

CUSTOMER STORY:

NS8 Industry Report - Chargebacks

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1.1 Introduction

Chargeback Fraud is now a \$7 billion problem in the United States, and with even conservative estimates expecting this number to more than treble by 2020, more developed fraud solutions are needed to keep pace with these trends. Merchants nowadays need to rely less on their own processes and start looking more at utilizing real-time user scoring and machine learning solutions to be able to detect certain patterns among their users, identify risks for fraud, and reduce their overall potential losses.

Chargeback fraud now accounts for one of the biggest segments of eCommerce fraud losses. A chargeback occurs when the customer demands that the bank return their money for a purchase. This can be due to a multitude of reasons, whether they are legitimate (perhaps a stolen credit card, or the goods were lost in shipping) or suspicious (exchanging an old item for a new, or trying to end up with both the product and the original amount that was paid).

In any case, the merchant not only has to return the charged amount, but they usually have to pay fees to the bank in question, so chargebacks can be a real drain on business revenue.

1.2 How Does NS8's Fraud Solution Work

NS8 Protect works by assessing site users, scoring them based on their potential likelihood for fraud, and then letting the merchant decide to accept/decline the order or submit verification for further authentication. Whenever a user approaches the storefront, it analyzes various metrics to assess their possibility of being a real customer, and identifies any discrepancies that might be indicators for fraudulent or suspicious activity.