

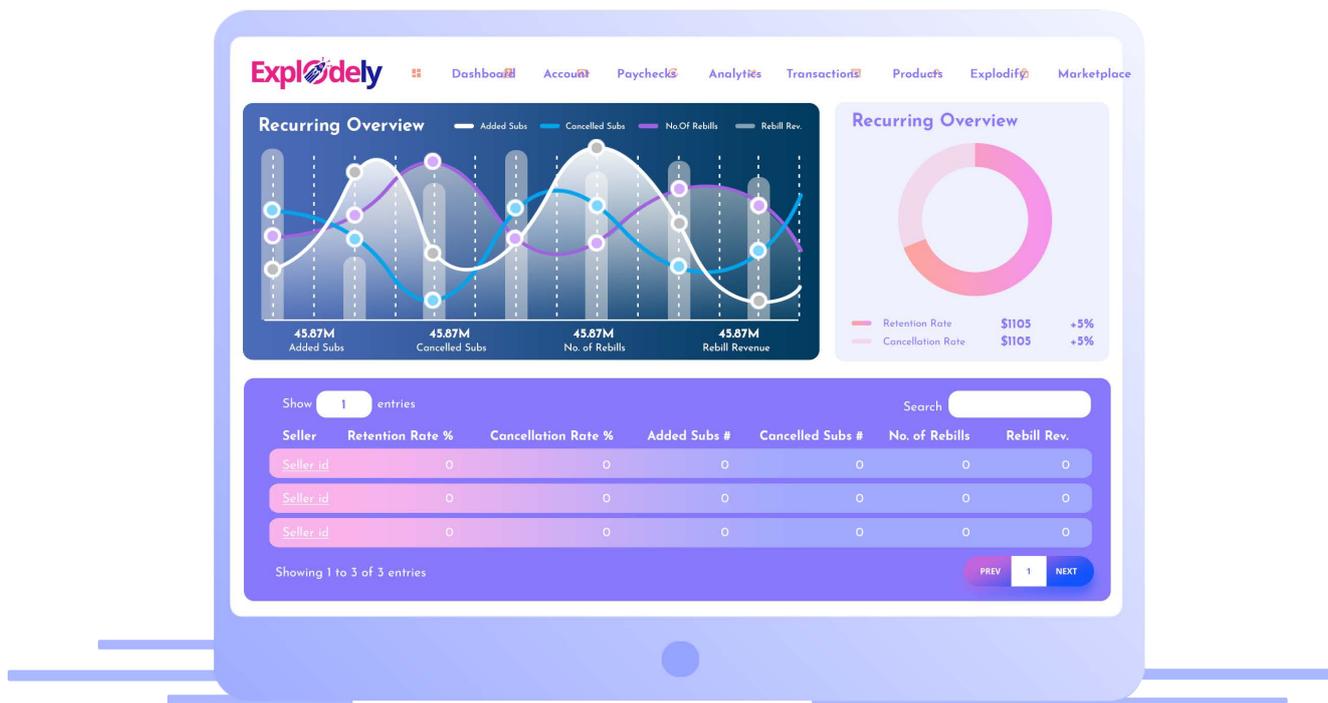
CUSTOMER SUCCESS STORY

Slashing chargebacks with CB360



Chargebacks are unwanted, unavoidable and dreadful to manage. They consume valuable time and resources that could be better spent building your business. More importantly, they can have a disastrous effect on your revenue. Our customer, an online seller of e-books and e-learning courses, was feeling the pinch of chargebacks on their bottom line.

The majority of chargebacks occur due to fraudulent activity or customer disputes. When a dispute occurs, the buyer gets their money back, but the seller experiences additional costs such as process and chargeback fees. The merchant is considered 'high risk' by card networks if too many chargebacks occur – if your total chargeback-to-sales ratio is too high, you may be penalized with higher fees and fines and required to enter chargeback monitoring programmes with further cost implications.



This is exactly the situation our customer found themselves in.

The e-book seller was struggling to keep their chargeback ratio within the threshold set by Visa and Mastercard. Despite having a third-party anti-fraud service in use, their chargeback ratio was still exceeding Visa and Mastercard limits. Furthermore, due to the seasonal nature of their operations, spikes in their chargeback rate, especially when processing volume dropped, were causing concern. Worst-case scenario: the customer faced losing their Merchant Identification Number (MID), which meant they would not be able to process card payments – a situation that would be detrimental to their online business.

To increase their profitability and keep their business on track, they needed to limit

chargebacks and ensure their payments were secure and fraud-proof.

They turned to Explodely for help. With over 30 years of experience in the payment industry, our proprietary technologies and fraud prevention tools not only decrease chargebacks at the source, but also mitigate chargebacks in real time at bank level.

By coming onboard with Explodely, the customer gained exclusive access to our Chargeback 360 program, which provides three layers of protection against criminal fraud, friendly fraud and legitimate disputes – the main reasons for chargebacks. The customer also gained access to Explodely's Identity Trust Global Network, a fraud prevention platform that analyzes payments data, location ID data, digital identifier data

and unique customer data to evaluate trust levels and make automated decisions in real time.

Explodely's specialized AI fraud detection solution draws on a global network of trust and fraud-related signals and uses supervised and unsupervised machine learning and analytics to detect and prevent fraud. By taking advantage of our intuitive chargeback prevention tools, the e-book seller was able to reduce chargebacks before transactions were authorized. They were also able to overcome the challenge of friendly fraud and customer disputes by leveraging our tailored tools which include a chargeback alert solution that works with major card

brands and warns the seller as soon as a customer raises a dispute. This allows for a timely resolution at the source and resolves the dispute before it becomes a chargeback!

Explodely also helped the seller adopt best business practices, including a clear refund and returns policy as return management is less expensive and less detrimental than having to deal with chargebacks. Other practices we set up include improved customer support, easily accessible contact information, as well as order confirmations that include product or company descriptors to help buyers recognize purchases and avoid unfounded disputes.

80.9%

savings in revenue

82.3%

reduction in chargeback ratio

78.1%

decrease in Visa chargebacks

77.8%

decrease in Mastercard chargebacks

This was all implemented by Explodely with little to no effort on the customer's side.

The e-book seller has seen a significant drop in their chargeback ratio since bringing Explodely on board in March 2021. With a chargeback ratio of 5.25% in March, it fell to 0.93% in October – a decrease of as

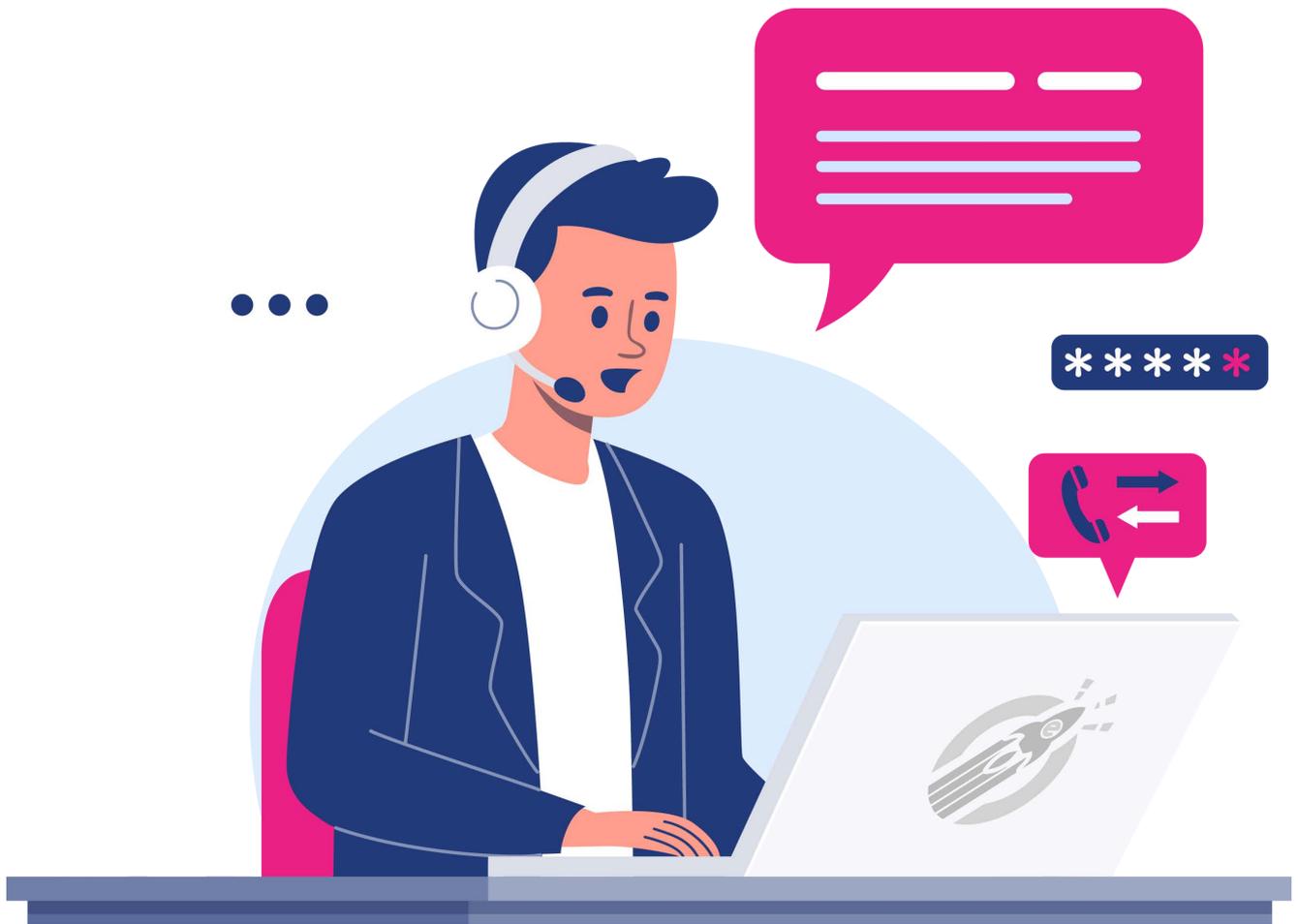
much as 82.3%. Correspondingly, their total chargeback count fell from 47 to 9 in the same period. In particular, Visa and Mastercard chargebacks made up the largest share with 32 and 9 counts in March and experienced a marked decline by 78.1% and 77.8% respectively in October.

“ You literally saved my business - thank you is not enough! ”

Marko Mihajlovic, an online seller of e-books and e-learning courses

With Explodely's CB360 program, the customer's chargeback rate was reduced in the shortest timeframe, bringing the merchant's ratio back in line with the card networks' thresholds almost immediately. In fact, their chargeback rate decreased from 5.25% to 1.55% in just 30 days. Furthermore, chargeback spikes were also reduced despite the drop in processing volumes over certain periods due to the seasonal operations of the business.

The customer now maintains a healthy chargeback ratio in line with industry standards. It has exited Visa and Mastercard chargeback monitoring programs and is no longer at risk of losing its payments processing relationship. Most importantly, it has made significant savings on chargeback fees. In March the chargeback fees incurred were \$2,115; these were reduced to \$405 in October – 80.9% in savings.



With access to Explodely's CB360 tools and technologies, the merchant has been able to successfully manage and control chargeback volume through a combination of fraud prevention, improved customer service and best business practices. According to the owner, Marko Mihajlovic, Explodely has turned his business around: "You literally saved my business – thank you is not enough!"

Take your business to new heights. Contact us now.

To find out more about CB360 and our other services, please visit our website: <https://explodely.com>