

## Managing the Challenge of Merchant Chargebacks

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With chargebacks, merchants find themselves caught between the proverbial rock and a hard place. On one side, merchants are beset by fraud, arising from either deliberate attacks by identity thieves or fraudulent refund demands by legitimate customers. On the other side are issuers and card networks, which many merchants perceive to be unsympathetic at best and hostile at worst. This is compounded by a host of challenges that merchants must face in internal attempts to manage chargebacks, such as managing a queue of active disputes, gathering documentation from historic transactions, complying with rules across multiple networks, and finding ways to accomplish all these tasks without taking personnel away from other critical business tasks. Third-party chargeback management systems can assist merchants by automating many of these processes, streamlining disputes, managing timelines, and ultimately boosting labor efficiency and win rates.

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The merchant data in this report is based primarily on information collected in a merchant panel of 300 decision makers at U.S. businesses in a June 2015 survey. The margin of sampling error is  $\pm 5.66$  percentage points at the 95% confidence level; the margin of error is larger for subsets of respondents. Overall merchant data is weighted according to the U.S. Census employee size and industry distribution.

Executive qualitative interviews were also conducted with merchants to obtain their perspective on chargeback management. A total of five interviews were completed with merchant executives.

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