

# The Direct & Indirect Costs of Fraud 💰

A report from the Association of Certified Fraud Examiners revealed just how impactful financial fraud can be on your organization's bottom line. The report noted that companies lose roughly **5%** of their revenue to fraud each year. While this statistic is alarming enough on its own, the figure doesn't even include the indirect costs associated with fraud.



## Direct Costs

### Fraud Protection Measures

The average eCommerce merchant spends almost **\$4** fighting fraud for every **\$1** of direct fraud loss.<sup>1</sup>



### False Declines

Globally, **\$300 billion** in revenue is lost annually due to false declines, with individual businesses losing **3%** of their revenue due to false declines.<sup>2</sup>



### Chargebacks

Merchants lose an average of **\$146** in revenue for every transaction that is responsible for an authorization-related chargeback.<sup>3</sup>



### Operational Expenses

When you manufacture and ship products based on fraudulent orders, that results in major sunken costs.

## Indirect Costs



### Time

Data suggests that for every **\$100** in chargebacks, your true chargeback cost is **\$240** in wasted time and expensive fees.<sup>4</sup>



### Money

This pertains to the monetary value of tangible products and goods you're sending out when fraudulent orders are placed. Naturally, products ordered via fraudulent transactions are **100%** losses for your business.



### Customer Trust

In a recent survey, **81%** of respondents said they would stop engaging with a brand online following a data breach.<sup>5</sup>

## Vesta is Here to Help

It's time to stop unnecessary losses to fraud. By leveraging Vesta's proven Machine Learning and Artificial Intelligence technologies, we effectively detect and stop fraud instantly. Doing so allows you to eliminate both the obvious direct costs of fraud like false declines as well as the not-so-obvious indirect costs like the brand image you've worked hard to build.

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For more information, visit [vesta.io](https://vesta.io)



### Reputation

A breach can prompt media attention, result in being flagged by card brands, and elicit negative reviews. All can be severely damaging to your image, especially since **4 out of 5** customers won't buy from brands with negative reviews.<sup>6</sup>



<sup>1</sup> <https://thefintechtimes.com/vesta-whats-the-true-cost-of-fraud-to-your-online-business/>  
<sup>2</sup> <https://thefintechtimes.com/vesta-whats-the-true-cost-of-fraud-to-your-online-business/> & <https://www.vesta.io/blog/addressing-false-declines>  
<sup>3</sup> <https://aitegroup.com/report/e-commerce-conundrum-balancing-false-declines-and-fraud-prevention>  
<sup>4</sup> <https://chargebacks.com/true-cost-chargebacks/#:~:text=Chargebacks%20are%20%20%2440%20billion,losses%20of%20goods%20and%20services>  
<sup>5</sup> <https://www.businesswire.com/news/home/20191022005072/en/81-of-Consumers-Would-Stop-Engaging-with-a-Brand-Online-After-a-Data-Breach-Reports-Ping-Identity>  
<sup>6</sup> <https://www.compro.biz/what-does-a-bad-business-reputation-cost/#:~:text=A%20separate%20study%20found%20that,from%20companies%20with%20negative%20reviews.&text=While%20this%20can%20help%20businesses,9%20percent%20increase%20in%20revenue>