

One of Ethoca's customers, a direct marketing merchant, provides lead generation and customer acquisition services, including upselling magazine subscriptions to consumers. One of the risks associated with these Card Not Present purchases is friendly fraud: in some cases consumers experience buyer's remorse and decide to dispute transactions as fraud.

For the merchant, that creates a chargeback management challenge with potentially serious business impacts.

"We were seeing an increase in friendly fraud that was driving our chargeback levels up – **to about 1.1 percent**, which is above the card association limits of one percent," said the merchant's Assistant Controller. "That can mean paying large monthly **finances in the range of \$25,000**. And if the trend continued, these chargeback levels can put increased pressure on our business."

Choosing Ethoca Alerts

To combat the trend, the merchant turned to Ethoca Alerts – the only collaboration-based solution that provides cardholder-confirmed fraud intelligence direct from Ethoca's network of card issuers. Ethoca Alerts complements existing fraud detection systems to identify – and act on – confirmed fraud that will otherwise turn into chargebacks. By quickly refunding confirmed fraud transactions, the merchant avoids the vast majority of fraud-related chargebacks. Ethoca customers that take action within 24 hours can avoid the chargeback in up to 98 percent of cases.

"We're taking advantage of Ethoca Alerts via API, which is helping us become more efficient and increase our alert response times – the faster we can respond to alerts and refund transactions, the greater assurance we have that they will not turn into chargebacks," adds the Assistant Controller. "The combined value of Ethoca's near real-time, issuer-direct data and timely Visa® TC40 data helped us **to reduce our chargeback ratios to 0.7 or 0.8 percent.**"

Well Positioned for the Future

With chargeback levels now firmly under control with Ethoca Alerts, the merchant can continue to grow its business with greater confidence and peace of mind.

Reduced chargeback levels from 1.1 percent to .7/.8 percent

30-40% reduction in overall chargeback levels

Successfully reduced chargeback fees and stayed within recommended ratios

Ethoca Alerts API Integration ensures faster refunds to avoid more chargebacks

Strong position to launch new services and increase overall acceptance



\$500,000,000+

Alerts Sent to Merchants

1.2M+

Chargebacks avoided

25+ Card Issuers

Participating Globally