



UNDERSTANDING

# CHARGEBACK MITIGATION

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White Paper Series

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## Understanding Chargeback Mitigation

Chargeback mitigation is the process of taking measures to block chargebacks and contesting transactions based on unlawful grounds. As a business owner, it's your responsibility to ensure sustainability for your business by;

- Keeping solid transactions and declining to take the unauthorized ones,
- Enhancing better trade relationships,
- Disputing wrongly filed chargebacks
- Rooting out avoidable chargeback triggers.

Chargeback mitigation is made up of two main components; prevention and appeals

### Chargeback Prevention

Prevention begins with determining the pinpoint areas of chargebacks. You then devise a game plan to go about the problem. Since they are a business problem, usually, chargebacks will arise from criminal deeds, and miscalculations by the merchants and customers. Best you equip yourself with the following mechanisms as a substantial approach to chargeback mitigation.

1. Employ the Intelligence Source Detection. Following inefficient and outdated traditional chargeback management strategies, a more dynamic and detailed approach is inevitable. The ISD combines modern technologies and in-depth analysis to determine real justification for chargebacks.
2. The Merchant Compliance Review assists you in identifying and correcting errors. They offer an insight into your processes and policies.
3. Fraud filters. These are like sieves for payments. They accept truthful fees and deny those that are likely to be fraudulent. Filters screen for information on transaction value and features, credit card addresses, and original country. Set up fraud filters per your requirements.
4. Technological advancements in 'plastic money' such as 3D secure, CVV, Address Verification System, blacklists and whitelists, etc. The Credit card networks provide these tools as a counter for illegitimate transactions.
5. Chargeback Alerts allow you to settle transaction disputes before they grow into chargebacks. In most cases, the quarrel will end with a refund to the cardholder.

#### 6. Affiliate Fraud Alerts. Affiliate fraud occurs when;

- Criminals aid illegal affiliate sales using stolen cards. The rightful credit card owner files a chargeback on finding out about the unauthorized transactions. You become the victim.
- Corrupt online marketers will use your business identity to dupe consumers of false promises. Again the cost falls on you should the consumer decide to file a chargeback on learning of the treachery. Alerts detect impersonation and terminate false transactions hence preventing chargebacks.
- Note that you stand to lose revenue and profits from affiliate fraud even if chargebacks aren't filed. Rethink your affiliate marketing strategy before you launch.

### **Defend Chargebacks For Chargeback Reversal**

Disputes arising from consumer and merchant error are preventable. However, a chargeback resulting from friendly fraud is not easily avoided. Should you choose to fight it, you go to the second stage of chargeback mitigation. Here, you plead your case to the issuing bank. Prove the legitimacy of the original transaction. It's an opportunity to recover funds that rightfully belong to you. Chargeback reversal can be quite engaging. For you to stand a winning chance, competence and resourcefulness have to be in order.

### **What of Professional Assistance?**

Are you unsure of prevention limits? Just how much of something is too much? Or too little? Chargeback mitigation is a great deal. With a business to run also, the load may become too heavy. On these terms, seeking professional assistance might be a good idea. In fact, it raises the efficiency of the mitigation attempt.

A professional will have insights of changing industry regulations. Contrary to your staff, they will know how to structure the business corresponding to the new rules. Also, he/she understands to what degree you should implement a mitigation technique. This way you're not too soft or too limiting to the point that hurts the business.

Pursuing expert insight is not a necessity. All the same, keep in mind that as a business person, you have a divided focus. A professional has explicitly one job, chargeback mitigation. Which means they will be good at it.

## **Benefits of Chargeback Mitigation**

### **1. Recouping Your Profits**

Prevention ensures that you don't suffer chargeback fees. Hence a profitable business. Despite many merchants downplaying chargeback mitigation efforts, those that have won representment can tell the tale of success. You recover sales and put profits back into your bank. With each successful dispute is more money for your business.

### **2. Reduced Your Costs**

According to a study conducted by 'The True Cost of Fraud', you can lose up to \$308 for a \$100 dispute. Furthermore, there was a 93% increase in loss of revenue to chargebacks between 2014-2015. Chargeback mitigation allows you to dodge all chargeback associated fees and costs.

### **3. Boosts Reputation**

Chargebacks are a bad image for you and your business. Indeed, if you receive too much of them, card issuers might term your business as a fraud. It's even worse if you don't dispute them. This only proves them right. Nevertheless, constant disputing of chargebacks with success shows your innocence. You are sending a message to the bank that you have efficient mitigation measures in place. Won't they take this into account the next time one of those is filed against you.

### **4. Customer Loyalty**

Truth cannot long be hidden. Word of your legitimate business eventually gets out. You get to keep your old customers and gain new ones.

### **5. Sustainable Growth For Your Business**

All factors constant, you are assured of increased sales and profits. Thus a prosperous business.

### **6. Re-Educated Consumers**

At times, consumers thoughtlessly file for chargebacks with no sound reason. They don't think of their effects on merchants. Chargeback mitigation allows buyers to better understand chargebacks and when they best apply to file for one.

To finalize on chargeback mitigation, the wellbeing of your enterprise will depend on efforts you are willing to put to fight off anything that undermines its success. Once you have firm preventive measures in place, it'll be unlikely to go to re-presentment. Following that, chargeback reversal should be a walkover providing you have the right strategy. Use a mitigation pro where necessary.

This article is an exclusive insight on mitigation and has your business' best interests in its motives. Utilize it. What you stand to reap makes it all a worthy venture.

For [more information](#) on chargeback mitigation please contact us:

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