Back-office Chargeback

Increasing Profitability by Improving Credit Card Dispute Wins

Global Scenario

When customers do not recognize a charge in their credit card billing, they can ask for a refund, which is called a Chargeback.

Chargeback volumes have a significant impact on the global economy. Regarding online sales in the US, chargebacks represent around US$400 million, while in Europe it reaches US$250 million.

Considering overall sales, chargeback volumes surpass US$10 billion globally.

Companies are struggling to cope with the high volume of chargebacks:

• 42% of companies contest less than half of the chargebacks issued involving them
• 14% never contest them

Inefficiencies in the chargeback review process directly impact a company’s profitability:

• Credit card companies can charge the retailers up to US$15 per chargeback
• Credit card companies can charge up to US$5,000 if companies get into monitoring programs
Back-office Chargeback

- For different reasons, customers will issue a chargeback by notifying their credit card company about a purchase not recognized/accepted.
- The card issuer will get in touch with the acquirer, who will contact the merchant to advise about the chargeback being issued.
- The merchant will have the chance to accept the chargeback and reimburse the customer, or to challenge the request. If the merchant chooses to challenge the request, they will need to put together all the available documentation to prove there was no problem with the purchase.
- Thereafter, the card issuer will analyze all the documentation provided by the merchants and will determine who wins or loses in the process.
- If the merchant wins, the charge is kept on the customer’s card billing; if the customer wins, the transaction will be cancelled and the customer will receive a refund for the disputed amount.

Based on customer experience improvement strategy, Teleperformance has developed a specialized back-office product to support dispute process. Back-office Chargeback is designed to focus on Process Efficiency and Integration, High-end Technology as well as a strong People Strategy.

PROCESS EFFICIENCY AND INTEGRATION

The dispute process happens after a sale, at one end of the purchase life cycle. Based on that, the Back-office Chargeback is impacted by many other front and back-office operations:

FRONT OFFICE – Dedicated chargeback agents in the front office improve efficiency and customer satisfaction

BACK-OFFICE BILLING – You can reduce the likelihood of these chargebacks by ensuring that your billing description is clear

BACK-OFFICE FRAUD PREVENTION – Identifying a fraud attempt at the moment of the purchase can avoid a chargeback later

Integration and efficiency in those operations can reduce volume and increase productivity in the chargeback process.

RESULTS: A well-designed process drives productivity increase and improves customer satisfaction.

HIGH-END TECHNOLOGY

To have an efficient Back-office Chargeback operation, technology should be applied to support the entire process. The workflow system plays a very important role in managing transactions, handling customer interaction history, and providing better control, information quality and productivity.

RESULTS: High quality and easy access to the information, will drive speed and assertiveness index up.

PEOPLE STRATEGY

- Unique Selection Process – Back-office Chargeback is a complex process, which demands a specific agent profile and attitude, with experience in front office customer care, deep knowledge on product, policies and processes, flexibility, and negotiation and analytical skills.
- Specialized Training Program – Teleperformance has built specific training programs to address all chargeback process needs as well as enhance quality, efficiency and customer satisfaction. The program includes customer relationship techniques and tools, activities prioritization, and ownership
- Specialized Training Program – Teleperformance empowers productivity.

IMPORTANT RESULTS FROM OUR EXISTING OPERATIONS:

Teleperformance has more than 180 back-office programs for multiple industries and continuously helps clients achieve excellent results.

Based on the Back-office Chargeback operation redesign and escalation process creation, we have achieved for a telecommunication company in Europe:

- 30 percentage points productivity increase
- Backlogs down to zero

WHY SHOULD COMPANIES HAVE A DEDICATED BACK-OFFICE CHARGEBACK OPERATION?

- Increase chargeback contest – A dedicated team with total focus can expedite the high volume of chargeback cases handled.
- Increase customer satisfaction – The chargeback process involves different companies from different industries. Understanding the entire process and the characteristics of each industry will allow for a better customer experience.
- Increase amount of dispute wins – Chargebacks require deep analysis in order to develop argumentation and negation to empower the reversal of chargebacks.
- Decrease chargeback volumes – Chargebacks are generated for different reasons, so it is crucial to have all the process and information integrated among operations to be able to improve the entire customer life cycle and decrease chargeback volumes.