

THE PAYMENTS SHOW

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E87:

Navigating the Chargeback Storm: Winning the Battle with Chargeflow

GUEST

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HOSTED BY

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[Important]

- This transcript was produced with machine learning and has many *errors and omissions*
- These timestamps are for the *audio version* of the podcast

[00:00:00] Intro

[00:00:00] **Satwant:** Hi, I'm your host Satwant and welcome to this episode with Dan Moshkovich from Chargeflow.

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If you would like a PDF transcript of the episode, please visit thepaymentsshow.substack.com. Thanks and enjoy the episode.

[00:00:25] Start

[00:00:25] **Satwant:** Dan, welcome to The Payments Show.

[00:00:28] **Dan:** Thank you for having me.

[00:00:30] **Satwant:** Fantastic to see you. Hope you're ready to go.

[00:00:32] **Dan:** Absolutely.

[00:00:34] **Satwant:** Where are you joining from today?

[00:00:35] **Dan:** I'm joining from sunny Toronto.

[00:00:38] **Satwant:** Good stuff. And you're a local from Toronto?

[00:00:40] **Dan:** I was actually born in Tel Aviv and but I moved here as a child and grew up here. So, I've been here since.

[00:00:48] **Satwant:** Good stuff. Well, thank you so much for joining. Really excited to go through your company and its offerings. I'm going to give you an introduction and we'll take it from there.

[00:00:59] So Dan, you're the Vice President of Marketing at Chargeflow and very simply, Chargeflow helps E commerce brands recover chargebacks automatically through AI and software mainly.

[00:01:14] Chargeback Stats

[00:01:14] **Satwant:** And I always like to start the show with some stats. There's some pretty shocking ones here for this episode. So according to your internal data, 8 out of 10 chargebacks are first party fraud, which means friendly fraud and the trend's getting worse. And just to back that up with some stats from Visa found that nearly one in five consumers who filed a charge back, have committed first party fraud. Losses from friendly fraud totals over 25 billion a year. So there are some crazy stats and thankfully with your solution you know, you're offering some great ROI to your customers who need to win those chargeback disputes. So things like four times ROI, industry leading win rates.

[00:01:56] So a lot to talk about there. So first of all, just like to hand it over to you. If you can give an intro to your company and how I've set the scene there and how you're addressing it.

[00:02:05] **Dan:** Sure, absolutely. So ChargeFlow, as you mentioned is a solution for e commerce merchants that helps them mitigate a lot of the problems that arise from chargebacks. It's not just the lost revenue that's associated with that. That's something that a lot of, customers overlook is also the, the overhead that's required to, to fight, to collect the, the, the required information that's needed for a successful dispute.

[00:02:33] So I think we did some very basic research and it's something like one man hour of labor to collect all the required evidence that's needed for the financial institutions in order for them to rule in the merchant's favor. So you're losing the product, the revenue and the overhead that's also becoming a major problem.

[00:02:55] So, if you think about that if you have like a thousand chargebacks that you're planning on disputing per month that's close to a thousand man hours of work that you have to put into it, and it's becoming a major issue for, especially some of these larger merchants that process a lot of revenue and a lot of transactions.

[00:03:15] And even the smaller ones that that, that we, you know, we, we service. It's they don't have the capacity. They don't have internal teams to, to handle all this all this work. So our solution is. It's 100 percent automated. We do all the work for them. We submit everything for them and we're able to do it because we enrich all the all the, the evidence using third party signals and additional data we're able to achieve a much higher win rate than the merchant would on their own.

[00:03:45] And in addition, they don't have to do anything. So it's a, it's a win win for them and and for us as well. So we're, we're happy to service basically the, Anyone who has these chargeback problems, which is, as you mentioned, quite a lot of merchants, if not everyone.

[00:03:59] **Satwant:** Yeah, sure. I wanted to explain to the audience, the kind of problems we're talking about, because on the face of it, I like, before I got into this game, I like many people I had heard of friendly fraud or people committing fraud like that, but never really thought much of it.

[00:04:15] But I didn't realize quite how big the problem was, you know, it's 80 percent real fraud and 80 percent friendly. So even though we accept that well, let's look at why that 80 percent is there. And I'm sure you can expand on some of these points. And I got these from your state of chargebacks report 2024.

[00:04:33] So anyone listening, I'd highly recommend that you go to the chargeback website to download it. So the five or six sort of key areas that were mentioned, and I just want to pick on a few. So reason codes for chargebacks and the trends for different industries. And also, the transaction values as well, combined with why it's so important for businesses to increase the speed of resolving those chargebacks.

[00:05:00] Now there's a whole bunch of others that we can talk about, but it'd be great if you could just touch or expand on some of those that I mentioned.

[00:05:08] **Dan:** Absolutely.

[00:05:08] 80/20: "Friendly" Fraud vs "Real" Fraud

[00:05:08] **Dan:** So I think the a good point of to start this would be the, that 80 20 why are we seeing such a high amount of friendly fraud versus traditional fraud. So I think a lot of it has to do with the fact that there's a lot of technology that's that merchants have put in place in the pre transaction phase of the, of the transaction process to detect fraud. So there's a lot of solutions, a lot of technology solutions that are also AI based. That help merchants identify potential fraud before the transaction is processed. So they're able to filter out a large segment of potential fraud. Because for various reasons, you know, the identity theft and it's, you know, obvious that somebody a card and, a person in Toronto, for example, isn't making purchases in Tokyo, for example, and that card may be stolen and those kinds of things get flagged by those kinds of systems that are sitting on the pre transaction space.

[00:06:12] And that's what, you know, and those systems have been in place for quite some time and have gotten very, very good at detecting that kind of pre transaction fraud. The challenge with friendly fraud is that it's the actual person that the card belongs to. So it's, it's, it's, it's not like a fraudulent transaction during that step.

[00:06:30] It's somebody that is, that has their card. And, and does a legitimate transaction. So these fraud filters and these fraud engines or anti fraud prevention engines won't detect that. They, they will just let that through because it's that person who's making that transaction. It only happens on the post transaction when that when that becomes an issue with chargebacks and that person decides You know, the item didn't arrive, the item, or the item you know, was defective, or for, it could be a million reasons or they just decide that they don't want to pay for the item, which isn't Most of the, the, the occurrences and then they initiate a charge back with the, with their financial institution.

[00:07:13] And at that point, that's when the merchant has to have some kind of solution in place to help mitigate that kind of issue is, is basically have something that will prove to the financial institution that if you're interested in learning more about the purchase process, please check out our skew towards the, the friendly fraud side of things and, and with regards to the the different, you know, the verticals and the, the, the different kinds of you know, the, the nature of the chargebacks that we're seeing today.

[00:07:55] or the different amounts of chargebacks that we're seeing per vertical I think it's, it's, it has a lot to do with the, with the nature of the products. And so when we're looking at, at these things, we're looking at almost on, almost on the, on the merchant level. It's like not even on the, on the industry level, we're looking at the specific merchant.

[00:08:15] But for, for, you know, for discussion sake, for example the, the nature of the product has a lot to do with the amount of chargeback that the merchants would receive. So, for example, for an apparel which is a big segment in, in, in this space that we're seeing a lot of chargebacks in. A lot of the a lot of the reason codes that we're, we're getting is, is not, not item, not as described, which makes sense because, you know, the, it's, it's a garment that may not fit and and the, the person instead of sorting it out with the, with the merchant goes and, and, and And you see here we have a a a dispute through their financial institution.

[00:08:54] Easier Than Ever To File a Chargeback

[00:08:54] **Dan:** And that's another issue that I think is, is being overlooked is recently it's becoming very, very easy for consumers to initiate chargebacks. If you you know, pretty much every banking application allows you to go into your, you know, through your mobile look at the transactions on credit on your credit card excuse me And initiate and basically this started dispute through the app and without even almost you know, having to call anyone and you know, in the past, that's not, that wasn't the case.

[00:09:24] In the past, there was a whole process that was, you know, you'd have to call your bank, you'd have to speak to a specific department. They would have to ask you a bunch of questions to kind of get your side of the story. And a lot of times they would stop those chargebacks because they would tell you, well, you know, if it doesn't fit, maybe, you know, try contacting, try contacting the merchants, try resolving it through with the merchant and try sorting it out.

[00:09:49] And so a lot of those chargebacks were, were being prevented on that level as well. And now that's, that's become you know not the case. And there's a lot of. You know, the ease of making chargebacks for consumers has improved significantly and and the person, the people who are suffering from this are the merchants at the end of the day.

[00:10:10] **Satwant:** So the credit card industry just not worry about that anymore because they just write it off.

[00:10:15] **Dan:** Well, it's, it's, it's not so much the credit card industry. I mean, the credit card is just facilitating this. And this is, again, a misconception that a lot of consumers have is that they think, well, you know, it's the credit card will give me back my money. And they don't realize that a lot of the time or all the time really is when a chargeback is initiated.

[00:10:36] All the credit card companies are doing is taking the money back from the merchant and giving it back to the consumer. The consumer thinks it's just you know, it's the bank or the, the, the, you know, Visa or MasterCard that are kind of covering the cost. And so I think that's another excellent point that we, we, we should discuss is the, the consumer education of, of, of, you know, the whole, Click the link in the description below to watch the full podcast.

[00:11:18] For them, it's, you know, no big deal. It's they don't know where that money came from. They're not aware of any additional fees that the merchants have to pay. You know, they're not really aware of what the impact on the merchant is.

[00:11:30] Differing Win Rates in Different Industries

[00:11:30] **Satwant:** One point I wanted to discuss was the win rate analysis. So, you know, why, why is there a difference in win rate between industry verticals? For example, apparel, so clothes and travel, the win rate for a chargeback is quite high. So when I say win rate, that means in favor of the merchant.

[00:11:54] **Dan:** Right.

[00:11:54] **Satwant:** But for electronics is low and that's just some examples.

[00:11:58] Can you explain why that is the case?

[00:12:00] **Dan:** Yeah. So again, I think it's a lot to do with the product itself. So it's a lot easier to to submit compelling evidence for certain items in certain types of products. And it's a lot harder to do for other items in other products or services as well. So so that's, that's really the, the, the The main issue is that when, when merchants, you know when we look at the, the reasons for the chargebacks across those verticals it's typically, you know not not as described which means the item, you know, Didn't look right didn't have the right caller or it didn't fit or anything like that.

[00:12:40] And, and or not received. And so those are the two main you know, the main reason codes for those those verticals, and it's a lot easier to submit evidence. Well that for the merchant side, For those for those specific products. And typically the, the, the financial institutions will rule in, in the merchant's side of things if they submit the right evidence.

[00:13:05] So that's, that's probably the, the, the, the main reason why those, why you see such discrepancies across different verticals.

[00:13:13] **Satwant:** Okay. Well, I'm just trying to dig into that in my mind a bit. So I'm just thinking the clothes versus electronics. So I would imagine it would have been the other way around. So a piece of electronics can do X, Y, Z and it's quite straightforward. Whereas clothes, if you say, well, it's not quite right, doesn't fit me properly. I'd say that's more ambiguous. So shouldn't it be the other way around?

[00:13:39] **Dan:** It should, but I, I think the, the, the way that the financial institutions look at it is, is, you know, the merchant sold a garment or sold an item that has a certain fit and the person, you know, didn't, didn't try it on, obviously, they, They didn't get a chance to, to look at the item before buying it, trying it on.

[00:14:01] And so I think it becomes I guess a a question of how the financial institutions look at it and the type of evidence that's submitted. And I think you know, the, the, that really comes into play when, when, when the decisioning is made. And I think that makes it a lot easier for those for those.

[00:14:20] Again, it's hard to say because it's, you know, it's, it goes by case by case, and a lot of times it varies. So it's you know, sometimes it's hard to, to explain exactly why those the, the reasoning for, for those kinds of win rates. But that's, that's the data that we see.

[00:14:39] **Satwant:** Sure. And one final thing I want to pick on from the report before we move on to talking about your solution was the different win rates for the transaction amounts. So another thing I saw was that lower value transactions, so zero to a hundred dollars, I've got a 40 percent win rate for the merchant to, to win that dispute and then with the higher values, it goes down. So again, is that similar to the reasons we talked about earlier for the verticals?

[00:15:07] **Dan:** Yeah, I think, I think it's a few different reasons. I think there's there's more scrutiny on the higher value transactions, I think. Both from the merchant side and from the financial institution side. So I think they're more likely to rule in favor of the merchant, assuming that the evidence is there and is compelling enough.

[00:15:30] Especially if it's like, you know, a gray area, but it's like a small transaction. It's under, like you said, under. You know, \$30 or something like that. They, they, you know, and, and the evidence is strong enough. They will rule towards the, the, the merchant. I think when it got comes to some of the larger volumes, the larger transaction volumes is the the bank will, or the financial institutions kind of put more scrutiny on the, on the, on the dispute and what would want to see a more rigorous evidence collected on the merchant side and submitted on their behalf to make sure that, you know, okay, we're making the right decision. Given that it's such a high amount, you know, this could have a big implication on the consumer side. At the end of the day, a lot of these, financial institutions are primarily working with the consumers.

[00:16:21] That's, that's their, who their, their customers are. And so it's, it's always skewed towards the consumer. And if there's any kind of doubt, they will rule in, in the consumer's favor. And, and that's the, and

that's where it comes into kind of the higher amounts is, is like I said, there's more scrutiny on those kinds of transactions.

[00:16:39] **Satwant:** Sure. Thank

[00:16:40] **Dan:** Yeah.

[00:16:41] Solution Overview: 100% Success-based Fees Only

[00:16:41] **Satwant:** Let's move on to talking about the solution. And well, one of the first things I wanted to talk about right up front, is that your business model is a hundred percent success based. So if a merchant chooses your solution, you charge a certain percentage of the recovery value in the dispute.

[00:17:00] And that means you're fully aligned with, you know, your customers. And that's how you get to that four times ROI that I mentioned right at the. Start at the start of the episode. And you've even got enterprise and special pricing for companies that have chargebacks more than a hundred per month, right?

[00:17:19] **Dan:** Yeah. So I think that's, that's kind of why we, we build the company in this way, I think one of the, one of the things that I do want to mention is the co founders were e commerce merchants themselves, and that's kind of where this company idea came from, is that they were, you know, in the, in the cosmetics industry, and they were dealing with these chargebacks, and they didn't have a, they were looking for a solution that will address this problem, and they really couldn't find one, so they had to build one in house, and, You know, it really kind of solved a lot of the problems.

[00:17:52] And when they told some of their friends who are also merchants, they kind of, okay, well, let's try, you know, can we use your system? Because it sounds like, you know, it's doing what, what we needed to do. And there's really wasn't anything like that available on the market. There's a lot of enterprise kind of.

[00:18:07] You know, big, heavy enterprise solutions available to merchants, but there's really no solution for SMBs or, or kind of some, some of the smaller merchants that that I've mentioned. And so the, the, the goal has always been to align ourselves with the, the interests of the merchants. It's not just another platform fee where you pay us X amount of dollars per month or per transaction. We want to make sure that we only charge for the revenue that we recover for you. So, there's two things. One, we're able to recover more than you would on your own. So, we're already kind of improving the performance of, of the chargebacks.

[00:18:49] And again, as I mentioned earlier, the, the, there's a lot of costs associated with the overhead, so we're eliminating that for the merchant altogether, so they don't need to worry about. So we're not hiring you know, an in house person to kind of analyze all the transactions and submit the evidence and do all the manual work.

[00:19:08] We do all that for them automatically and the success rate is higher. So, we kind of kill two birds with one stone and we only charge for that revenue that we require. And that kind of makes it a very, very strong selling point. That you know, there's no onboarding fee. There's no you know, there's no kind of per transaction or per chargeback fee.

[00:19:27] There's no monthly licenses or anything like that. It's, it's, it's a hundred percent success rate. And that's, that's kind of what we want to make sure that we're aligned with. that document, how to get started with the, the merchant and, and so, this way, it's a win win for both, for both of us. Even after taking our commission and our, our fee, that rate is still higher than what the, the win rate that they would, they would generate with us, is still higher than what they would on their own, and again, there's no overhead involved, so they save a ton of money trying to fight these chargebacks.

[00:20:00] **Satwant:** I mean, for an SMB, it would seem like a no brainer completely because you're not going to have a team of people.

[00:20:06] **Dan:** Absolutely. Absolutely. And I think that that line, the no-brainer, I mean, we hear that across every merchant that we talk to. It's like, well, this is a no-brainer. I mean, I don't have to, you know, deal with, with, with you know, chargebacks and I recover more revenue at the end of the month and, and there's not much else I need to do here.

[00:20:25] So again, that's, that's really, I should probably put that on the website somewhere. It's it's, it's a great line, but again, it's, it's, it's aligning with the merchant and and, and making sure that both our, our solution and their needs are aligned.

[00:20:40] **Satwant:** Yeah. That reminds me of something I read many years ago, Use Your Customer's Language. There was a story about how there was a guy selling DVD, you could burn your pictures onto a DVD, digital photos, and it was great service, and he just couldn't figure out why he wasn't selling people multiple copies.

[00:21:02] And, he'd put on his website. You can buy duplicate DVDs. Here you go. And no one was buying them. And then he decided to contact customers and ask them, well, why are you not buying duplicates? And they said, Oh, we were looking for extra copies and we couldn't find them. And he just changed duplicates to copies and his sales just went vertical.

[00:21:22] **Dan:** Yeah, exactly. So it's, it's it's really a solution that, that merchants that, you know, as I said, you see the trends, they're going up. We're seeing much more chargebacks coming in. It's never been easier for a consumer to initiate a chargeback or a dispute with, with, with their financial institution.

[00:21:42] So it's only going to get worse

[00:21:52] **Satwant:** Sure. A

[00:21:57] ChargeResponse and ChargeScore

[00:21:57] **Satwant:** couple of aspects of your solution that I want to talk about. So I mentioned that it's based on AI and software, which is great. So two, two main parts of your solution, I think, so ChargeResponse and ChargeScore. So charge score actually. Enables forecasting chargeback success rates for the first time.

[00:22:16] So it'd be great for you to chat about that in a moment. And also if your charge response solution is using smart algorithms and leveraging millions of data points to, to help, you know, increase that win rate. So it'd be great if you could chat about those two aspects of the solution.

[00:22:31] **Dan:** Yeah, absolutely. So I'll start with the charge response. I think the industry is evolving in this direction is that the financial institutions that are reviewing these chargebacks are seeing you know, their, their change, their rules of what compelling evidence is, is needed in order to successfully resolve a chargeback.

[00:22:51] And it requires that it be compelling. That's what it's called compelling evidence. And so we need to make sure that that the submitted evidence includes all the right information and presented in a very specific way. There's very specific templates that need to be built in order for the financial institution to rule in a positive favor and that means that the evidence has to be collected and presented in a certain way and if it's not, that really kind of reduces your odds of winning that charge back.

[00:23:30] And so that's a lot of things that, you know, merchants also struggle with is when they try to do their on their own, they're not really familiar with these nuances that, of what, you know, what these institutions are looking for in the, in the dispute evidence. And so they, you know, they Throw stuff together into the, into the template and, and hope for the best.

[00:23:50] And that really doesn't, doesn't work. Especially given the volume that these institutions and chargebacks

[00:23:57] **Satwant:** It's kind of like going to defend yourself in court.

[00:24:01] **Dan:** Exactly. Exactly. If you don't have the right evidence, you're going to lose the case.

[00:24:05] **Satwant:** And even if you do, if you ask things the wrong way. Yeah,

[00:24:09] **Dan:** exactly. So you need to kind of be very, very careful in how you present your side of the story.

[00:24:16] And for example you know, the item not received kind of reason card. It's like saying, well, I, you know, the chargeback was initiated because item wasn't received. But if you show, you know, a lot of the you know, the shipping carriers nowadays, they take a picture of the item on the. On the porch or they take a signature upon receipt of the item. And that can be used as evidence and so you have, it's a matter of kind of collecting that, that information. And again, we collect thousands of different data points. Carrier information is one of those data points. And so, if you present that in. Properly in, in, in that evidence case you can show that you know, the item was indeed received.

[00:25:02] Here's a picture of it, or here's the signature of the person who signed it at the residence. And, and it becomes a lot easier to win those cases. And so, but a lot, again, a lot of merchants don't know that and or aren't including that kind of information. They may include just like, you know, item received kind of from their CRM or something like that, but they're not really including the.

[00:25:23] The evidence that kind of shows and points specifically, here's a signature, here's the picture of the item on the porch. It was clearly received, so this should be ruled in our favor. That's really kind of the main thing. We're always updating this algorithm and this system. Collect more and more external signals from various other platforms and, and to make sure that the evidence submitted is robust enough that, and, and accurate enough that it presents a compelling story and that it gets ruled in the favor of the merchant.

[00:25:58] **Satwant:** that algorithm must be one hell of a secret source you've got there. Are there any data points that you use that you can talk about? Is it all top secret?

[00:26:05] **Dan:** It's, it's kind of behind the scenes. The, the, as I mentioned, the, the data from the carrier is, is just one data point of many. And so you know, that's really kind of you know, there's like, again, there's hundreds, if not thousands of different data points that, that we can collect and that will help us win the case.

[00:26:24] And again, as you said, that's part of the secret sauce and we keep those cards pretty close to the chest.

[00:26:29] Human Last Line of Defence

[00:26:29] **Satwant:** Well, if we bring it back to the real world, I did see you, you do also have a human element in certain cases. Is that correct?

[00:26:37] **Dan:** That's correct. So again, in certain situations the systems will flag it as kind of like, okay, we need to kind of In Richard, we need to have a human look at this at this case specifically because it's missing something or you know, it's a, it could be a high value item or, you know, there's, there's a few different reasons why a human would would be, would get involved in that process.

[00:27:01] It's typically when there isn't when the system essentially decides that it doesn't have enough evidence in place or or it needs additional kind of guidance. On this specific case as to what to do. So that's when a human analyst would come in, take a look at the case, review it. We're still not at that stage where AI, despite everybody's kind of running towards that point, we're still not quite there, that, you know, everything is 100 percent AI and 100 percent automated. Humans are still involved in the process and they still require you know, the machines still need us for now. So

[00:27:41] thank God.

[00:27:43] **Satwant:** no, sure. That's fair enough.

[00:27:44] Chargeflow Alternatives: Their Weaknesses

[00:27:44] **Satwant:** I did want to ask a bit about the competition. So obviously you've got, let's put ourselves in the shoes of a small medium business. So, okay, they've got no team. And on the other extreme, they've got your solution, which is great. I mean, there must be other solutions at the moment.

[00:28:02] Can you talk about some of those and some of their weaknesses?

[00:28:05] **Dan:** Yeah, there are other solutions out there. I think a lot of them have different business models. I think that's kind of the main issue is that a lot of them are also geared towards more enterprise clients. So they have you know, these are companies with, you know, hundreds of millions of dollars in and they have entire in house teams and analysts in place.

[00:28:28] And a lot of these other solutions are essentially saying, well, instead of doing all this work in house, let us kind of outsource it to us and we'll handle it for you. So a lot of these other competitors focus on, on those kinds of markets, on, on more on the, on the larger side of things.

[00:28:46] One of the reasons why Chargeflow again came into being was because the, the co founders were running an e commerce business and couldn't find a solution that addressed. SMBs, essentially. So their, the goal was to provide an enterprise grade solution for I'll be talking about SMBs and really there's very little competition in this space.

[00:29:10] There are other kind of, you know, Shopify apps here and there that kind of address this issue, but it's not really you know, they're not really doing it on the scale that we're doing it. They're not seeing as much data as we're seeing and so we're able to provide a much higher win rate because we see so many transactions.

[00:29:29] We're, we're able to train our models in a way that. Makes them more effective. The more transactions, the more chargebacks that that these models see, the more effective that they become in, in, in their winning. So for us, as we scale, our solution actually becomes more effective. So it's, it's part of kind of the, the, the great thing about AI is that you know, it's all about the data that you have and how strong and, and how.

[00:29:55] And the amount of the data that you're able to feed these algorithms, they become more effective. And that's again, part of the the human element in, in some of these training, training these models becomes also apparent is that our analysts. in Chargebacks, they understand kind of what the financial institutions want to see from a dispute and, and evidence and they're able to train the models accordingly.

[00:30:22] And so that really kind of those two things together really help us improve or constantly improve our win rate. And so as we onboard more merchants, the system actually becomes more effective.

[00:30:34] Getting Started with Chargeflow

[00:30:34] **Satwant:** Yeah, that was my next topic onboarding. So again, your website states you can get started literally in minutes. So I'd imagine that's another huge advantage of your competitors. Cause it sounds if they're enterprise focused, it means long engagements.

[00:30:49] **Dan:** Yeah, absolutely. So a lot of times in, you know, as you can imagine with enterprises, everything does take a lot of time. There's a lot of development resources that are required and a lot of development capital to integrate some of these you know, some of these solutions to, to the enterprise on the enterprise client side of things.

[00:31:08] What our goal is, is to build out as many native integrations to, to various payment processors and platforms that we can so that we reduce that time spent implementing our solution. And so with regards to our current onboarding, it's really very, very simple. We have A ton of integrations to a ton of different platforms, payment processors, e commerce solutions.

[00:31:36] And it's really a matter of connecting those into our system. And again, that really requires authorizing those systems. If you're on Shopify, it's It's just as easy as installing the Shopify or Shopify app if you're on Stripe. It's as easy as installing the Stripe app. And then you go from there and that's really all it takes.

[00:31:55] Once we are integrated into you know, your, your backend it really becomes very, very simple and quick to, for us to start reviewing chargebacks. We look kind of at some of the historical data and that really helps us to get a leg up. So that's kind of on the chargebacks going forward and that that again, part of the the, the value props that we're able to, to offer merchants is that especially on the, on the SMB side of things

is that, you know, you don't have to, you know, there's no development capital required to integrate charge flow.

[00:32:27] It's basically connect to our, to, to your systems and we're up and running.

[00:32:32] **Satwant:** That's great.

[00:32:33] Customer Success Stories

[00:32:33] **Satwant:** I'd love to hear some customer success stories you've got. And also if you can, some nightmare. Scams or frauds that you found with your Skynet algorithm.

[00:32:44] **Dan:** Yeah, so with regards to success stories what we're seeing is that one great example is, is WordTune, and WordTune is a solution for almost like that helps people using, again, AI to write better copy or write better emails. And it essentially allows them to fix their, their, Copy almost in real time.

[00:33:06] And what we found is that our solution was able to significantly reduce, again, the, the overhead that they required in, in fighting these chargebacks. They're a subscription based service, so a lot of their kinds of chargebacks were, you know, on the subscription renewal side of things.

[00:33:25] And we're able to you know, submit the right evidence that's required to fight those chargebacks and help them win. And we were able to, I think. Four x or 4.8 times their improve the, the losses on their chargebacks. So that was a huge win for us. And and for Warun specifically. And, and it's a, it's a great partnership that, that we're working together with them.

[00:33:49] They're using our Native Stripe application. So again, there wasn't any kind of. Sophisticated overhead required to integrate charge flow into their payment stock. And they were up and running very quickly and we were able to kind of protect their revenue for them. And that's something that they're happy about and obviously we're, we're happy that they're succeeding.

[00:34:09] **Satwant:** Great. That's a good story.

[00:34:11] Scams and Frauds: Organized Crime is a Major Threat

[00:34:11] **Satwant:** And any major scams or frauds you found?

[00:34:13] **Dan:** there is, there is a lot. And what we're seeing is I think the, the level of sophistication on, on some of these types of frauds. And again, this isn't friendly fraud. This is more on the So,

[00:34:26] Actual fraud.

[00:34:28] actual fraud of things we're seeing almost very sophisticated fraud rings.

[00:34:32] And this is a big issue in, in, in fraud prevention for e commerce is kind of almost organized crime. It's, it's, these are, these are very skilled actors who are able to obfuscate their, their kind of intention and get by through a lot of these fraud filters. And there is a whole fraud economy happening and under the surface, there's, you know, on the dark net, there is even specialties in, in specific fraud.

[00:35:00] So there's people who are responsible for acquiring the credit cards. There's people who are responsible for doing the, the actual. Transactions. And then there's, you know, it's almost like a company, you know, but if you think about it, it's like very specialized roles within these rings and they're able to to, to kind of, again, be very, very clever with how they you know, with their attack vectors.

[00:35:26] And a lot of times, they're These, these aren't seen by the fraud filters that I discussed earlier, but they're a lot more visible kind of after the fact on the post transaction side of things. So we're able to pick up on those things and, and kind of address those as

[00:35:50] It's becoming a real, real problem for, for e commerce merchants is, is the level of sophistication from some of these fraudsters.

[00:35:58] **Satwant:** Yeah, it got me thinking recently, cause I've seen so much more as you have and everyone listening has about fraud just going through the roof. Got me thinking whether you might start seeing click and collect only e commerce operations. And eventually you might have to actually go to a bank. To prove you're real, because you've got synthetic IDs and stuff as well.

[00:36:20] **Dan:** Yeah. Yeah. I mean, there's a ton of different solutions available now, and, and around, you know, KYC Know Your Customer. And that's becoming a major a major aspect of kind of, you know, The way that e commerce businesses do business online, they want to know who they're selling to and if that person is the right person making that transaction.

[00:36:42] And as I said, friendly fraud is a lot harder to, to address in these cases because it is that person. It's, it's This person, you know, it will get by all the KYC filters, it will get by all the, all the the fraud prevention filters and it's still, you know, the merchant will still suffer from those chargebacks.

[00:37:03] So it's, it's a tough nut to crack and as we get through, you know, as we improve our technology you know, it, it, we, we hope that We'll be able to address some of these, these problems on the fraud side of things. It does seem that as you said, it's, it's becoming a lot more sophisticated. And you know, these solutions is essentially a cat and mouse game of, of, you know, in the past, I've worked at one of these kinds of solutions and, you know, whenever we would come up with something.

[00:37:31] Fraudsters would find a way around it. So it's, fraud isn't going to go away. There's always going to be some other attack vector that's going to come up and that merchants kind of have to stay vigilant. And these, you know, the both on the pre transaction and post transaction side of things the, the solutions will have to kind of stay sharp and stay up to date and continue to innovate and continue to improve their capabilities.

[00:37:55]

[00:37:55] "To Catch a Fraudster" Podcast

[00:37:55] **Satwant:** You must have so many cool stories crime and all that kind of stuff in your company. Have you got, do you publish any of these on a blog or anywhere, or have you got a podcast or anything where people can find out about it? Cause I'm sure it could turn into a mini Netflix series at some point.

[00:38:10] **Dan:** Yeah, absolutely. So I actually co own a small publication called Merchant Fraud Journal that covers a lot of this information and my partner and, and editor is basically running it day to day. He, he runs a podcast called To Catch a Fraudster, and it's basically this. It's, it's stories from solution providers in this space.

[00:38:31] It's and they discuss all these different attack vectors that they've experienced. And a lot of times it's, it's pretty wild stuff. It's really, like you said, it can come up with with its own little mini series. The podcast is called Catch a Fraudster, and you can check it out. Bradley Chalupski is the host of that podcast, and he hosts all these various technology solutions that are in the fraud prevention space and they talk about this and it's really, really wild stuff that some of the, some of the frauds that, that these companies have come across and and how they address them.

[00:39:07] So, highly recommended.

[00:39:10] **Satwant:** Fantastic. I will definitely be listening to that. Thanks for that.

[00:39:13] **Dan:** Sorry.

[00:39:14] **Satwant:** Almost at the end.

[00:39:15] Chargebacks Are NOT a "Cost of Doing Business"

[00:39:15] **Satwant:** One thing I did want to ask you, is there anything that you wanted to get across to any business owner or sales director listening that maybe I've completely missed and that you felt was important to get across?

[00:39:27] **Dan:** Yeah, I think, I think that there's a lot of you know, a lot of customers that we speak to at first kind of chalk up chargebacks to the cost of doing business. And it doesn't have to be like that. And we've, you know, talked to, you know, thousands of, you know, You know, customers and merchants, and a lot of times they're like, well, you know, it's, it's a \$20, \$30 transactions.

[00:39:54] I'm just gonna write this off. It really doesn't have to be that way. There, there really there are solutions and, you know, \$20 here, \$30 there. That quickly adds up and you really need to kind of address that and even one dollar shouldn't be going to an illegitimate chargeback. That's the main takeaway and I think that's something that a lot of, You know, merchants aren't really aware of.

[00:40:19] And, you know, they may fight some of these, you know, the larger transactions and try to dispute those on their own. But at the end of the day, if they're not looking at it kind of holistically and as, as kind of one big problem. And addressing every single charge back that they get they're essentially leaving money on the table and, and given how razor thin margins are on, on e commerce, you know, every, every dollar counts and if you could improve your, your, you know, net margin by, you know, half a point, one point, that's huge, you know, and, and, and that adds up.

[00:40:52] And again, that's something that I, I, I do want to get across is Charged back should never be the cost of doing business online. It should not be a barrier to, to doing business. Merchants should not be afraid of, of, of this and they should be kind of going after every single dollar that they can.

[00:41:11] **Satwant:** Yeah, it's like the broken windows paper that talked about the importance of going after petty crime. It's critical.

[00:41:18] **Dan:** Exactly.

[00:41:20] Chargeflow in 2024 and Beyond

[00:41:20] **Satwant:** What are your company's biggest goals right now and in 2024? And, and can people meet you guys in any conferences or anything coming up?

[00:41:30] **Dan:** Yeah, absolutely. So our goal is to continue kind of our, our, our operation, just continue scaling that at the, at the pace that we've been doing up to now. If not more and you know, we're, you can speak to us on our website, chargeflow. io. We will also be at at Shop Talk 2024 in Las Vegas next month.

[00:41:50] We'll be happy to speak with anyone who's attending and basically anyone who wants to talk to us, our, our doors open, happy to jump on a call and showcase our solution, demo what we can do show basically how much Bye. RY, we can, we can bring them and you know, it's, it's again, like you said, it's a no brainer, but a lot of times people want to see it for themselves.

[00:42:12] So we'll have, we're happy to show that. And you know, our, our sales team will be more than happy to showcase the solution and showcase the benefits.

[00:42:21] **Satwant:** Great stuff. And once again, it's chargeflow. io and on Twitter, you guys are at chargeflowHQ. So thanks for that.

[00:42:31] Chit Chat

[00:42:31] **Satwant:** And I want to finish on, fun point, just would love to know what you're reading or watching or listening to at the moment. Doesn't have to be anything related to tech or business.

[00:42:41] **Dan:** Sure, absolutely. So, I'm actually listening to to your podcast, but to additional podcasts. I'm listening to the The Acquired Podcast. I really love those guys. I'm going to kind of talk about the histories of various companies out there. And it's not just kind of, you know, it's big companies, it's Costco, Amazon, LVMH.

[00:43:03] It's really the history of those companies, how they started it. And it's fascinating stuff. Podcasts are, you know, the episodes are usually three, four hours long. But it's riveting and I'm, you know, I'm, I love business. I love. I love kind of hearing and learning about how these companies came to be.

[00:43:25] And, and, you know, how, you know, how did Amazon get to where they are now? And kind of, they do a lot of research into, What happened behind the scenes and and, and it's fascinating stuff and it's riveting. I, I really enjoy listening to them every opportunity that I can and highly, highly recommend everybody to try them out.

[00:43:47] **Satwant:** Great. I think my brother listens to that. I haven't got around to it myself yet cause they are quite long, as you mentioned,

[00:43:52] **Dan:** Yeah, it's well worth it. Well worth it.

[00:43:55] **Satwant:** maybe next time I'm on a long flight to Australia, I'll listen to an episode.

[00:43:59] **Dan:** Absolutely.

[00:44:00] **Satwant:** I'm reading I'm reading Limitless at the moment by Jim Quick. Not sure if you've heard of that book.

[00:44:04] **Dan:** I have not. I'll have to check it out.

[00:44:05] **Satwant:** So it's all about improving your memory and learning, et cetera, becoming speed reader and all that good stuff. And I'm surprised how much or how many great tips I've learned from that book. So yeah, helpful when you're reading a lot like me. So

[00:44:22] **Dan:** I'll have to check it out.

[00:44:23] Sam

[00:44:23] here.

[00:44:24] **Satwant:** it's a very good book.

[00:44:25] **Dan:** I go through a ton of reports, a ton of, you know, a ton of information that within this industry and in general. I would love to be able to kind of pull in more than, in less time. That would be great. I'll have to check out that book.

[00:44:42] **Satwant:** I'd highly recommend that. And if you don't have time, try out a Chrome extension called Bionic Reading. Have you heard of that?

[00:44:49] **Dan:** I have not. I have not.

[00:44:51] **Satwant:** So I saw it about a year or so ago. It's really good. So the idea being that because we can recognize words at a, at a, how to describe it, at a higher level, you don't have to read them, but you can just sort of see them is the best way of describing it.

[00:45:11] And what it does is it makes the front part of each word dark and the back half of each word light. And the idea being that because your brain, after reading half of a word, knows what it is, you don't have to read the other half.

[00:45:25] **Dan:** It completes it for you, basically,

[00:45:27] and

[00:45:28] **Satwant:** It, yeah,

[00:45:29] **Dan:** your brain

[00:45:29] your brain does.

[00:45:31] Yeah.

[00:45:31] **Satwant:** it's fantastic. So I've been, I used it for a bit.

[00:45:34] I thought it was cool. And then I stopped using it because I think the browser link browser extension disappeared, but I reinstalled it again today because I had to read a very boring white paper style piece of text and it's very good. So I'd definitely check it out.

[00:45:48] **Dan:** Will do. Will do. What's it called again?

[00:45:50] **Satwant:** It's called Bionic Reading.

[00:45:54] **Dan:** I made a note.

[00:45:55] **Satwant:** It's fantastic.

[00:45:57] **Dan:** Will do.

[00:45:59] **Satwant:** So thanks a lot, Dan. Really appreciate your time.

[00:46:02] **Dan:** Likewise,

[00:46:02] thank

[00:46:02] **Satwant:** I wish you all the best. And if you IPO, give me a heads up,

[00:46:06] **Dan:** I will. I will.

[00:46:08] **Satwant:** give me an insider trade. So yeah, all the best to you and and good luck at your event that's coming up next month.

[00:46:14] **Dan:** Thank you so much and thank you for having me and taking the time.

[00:46:16] **Satwant:** Thanks.