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Surging Card Disputes: A Global Perspective on the State of Chargebacks

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Summary and Key Findings

As digital commerce continues to expand and consumer behavior evolves, financial institutions (FIs) and merchants face mounting challenges in managing the growing volume of consumer disputes and chargebacks. Datos Insights conducted an extensive study, leveraging interviews with 23 large FIs and a survey of 840 midsize and large merchants across Australia, Brazil, the U.K., and the U.S., to examine the evolving landscape of card disputes and chargebacks and uncover insights for FIs and merchants to reimagine their current frameworks. The key findings from this report follow:

- **Global chargeback volume continues to rise significantly:** Datos Insights estimates volume in 2025 to be 261 million chargebacks, representing US\$33.8 billion in disputed transactions. This growth is driven by increasing digital commerce, sophisticated fraud schemes, and greater consumer awareness of dispute rights, creating operational challenges for FIs and merchants.
- **Regional variations are significant:** North America has the highest chargeback to transaction volume ratio at 0.051% of all card transactions, while the Asia-Pacific region has the lowest at 0.007%, largely due to differences in strong customer authentication requirements and fraud prevention approaches.
- **Fraud dominates chargeback reasons:** FIs report that 70% of chargebacks are fraud-related (56.5% third-party fraud and 13.7% first-party fraud). Merchants attribute only 45% of chargebacks to fraud (24% third-party and 21% first-party). However, the latter figure is underreported due to some fraud listed as a write-off instead of being classified as true fraud. Moreover, merchants have a better view than FIs of which chargebacks are related to first-party fraud.
- **The cost impact is substantial:** Processing a dispute to completion costs FIs between US\$9.08 and US\$10.32. In comparison, merchants report technology investments ranging from US\$100,000 to US\$500,000 annually for chargeback management, with costs increasing year over year (YoY).
- **Chargeback avoidance tools are showing promise:** Merchants rate solutions such as Ethoca Consumer Clarity and Ethoca Alerts as effective or very effective in reducing chargebacks before they enter the formal dispute process.

About Datos Insights

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