

Reduce
disputes,
chargebacks
and fraud
with Ethoca



| ethoca™

More than ever before, consumers are going digital with the way they shop, pay and bank. Unfortunately, as digital payment volumes grow, so do disputes, chargebacks and fraud. This can leave businesses struggling with a range of unnecessary hurdles in an already unpredictable and competitive environment.

THE ACCELERATING DIGITAL SHIFT

In January 2021, online sales grew **62.1%** compared to 2020.

(Source: Mastercard)

In the third quarter of 2020, contactless payment penetration represented **41%** of in-person purchase transactions globally, up 30% from a year ago.

(Source: Mastercard)

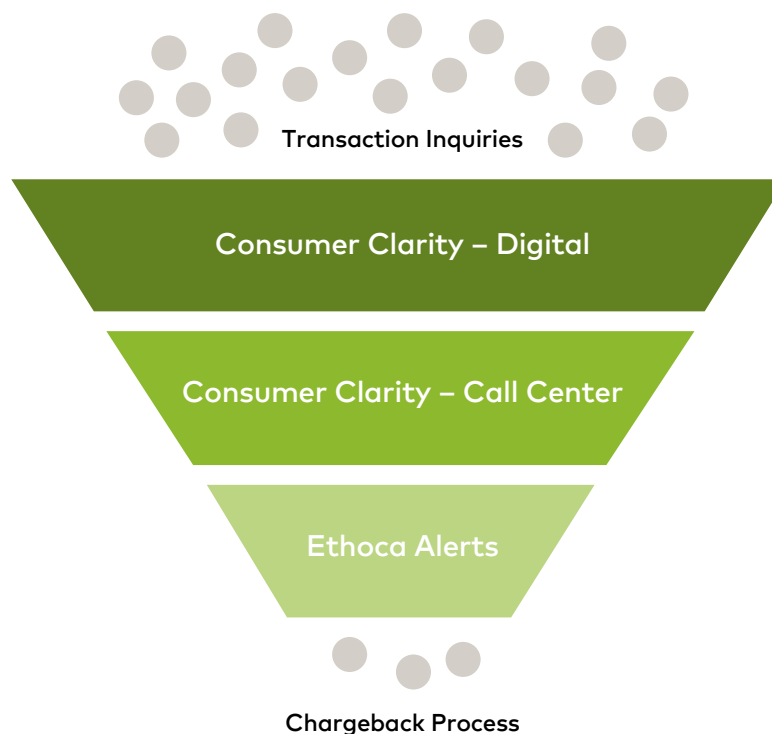
50% of consumers globally now interact with their bank through mobile apps or websites at least once a week, compared to 32% two years ago.

(Source: Accenture)



What's needed is a solution that enables seamless collaboration between merchants, card issuers and other payments stakeholders so they can quickly and securely share the data they need to reduce disputes and chargebacks – as well as fight various forms of fraud – without negatively impacting revenue or the customer experience. That's where Ethoca comes in.

Ethoca's award-winning products are powered by the industry's largest collaboration network. With participants in countries across the globe, **we successfully stopped \$326+ million worth of fraud and prevented 10.6+ million chargebacks in a single year** (Ethoca April 1, 2020 – March 31, 2021). How? Through a multilayered, digital-first strategy that stops disputes and chargebacks before they happen and reduces fraud losses.



WHAT IS FRIENDLY FRAUD?

There are a lot of competing definitions out there! At Ethoca, we describe it as:

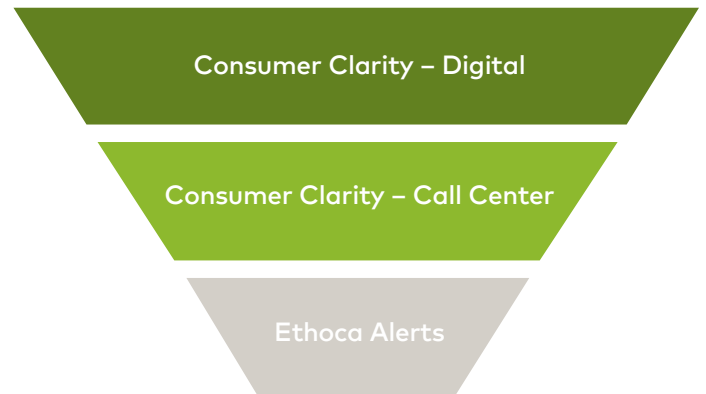
Fraud that is committed when an individual had knowledge of – and/or was complicit with, and/or benefited from – a transaction on their account that they wrongly reported as unauthorized.

In plain English, we see it as a spectrum that ranges from benign (where a consumer disputed a transaction in error because they genuinely didn't recognize it as their own) to hostile (where a consumer actively sought to abuse the chargeback process for their own gain).



Consumer Clarity™

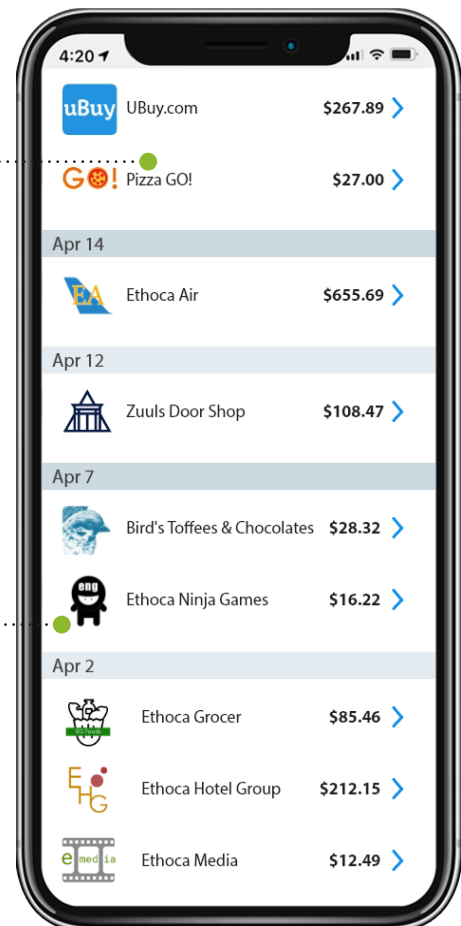
The first line of defense is Consumer Clarity a groundbreaking friendly fraud and dispute/chargeback mitigation solution that provides cardholders, and financial institution call-center and back-office teams, with on-demand access to real-time, in-depth purchase details. This includes itemized digital receipts, clear merchant names and logos, account history, refund status and more.



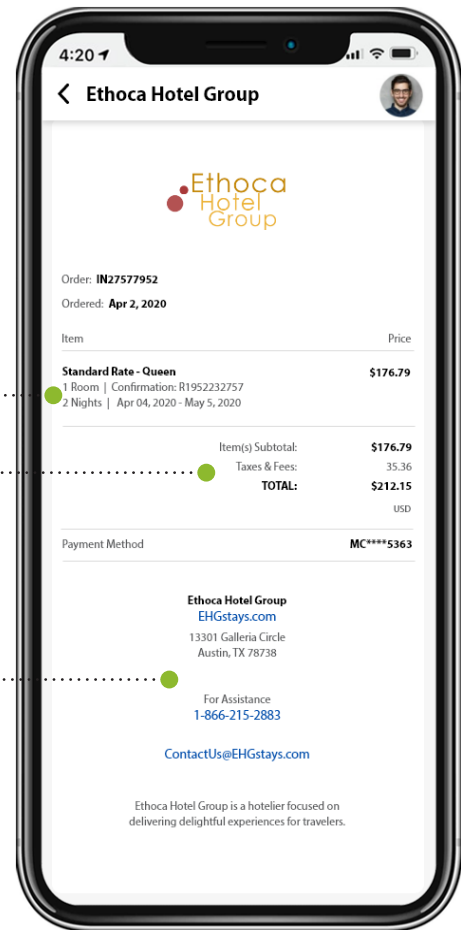
CONSUMER CLARITY PROVIDES IN-DEPTH PURCHASE DETAILS VIA ENRICHED TRANSACTIONS AND DIGITAL RECEIPTS

1 Eliminate confusion caused by unclear descriptors by providing a clear **merchant name**

2 Provide ease-of-purchase recognition with visual cues, such as **merchant logos**



- 3 Provide a description of **purchased items** for easy recall
- 4 Remove confusion caused by unclear costs with **itemized details** (e.g., taxes and shipping charges)
- 5 Facilitate direct merchant contact with clear contact information. This includes **merchant address and phone number**.



THE SCOPE OF FRIENDLY FRAUD

Friendly fraud can account for as much as **70%** of credit card fraud, and costs the industry over US\$132 billion a year.

(Source: FIS/Worldpay)

1 in 4 transaction disputes are the result of friendly fraud caused by consumers who are unable to recognize their purchases when reviewing digital statements.

(Source: Aite Group)

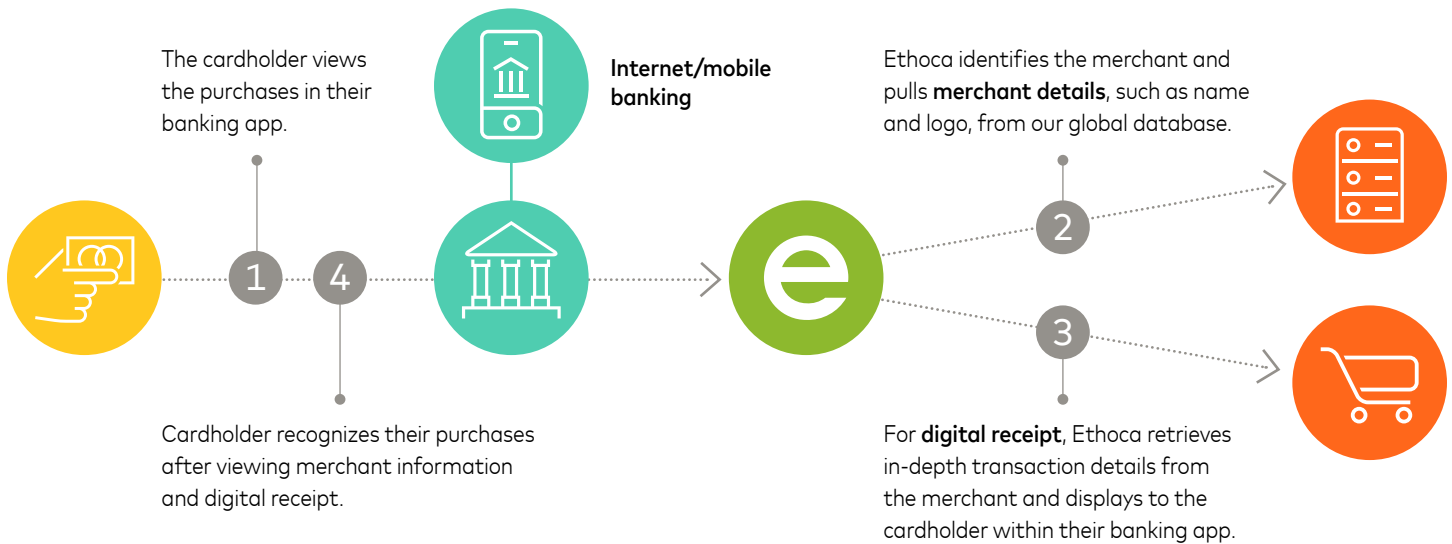
CONSUMER CLARITY CAN PREVENT FRIENDLY FRAUD AND CHARGEBACKS CAUSED BY TRANSACTION CONFUSION IN TWO WAYS:

1

Cardholders can access detailed merchant and purchase information through their trusted digital banking channels – eliminating transaction confusion. This is the most effective way of reducing disputes, chargebacks and friendly fraud.

2

A card issuer agent can review merchant and purchase details when a cardholder contacts them to inquire about a transaction and use it to reassure them that the transaction is legitimate. This eliminates the need for an unnecessary chargeback.



Powering this solution is the growing number of participants from various industries, as well as **enriched transaction data from 145+ million merchant locations in 200+ countries**. As the network grows, so too does the value of this solution for all participants.

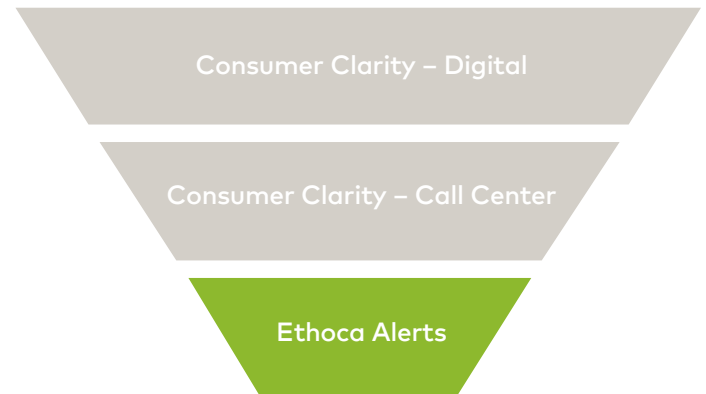
CONSUMER CLARITY BENEFITS

- ✓ Reduce friendly fraud through improved transaction clarity
- ✓ Reduce revenue loss
- ✓ Reduce operating expenses
- ✓ Improve customer experience
- ✓ Reduce dispute and chargeback costs
- ✓ Increase transaction acceptance



Ethoca Alerts

The second line of defense is Ethoca Alerts. This solution provides merchants with card network and issuer data that reduces the time it takes for them to be alerted of fraud and customer disputes from the current three to six weeks through the chargeback process, to as little as a few minutes. This offers a unique window of opportunity to stop the fulfillment of goods and services, resolve the dispute with the customer and eliminate the need for chargebacks.



HERE'S HOW IT WORKS:

1

Issuers provide confirmed fraud and customer dispute data, which we then package into actionable alerts that are immediately sent to merchants.

2

When merchants receive an alert they simply mark an outcome based on their ability to stop a fraudulent order or resolve the dispute. If they're leveraging Ethoca Alerts through API, much of the process can be automated – with virtually no manual effort required.



HOW EFFECTIVE ARE ETHOCA ALERTS?

In a single year, participating merchants were able to stop **7.1M** incidents of fraud – that's an average of **591,600+** cases a month.

(Ethoca Apr 1, 2020 – Mar 31, 2021)

ETHOCA ALERT BENEFITS

- ✓ Reduce fraud losses
- ✓ Stop chargebacks
- ✓ Increase transaction acceptance
- ✓ Improve loss recovery
- ✓ Improve customer experience

HOW EFFECTIVE HAS ETHOCA BEEN FOR INDIVIDUAL MERCHANTS IN 2020?

Fraud Stopped

Digital Goods Merchant: **\$68.2M+**

Social Media Platform: **\$27.1M+**

Vacation Rental Marketplace: **\$9.6M+**

Electronics Merchant: **\$3.5M+**

Discount Mega-Retailer: **\$9.7M+**

Chargebacks Prevented

Digital Goods Merchant: **3.1M+**

Social Media Platform: **768,000+**

Media Streaming Company: **158,000+**

Discount Mega-Retailer: **121,000+**

Electronics Merchant: **53,000+**

WHAT MAKES OUR SOLUTIONS UNIQUE?

Ethoca's network is the largest in the industry – with an extensive fraud data advantage that cements our position with the key merchant brands and leads to the prevention of more fraud and chargebacks than any competitor.

What's more, Ethoca solutions are card brand-agnostic – meaning all issuers can participate and enjoy significantly lower fraud and chargeback costs across all their portfolios, regardless of card brand.

About Ethoca

Ethoca is an award-winning provider of collaboration-based intelligence and technology solutions that empower businesses around the world to fight fraud, prevent disputes and improve the customer experience.

Powered by the ever-growing Ethoca Network, our solutions provide rich intelligence throughout the customer purchase journey and close costly communication gaps between all stakeholders in the payments ecosystem. These include thousands of the world's biggest e-commerce brands, the largest banks, service providers and consumers. For the first time, fraud, customer dispute and purchase insights are now available and actionable in real time – delivering significant revenue growth and cost-saving opportunities for all. Ethoca was acquired by Mastercard in April 2019.

Contact Ethoca today to find out how you can put an end to your dispute, chargeback and fraud problems:

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