

## e-Commerce nutraceutical company reduces chargeback ratio from 2.25% to .05%

**THE STORY** A large e-commerce nutraceutical company with an average ticket size of \$45 was experiencing a chargeback rate of over 2% due to *'friendly fraud'* (legitimate cardholders *claiming* they never bought the product, after it arrived at their home).



It is nearly impossible to predict or prevent *friendly fraud* also known as *chargeback fraud* because it happens after the transaction takes place, by a legitimate cardholder. This is the sneakiest of all chargebacks and almost cost the company their MID. That's when they came to PAAY for a solution.

**CHARGEBACK LOSSES** The Nutraceutical company was processing 150,000 transactions per month. Multiply that by 2.25%, and we're looking at 3,375 chargebacks each month. Multiply that by the average ticket size of \$45... losses amount to \$151,875/month.

Unfortunately, the cost of a chargeback, isn't just the cost of the item. In addition to the lost item, the merchant was paying a \$30 fee for each chargeback, and \$7.30 for each shipped item. **In the end, losing \$277,762.50/month.**

150,000

# transactions/  
month

3,375

# chargebacks/  
month

\$45

average ticket  
size

\$30

chargeback  
fee/item

\$7.30

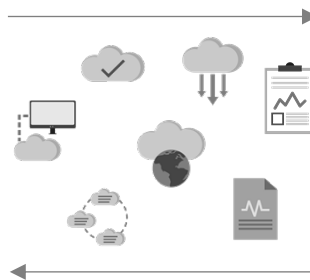
avg cost of  
shipping/item

### The Solution

PAAY's **EMV®3DS** solution gives business owners choice, and control of their destiny. By authenticating cardholders at the point of interaction on the web, PAAY shifts the chargeback liability off the nutraceutical giant, and onto the card issuer.

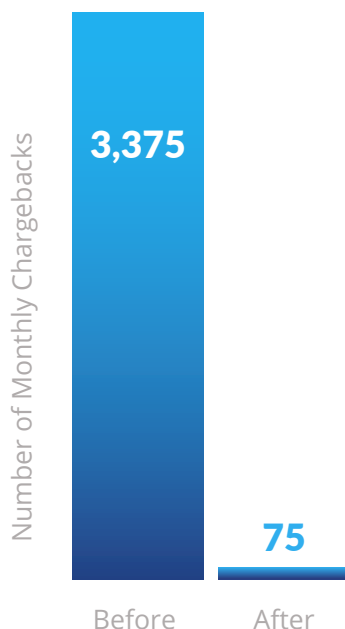


Meta data provided by the card issuer is used to authenticate card holders



Once authenticated, the merchant receives a chargeback liability shift

## EMV 3DS reduced the number of monthly chargebacks from 3,375 to 75.



**AS A RESULT**, monthly **chargeback losses dropped** from \$277,762.50/month to **\$6,172/month**. After one year, the business saved 3.2M dollars.

By enabling the exchange of greater contextual data between the merchant & the cardholders bank, PAAY's EMV 3DS mitigates fraud costs for merchants, directly impacting their bottom line.

EMV 3DS operates on a network level, and PAAY is certified by Visa, MC, AMEX, and Discover to authenticate consumers & shift the chargeback liability.



AMERICAN EXPRESS



## PAAY'S EMV<sup>®</sup> 3DS is simple, secure, and seamless to implement.

EMV 3DS



### THE INTEGRATION

Our JavaScript SDK makes the integration seamless. There is no interruption to the customer experience at checkout – everything happens in the background, in milliseconds.

### ADDITIONAL BENEFITS

- ✓ No false declines
- ✓ Compliments other fraud tools
- ✓ Increases authorization rates
- ✓ Provides PSD2/SCA Compliance
- ✓ Frictionless
- ✓ Secure - PCI compliant

**Schedule a consultation to assess if  
EMV 3DS is a good fit for your company.**

Book Consultation