduced Chargeback Fraud and Boosted Revenue

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“ID Dataweb is our second step verification partner for customers who might seem like a fraud risk to AI model risk assessments. By adding this second step verification we are able to allow more sales though that would not have been allowed by using an AI risk assessment tool alone. This also has added another layer of protection for our customers which makes them feel safer. “

Understanding the challenge.

Chargeback fraud has become a major issue for merchants around the globe. What starts as a customer disputing a transaction can quickly turn into significant revenue loss. According to a study by MasterCard, in 2023 alone, chargeback fraud cost businesses \$20 billion. And the problem is growing.

By 2026, losses are expected to soar to \$28.1 billion.

Friendly Fraud:

A large part of this issue comes from what's known as 'friendly fraud.' In these cases, customers claim a legitimate purchase was unauthorized, often to avoid payment. It's estimated that 75-86% of chargebacks fall into this category. With an average increase of 19% in chargeback fraud from 2022 to 2023, and **59% of ecommerce businesses seeing a rise in online payment fraud**, the need for effective solutions has never been more urgent.

For one eCommerce giant, managing chargeback fraud had become a huge challenge.

Their current tools couldn't keep up with ambiguous cases, leading to revenue losses and operational headaches. They needed a partner who could help them tell the difference between genuine disputes and fraudulent claims. That's why they turned to ID Dataweb. Our solution offered the clarity and precision they needed—without disrupting customer experience.

Our Solution:

The enterprise turned to our identity verification service to address this challenge. By integrating our technology with their current AI-based risk assessment tool, we created a hybrid approach that significantly improved their ability to detect and block fraudulent transactions.

Key elements of our solution included:

- ✔ **Dynamic Data Analysis:** Leveraging device intelligence, biometric verification, and behavioral analytics to identify suspicious activity.
- ✔ **Automated Decisioning:** Quickly categorizing transactions as 'safe' or 'risky,' reducing the need for manual intervention.
- ✔ **Enhanced Verification:** Applying extra layers of scrutiny to flagged transactions, cross-referencing digital identities with physical data to ensure accuracy.

This comprehensive approach enabled them to manage even the most sophisticated fraud tactics, such as synthetic identities and IP spoofing, more effectively.

The results speak for themselves.

In fiscal 2023, our solution contributed \$4.6 million in additional revenue, a \$383 return on every dollar spent. The enterprise saw a dramatic reduction in fraudulent chargebacks and a notable improvement in operational efficiency.

- **Reduced Chargeback Fraud:** Only 0.2% of transactions reviewed resulted in a chargeback, well below industry standards.
- **Higher Approval Rates:** Achieved a 99.5% transaction approval rate, surpassing the industry average of 92%.
- **Operational Efficiency:** Automated processes freed up resources, allowing the team to focus on more complex cases.

0.2%

Chargeback Rate

\$4.6m

Additional Revenue

99.5%

Approval Rate

Take Action:

We offer more than just a defense against chargeback fraud. Our identity verification service complements existing tools, enhancing your fraud detection capabilities without disrupting daily operations. Proven success stories like this one highlight how we can help secure your revenue and streamline your processes.