As the hospitality industry grows within the digital sphere, you become more vulnerable to fraud and chargebacks. In fact, of the $3 trillion in revenue the hospitality industry generates each year, 5-6% (or $150 billion) of that revenue is lost. Read on to learn how to get ahead of the trends.

A 20% increase in online transaction values occurred following the pandemic’s acceleration of e-commerce. Customers now expect to conveniently pay online for all types of transactions, but with increased e-commerce came the increased threat of digital fraud. Source: Stripe, Online and eCommerce Fraud Statistics Predicting the Future of Fraud Report

WHAT THIS MEANS FOR YOU...
You may need a better way to capture card-not-present (CNP) payments. It’s inefficient, insecure, and much more costly to handle CNP transactions the same way as card-present transactions. Plus, it can keep you from getting paid. If you’re still calling or emailing guests for payment information, then key-entering it into a pin pad, it’s time to start processing those payments online.

Card-not-present (CNP) fraud represents 65% of fraud losses. The reason CNP transactions are more secure than transactions with physically-present cards—when improperly managed. Collecting card information by phone or email, then manually key-entering it into a pin pad, is by far the most risky way to process CNP transactions, such as in the case of deposits and third-party payments. Source: Merchant Cost Consulting, Credit Card Fraud Statistics (2023)

WHAT THIS MEANS FOR YOU...
Around 50% of guests initiate a chargeback instead of a refund. Even a small issue during a stay can result in a guest disputing an entire charge with their card issuer and expecting their money back.

Over half of all credit card fraud occurs with hotels. False credit cards is the main culprit, leading to chargebacks and revenue loss. Source: Charebacks911, Chargeback Stats, The Most Up-to-Date Dispute Data Points Available

WHAT THIS MEANS FOR YOU...
Friendly fraud is now reportedly the #1 fraud attack source that merchants have to deal with, up from #5 in 2019. In fact, about six in ten chargebacks issued in North America in 2023 are expected to be cases of friendly fraud. Source: pymnts.com

WHAT THIS MEANS FOR YOU...
Around 4 million compromised credentials have been found to be associated with fraudster attacks on airlines, travel, and hospitality entities globally since 2021.

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