New Products

Stop friendly fraud chargebacks fast with predictive analytics

Product: Ari

Company: Chargeback Gurus

Chargeback Gurus, a global leader in chargeback risk mitigation services for ecommerce and retail businesses, launched Ari, a chargeback prevention solution that uses predictive analytics to alert merchants of potential first-party misuse by highlighting transactions that have a higher chance of being disputed,

according to Suresh Dakshina, president and co-founder of Chargeback Gurus.

"Existing chargeback prevention alerts are only triggered after the buyer has disputed the charge," he said. "In addition, these alerts can only prevent a chargeback if a refund is issued immediately. Ari provides a more effective solution for merchants to minimize first-party misuse without losing revenue to constant refunds."

Dakshina went on to say that Chargeback Gurus has helped numerous service providers mitigate risk of first-party misuse, which is also called "friendly fraud," because the people who are committing fraud are frequently a merchant's own customers. The company has been solving merchant pain points for decades, he stated, using his company's experience across various verticals to build a chargeback prevention solution with predictive analytics and low-code/no-code integration to minimize resources needed for implementation.

Mitigate ecommerce, retail fraud

Chargeback Gurus Chief Product Officer Damodharan Sampathkumar pointed out that Chargeback Gurus has consistently focused on helping channel partners enhance business value.

"We believe that Ari will create a ground-breaking shift in the payments industry," he said. "Ari not only detects high-risk transactions but also recommends a course of action based on its analysis. By customizing our algorithms to account for industry-specific challenges rather than having a generic model, we've achieved phenomenal results so far in effectively identifying transactions that are prone to first-party misuse."

Sampathkumar mentioned that first-party misuse chargebacks have long been a challenge for both ecommerce and retail merchants, and Chargeback Gurus estimates that upward of 70 percent of chargebacks are caused by first-party misuse. In fact, a recent study by Fraud.net found merchants lost $4.8 billion to first-party misuse in 2020, he stated, which is the most recent year for which that data is available.

Help merchants unlock benefits

ISOs, MSPs and merchant level salespeople can help merchants predict and stop chargebacks and maintain healthy chargeback ratios using Ari, which Dakshina noted, is the payments industry's first predictive engine. In addition to helping mitigate chargeback revenue loss, the solution delivers the following benefits:

- **Stop revenue loss:** By acting on the intelligence Ari provides, merchants can reduce the revenue they lose to chargebacks while avoiding the higher cost of a chargeback alert.

- **Flag high-risk transactions:** Ari analyzes transactions before fulfillment, detecting those that are likely to become chargebacks, allowing merchants to take steps to reduce their risk.

- **Minimize chargeback risk:** Ari diverts high-risk customers to alternative payment methods or payment flows, helping merchants reduce chargeback risk without losing revenue.

- **Stop first party misuse (friendly fraud):** Ari predicts and prevents chargebacks with high precision before merchants

Protect against fraud-related loss

Merchants who don't take steps to mitigate this risk can lose up to 10 percent of total revenue, Sampathkumar stated, noting that most merchants have no reliable way to determine which transactions are most likely to be disputed due to first-party misuse. By identifying this gap in merchant fraud and chargeback protection, he noted, Chargeback Gurus has pioneered a visionary new technology to help merchants more effectively mitigate risk.

"Ari is an AI-driven predictive analytics engine that uses data gathered from millions of chargebacks to identify transactions that have a higher chance of being disputed," he said. "This information allows merchants to prevent revenue loss by blocking these transactions or requiring additional authentication." 🟩

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