



MAC-USA Deflect White Paper

The Alert Process:

The process starts with the Alert. As customers call into the card issuer, the transaction is looked up. The moment that the transaction is found, in real-time, merchants and MAC-USA are notified through the portal. Through merchant settings, merchants can also be notified through other communication methods such as email.

During the Alert notification, MAC-USA can automatically upload a copy of the digital receipt back into the system utilized by the card issuer. The clerk at the card issuer can then remind the customer of their transaction and provide the uploaded receipt information. In addition, merchants can contact their customer with the attempt to resolve the dispute and ask the customer to cancel the dispute. Through this process we are seeing an average of 20% deflection success.

The Resolve Process:

Resolve begins after the Alert process attempts do not resolve the customers' needs to deflect the disputed transaction in question. Through Tier 1 Resolve, MAC-USA will utilize the desired limits set by the merchant in the Deflect dashboard settings for auto-refunding transactions to deflect the chargeback from taking place. If a transaction is refunded during the Tier 1 Resolve, the transaction will be deflected and not become a chargeback. The refund will happen at the card brand level and the details of this refund will be passed to the processor to notify the merchant through the merchant statement.

MAC-USA has a unique way of stacking an additional Tier 2 Resolve option including the ability to notify the merchant (as complete in the Alert Process) with a window of time to refund the customer prior to the dispute becoming a chargeback. Unlike most competitors, MAC-USA has an automated refund option for Tier 2 Resolve. Merchants can manage their own settings to auto-refund transactions with integration to payment gateways, terminals, POS systems, CRM's, data feeds and the like. In the optional automation, we can achieve higher deflection ratio's by responding faster in automation than a manual lookup and manual response.

Disclaimer: for both Tier 1 and Tier 2 Resolve tools, merchants should always monitor any chargeback activity to avoid double crediting as a safety measure. On rare occasions if a chargeback is still received, merchants should dispute the chargeback with the evidence of the refund to avoid duplicate credit/refund to customers, and credit for our resolve fees regarding the specific transaction will be issued.



Options:

By default, the Alert process will be turned on for Product Inquiry notifications. Alerts for Fraud Inquiries and Dispute Initiated can also be turned on by MAC-USA or the merchant through the Deflect dashboard under settings which does apply an additional cost. These alerts can assist MAC-USA and the merchant in catching fraudulent charges and chargebacks sooner (on average 3 days), so appropriate action can be made before actual chargebacks occur.

During the Alert Process, MAC-USA does have the option to refund the transaction to avoid moving the dispute to the Resolve steps. This is an optional feature that can be turned on.

The Visa Tier 2 Resolve options can be turned on in the Deflect dashboard settings to allow merchants an attempt to refund a transaction prior to turning into a chargeback when they are not picked up by Tier 1. The typical window of time will be 48-72 hours in which the merchant can refund the transaction with the attempt to deflect the chargeback from occurring. This can also be stacked with Tier 1 Resolve, with similar transaction limits that can be set by the merchant for automation. This is an optional feature that can be turned on and adds an additional cost.

The Mastercard Tier 2 Resolve option can also be turned on in the Deflect dashboard settings. This functionality works the same as the Visa Tier 2 Resolve option and includes the same automation features. Some Visa, Discover, and American Express transactions may also be picked up in the Mastercard Tier 2 Resolve tool depending on how the card issuer sets up the cardholder's card. This is an optional feature that can be turned on and adds an additional cost.

Daily reporting and individual alerts notifications can be turned on and set to the communication method by the merchant under the settings of the Deflect dashboard.



Frequently Asked Questions:

Is this for high-risk merchants primarily?

No, the MAC-USA Deflect product is designed for all merchants of all risk levels. For low-risk merchants they gain a larger than realized savings of time, money, and peace of mind. On average a low-risk merchant will save more than 50% of the costs involved with chargeback. The average merchant will pay \$50-\$70 in fees (Chargeback Fees & Retrieval Fees) for an average \$55 transaction, costing a merchant on average \$105-\$125. Utilizing MAC-USA Deflect, merchants will have a 20% (on average) chance of deflecting the dispute from the Alert alone. During the Tier 1 Resolve and Tier 2 Resolve process, 85% of the time merchants may only have taken an average of \$65 total loss, saving the merchant on average \$40-\$60 per incident. This does not include the hours of time searching for receipts, contacting support, sending documentation and explanations which sometimes outweigh the chargeback amount to begin with.

Can merchants decide their own settings of what they would like to refund if at all?

Yes, merchants have access to the settings tab in the Deflect dashboard, which they can change at will to select auto-refund amounts or ranges (if any), add additional layers of alerting such as Tier 2 Resolve, Fraud alerts, Dispute Initiated alerts, and change their contact information in real-time.

How are merchants notified of alerts of a potential dispute?

Merchants can view all real-time data in the Deflect dashboard with the option to turn on their desired notifications under the settings tab for daily reports and alerts.

Can Tier 2 Resolve be automated like Tier 1 Resolve?

Yes, this is a unique part of the integration in which the MAC-USA Deflect tool can auto-lookup the original transaction in the integrated system and issue a refund to avoid merchants from manually looking up transactions and having to report back manually. This allows for higher effectiveness and higher performance than other competitors and eliminates the lag between the Tier 2 Resolve notification and the actual refund. The sooner the original transaction can be refunded, the higher the chance of deflecting the chargeback in Tier 2 Resolve.



Technologies Integrated:

- Alert / Order Insight
- Tier 1 Resolve / RDR
- Tier 2 Resolve / CDRN
- Consumer Clarity
- MasterComm
- MasterCard Direct
- Ethoca
- Etc...