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Your source for payments education

Risk, Disputes, and Identity – how data can bridge the gap

In today's digital economy, businesses must understand and manage payment risks to thrive. This session explores how leveraging data can enhance risk management, reduce chargebacks, and improve transaction security.

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Meet your speakers

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Agenda

1 **Opportunity**

The payments landscape and the impact of digital commerce growth

2 **Data**

How enhanced data can improve authorization and fraud performance

3 **Disputes and chargebacks**

Increasing dispute volumes, resolution challenges, and the importance of customer experience

4 **Payment lifecycle**

Layered solutions for payment security at every stage of a payment's journey

Growing ecommerce performance challenges in North America

The North America Problem

66%

of global Card-Not-Present Volume

and

72%

of global Card-Not-Present Fraud

CNP Transaction Performance

Higher fraud

5x higher fraud in Card-Not-Present

Expensive

Card-Not-Present fraud expected to grow from $9B to $13B by 2026

Poor user experience

700bps lower auth rates in Card-Not-Present

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Source: (1) Visa Risk DataMart for last 12 months ending Q1'24, (2) VisaNet Data, July 2024, deduped authorization rates, domestic transactions (3) Datos Insights, CNP Fraud and the Role of 3-D Secure, Nov 2023.

As digital commerce continues to grow, so does the risk of fraud and false declines…

~$38.2B

Forecasted ecommerce fraud losses globally by 2026[1]

6X

Higher revenue impact on false declines than CNP fraud losses, reaching ~$231B globally by 2026[1]

…impacting the gap between CP and CNP

7x

Higher CNP fraud rate than CP[2]

~600bps

Lower CNP approval rates than CP[2]

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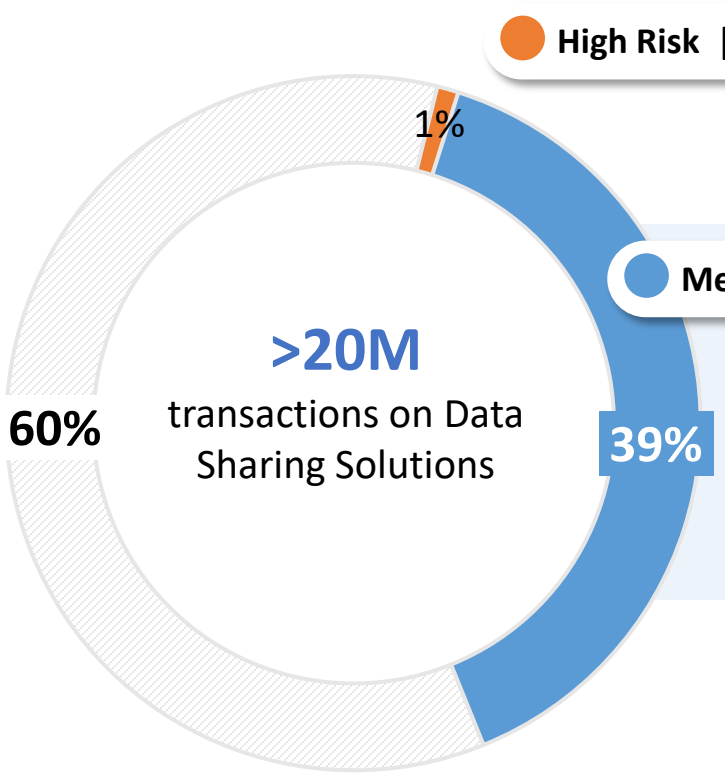
[1] Datos Insights, The Future of E-Commerce: Innovations to Protect and Enrich the Online Channel, August 2024
[2] Visa Risk Cheat Sheet. Fraud data from 3Q23. Approval rate from 4Q23

Enhanced data delivers stronger authorization and fraud performance and helps bridge the gap

US Card Not Present Transactions
(by risk band)



High Risk | 17% auth. | 586 bps fraud

Medium Risk | 86% auth. | 35 bps fraud

>20M
transactions on Data Sharing Solutions

Low Risk | 96% auth. | 2 bps fraud

With Enhanced Data

+3.4% Approval Rate

-18 bps Fraud Rate

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Sources: Performance based on comparison of Visa 3DS Data Only transactions to direct-to-authorization ECI 07 from May through August 2024 for auth rates and May-June for fraud rates, for participating issuers and merchants. Share of transactions by risk profile based on general US issued ecommerce transactions. Visa Proprietary.

Merchants are feeling the strain on their resources and bottom line, due to more disputes and more fraud

Dispute volumes are on the rise…

100M+

Global disputes in FY2024[1]

…over unfamiliar, often fraudulent purchases…

72%

of disputes are determined to be fraudulent[2]

20%

of disputes are friendly fraud[3]

…significantly impacting merchants' bottom lines

$117B

Estimated cost of global disputes in 2023[4]

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[1] VisaNet Data: FY24, Oct '23 to Sept '24
[2] VisaNet Data: January 1 – December 31, 2024
[3] Estimated by Merchant Risk Council 2025 Global Payments & Fraud Report
[4] https://www.quavo.com/insight/how-issuers-can-transform-fraud-and-dispute-management/

To fight these challenges, we need to protect against threats, address disputes effectively, focus on the customer experience, and streamline operational efficiencies

	Legitimate Threats	Customer Experience	Operations
Customer	**70%** of surveyed cardholders who have disputed a charge assume unrecognized transactions are fraudulent[1] Unapproved or Unexpected Charges	**88%** of customers say experience matters as much as the products or services offered[2] Legitimate, Unrecognized Transactions Lack of Control and Monitoring	**24 days** average time to resolve a chargeback[3]
Merchant	Fraudsters w/ Malicious Intent or Customers w/ Buyer Remorse	Disconnected Ecosystem, Disparate Data	Reactive Dispute Management Manual Monitoring, Documentation, and Adjustments Intensive Processing

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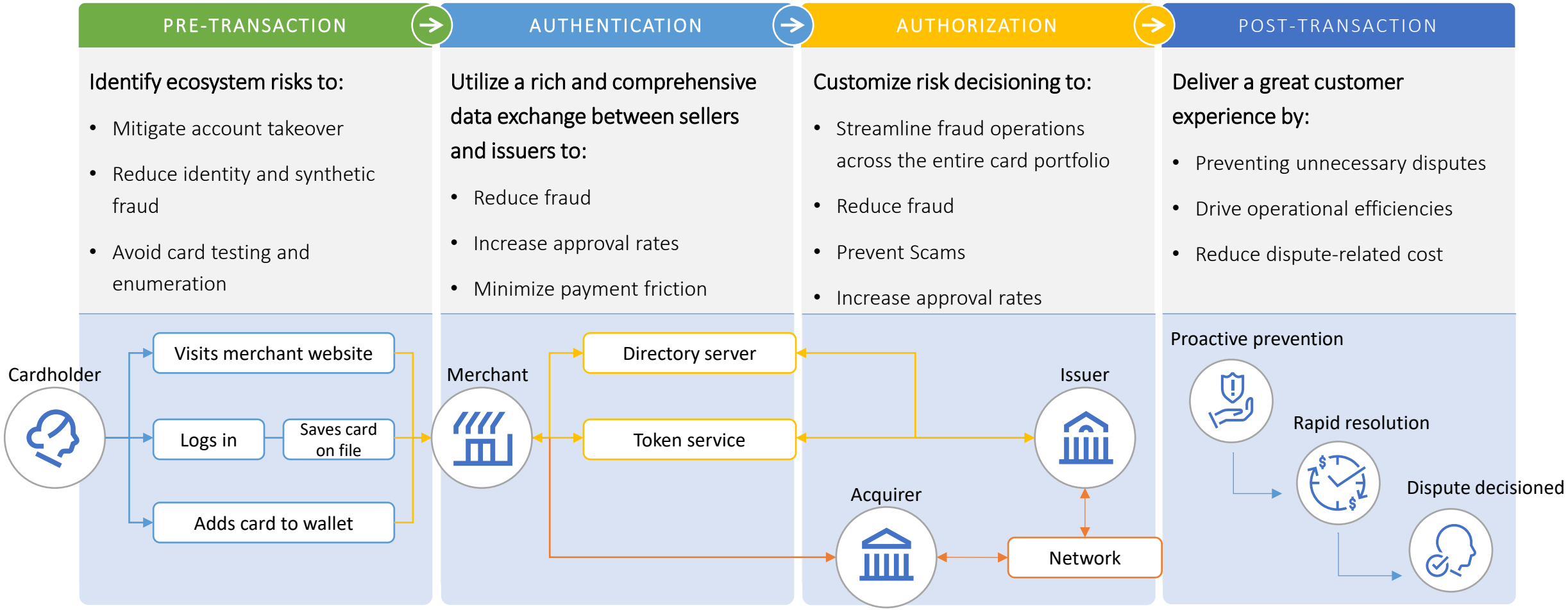
[1] Auriemma Research, The Payments Report - Short-Term vs. Long-Term BNPL, Issuer-Provided Installment Plans, AI in Banking, P2P Taxes, Card Fraud, and Rewards Debit Cards, survey of US debit cardholders, February 2023
[2] Forbes 2023 Customer Experience Stats: https://www.forbes.com/sites/blakemorgan/2023/06/26/100-customer-experience-stats-for-2023/?sh=56691d2f7e6e
[3] VCR – Visa Claims Resolution, 2018.

A cardholder's transaction can take multiple turns – having layered solutions addresses vulnerabilities and attacks at every stage of a payments journey



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Thank you

Questions?

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