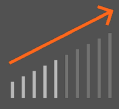




First-party fraud

Transaction confusion, friendly fraud, first-party misuse – these are some of the terms used to describe legitimate transactions becoming chargebacks, better known as first-party fraud. What is the true scope and size of the problem?



\$100B

First-party fraud is growing rapidly, impacting both merchants and issuers, costing them more than \$100 billion a year.¹

What's causing first-party fraud?



PURPOSEFUL MISUSE

Consumers increasingly rely on the dispute and chargeback process to get their money back.

42%

of Gen Z consumers admit to committing first-party fraud²



TRANSACTION CONFUSION

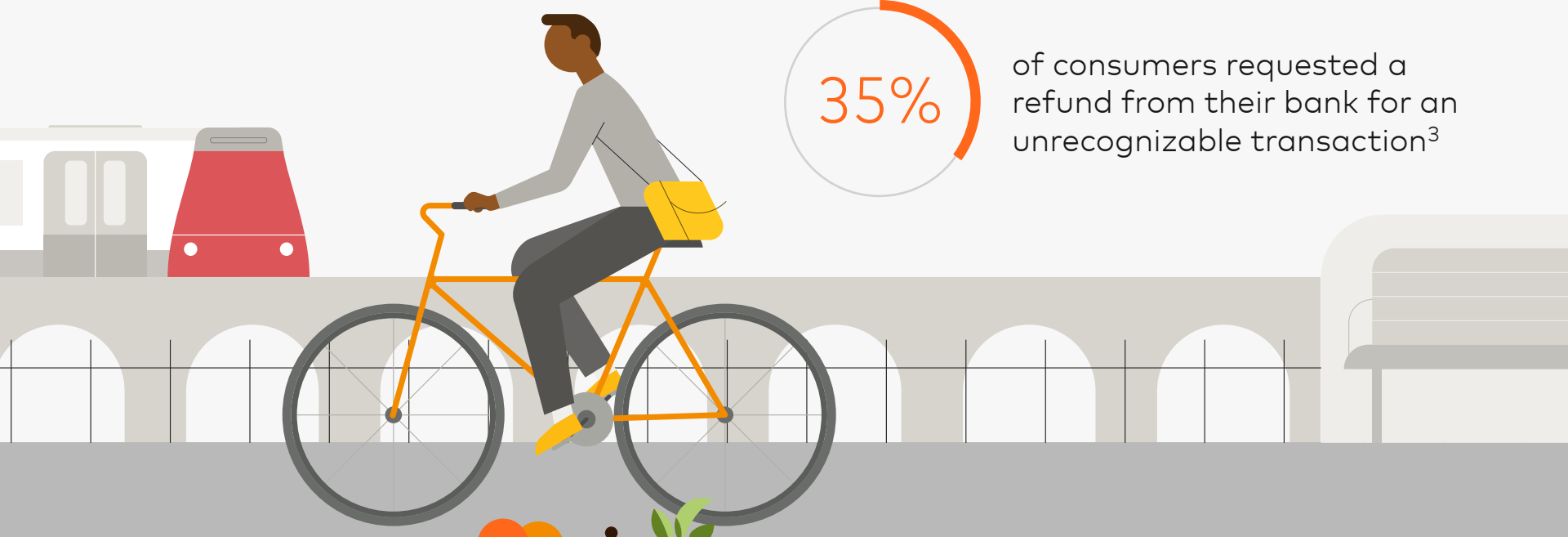
Unrecognizable purchase details can lead to consumer confusion and unnecessary disputes.

50%

of consumers investigated a purchase transaction they made in the last 12 months³

35%

of consumers requested a refund from their bank for an unrecognizable transaction³



INCREASED OPERATIONAL COSTS

\$10

Transaction confusion can lead to increased call volumes – and the average cost for each live service interaction is \$10⁶



Cost to issuers

10%

of issuer chargeback volume is attributed to first-party fraud⁴

43%

growth of first-party fraud experienced by financial institutions⁵



Cost to merchants

75%

of fraud experienced by digital businesses is estimated to be the result of first-party fraud⁷

\$35

is the estimated cost to manage first-party fraud for every \$100 in disputes⁸



Contact us

Ready to put an end to first-party fraud? Contact us to find out how.

Sources:

1. Defining and Solving the Elusive Challenge of First-Party Fraud. 2023.
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4. AiteNovarica. The First-Party Fraud Conundrum. November 2022.
5. PYMNTs.com. Mastercard Targets Friendly Fraud with First Party Trust Program. October 2023.
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7. Datos Insights, July 2023.
8. Merchant Risk Council. 2024 Global Payments and Fraud Report.

