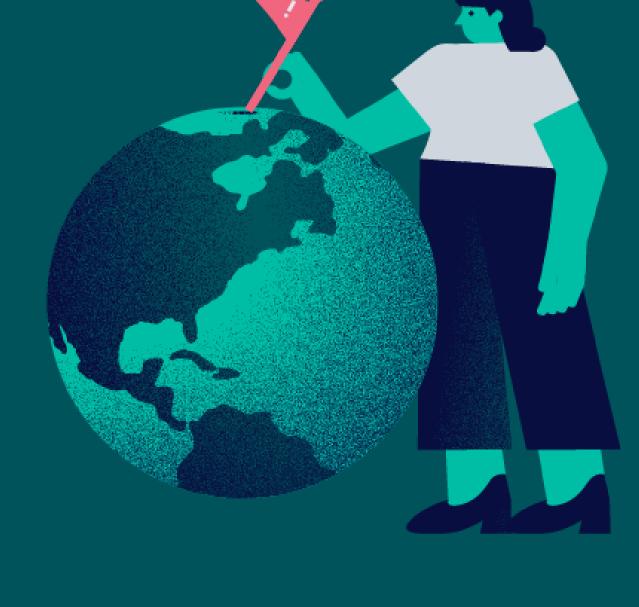
Three common types of policy abuse and their effects on merchants

Consumers love generous return policies, promo code deals, and the convenience of online ordering.

Unfortunately, so do fraudsters. And their impact is growing.

Here's what we learned from a survey of 300+

ecommerce merchants from around the world.



types of policy abuse

Item-not-received

Most merchants report losses from three

90%

abuse

Returns

What is it?

report significant losses

of a merchant's return policy by repeatedly returning items for reasons that are not legitimate or returning used or damaged **items** as if they were new.

When customers take advantage

93%

abuse (INR)

What is it?

report significant losses

did not receive an item they

ordered to score a refund or replacement.

When customers falsely claim they



86%

Promotion and

loyalty abuse

report significant losses

What is it?

When customers take advantage of promotional offers or loyalty programs in ways unintended by

the merchant, such as: • Using multiple coupon codes for a single purchase

• Creating multiple new or fake

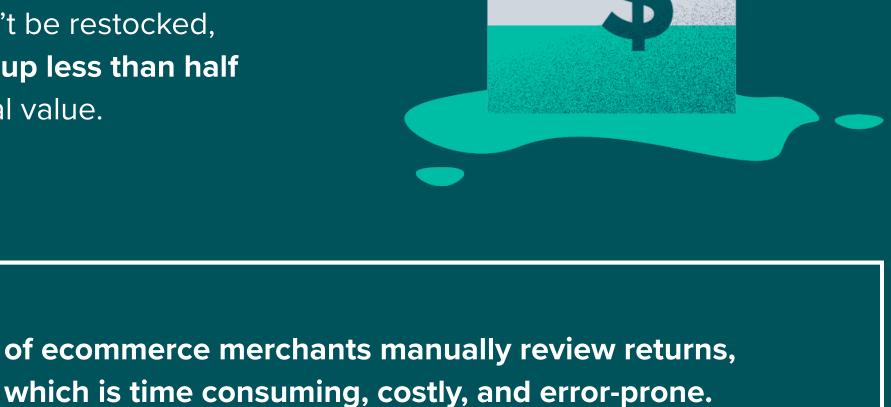
- emails to reuse the "new customer" promo code • Exploiting glitches in online systems
- Returning items after receiving rewards
- More costly than theft

Returns abuse

of the returned item's total value.

About half of returns can't be restocked,

and most merchants recoup less than half





35%

We would have been better off financially if the

customer had broken into our warehouse and

stolen the item vs. the expense of returning it.

47%

in refunds and

returns claims

Automated blocking of

abuser at checkout or claim

—Merchant observation

costly, especially for global shipments with local delivery partners.

Very satisfied

Somewhat satisfied

Not very satisfied

INR: Is There Enough Data for Decision-making? Survey question: How satisfied are you with your ability to collect data and act on INR abuse?

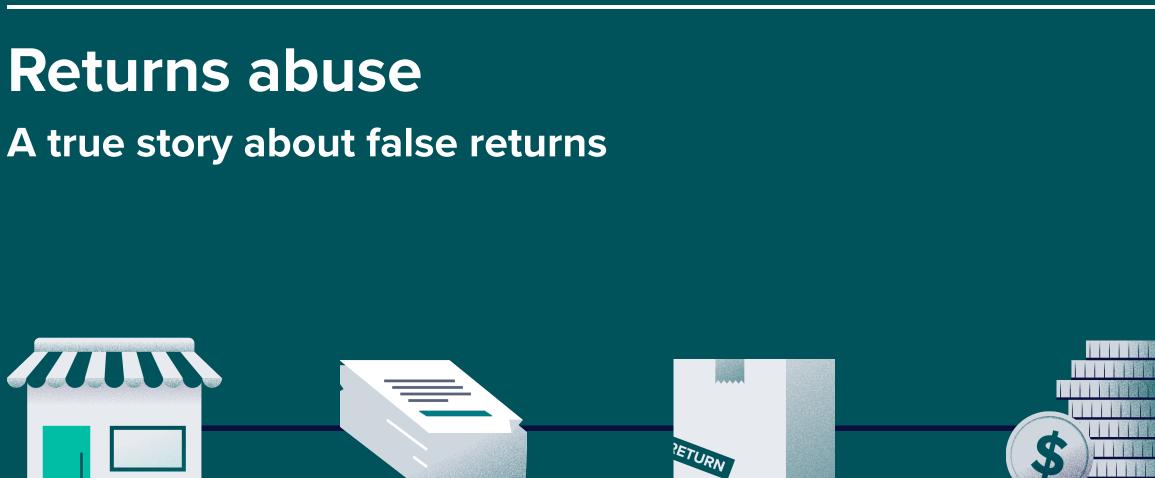
10%

Not satisfied at all 10% Returns abuse A true story about false returns

2K-5K

manually processed

returned claims



100%

returns

The fix

acceptance

\$6M lost to abuse

Analysis showed

large retailer

The technology gap Automation and artificial intelligence are key to finding patterns that identify risky

Use of Automation to Detect Fraud and Policy Abuse Survey question: Do you currently have automated systems (e.g., machine learning) to identify and address fraud and abuse?

transactions and customers.

automation needed.

But merchants report they lack the

Three ways to reduce policy abuse costs 02 01 Designate and invest in cross-functional teams for fraud and policy may signal fraud. abuse prevention. Team members who aren't aware of policies

Automate claims reviews using machine learning to identify



Gather customer data to reveal patterns that

Yes

No

or abuse trends may be less likely to spot and report them.

policy abuse quickly and accurately.

About Riskified

Learn more about policy abuse in

of merchant brands partner with Riskified for guaranteed protection against chargebacks, to fight fraud and policy abuse at scale, and to improve customer retention. Developed and managed by the largest team of ecommerce risk analysts, data scientists and researchers, Riskified's Al-powered fraud and risk intelligence platform analyzes the individual behind each interaction to provide

Riskified (NYSE:RSKD) empowers businesses to grow ecommerce revenues and profit by mitigating risk. An unrivaled global network

Policy Abuse and Its Impact on Merchants: Global Benchmarks 2023

Learn more or book a demo at Riskified.com.