

Chargeback Solutions for the Gaming Industry

Introduction

The global gaming industry continues to grow at a rapid pace. Estimates have the total video game market value increasing to [\\$268 billion](#) by 2025, with a compound growth rate of [12%](#). New technologies such as XR, social game services, and live platform gaming have helped create a shared-online experience that continues to grab consumer interest.

In particular, a growing percentage of industry revenues now results from in-game purchases. Online world-building and metaverse-based platforms flourish in the attention economy, paving the way for credit payment system integrations. It is estimated that in-game purchases will account for [\\$74 million](#) worldwide by 2025.

But the shift into in-app purchase models facilitated by rapid credit payments has led to an inevitable problem: chargebacks.

Credit card integrations on live servers still run the risk of fraud. Technical errors continue to lead to customer disputes. And in-game purchases are of low denominations, leading to high volumes of low-value chargebacks that hurt revenues and have no profitable recovery methods.

As the industry adjusts to the influx of online innovations and credit payment systems, chargebacks present a massive problem to developers and online platforms.

Chargeback Volume in the Gaming Industry

New tech adoption and consumer convenience have certainly boosted the popularity of gaming, but it also increases chargeback risk. In many ways, the current ecosystem encourages rather than deters chargebacks:

Rapid Payment Systems Designed for Stickiness Ratings

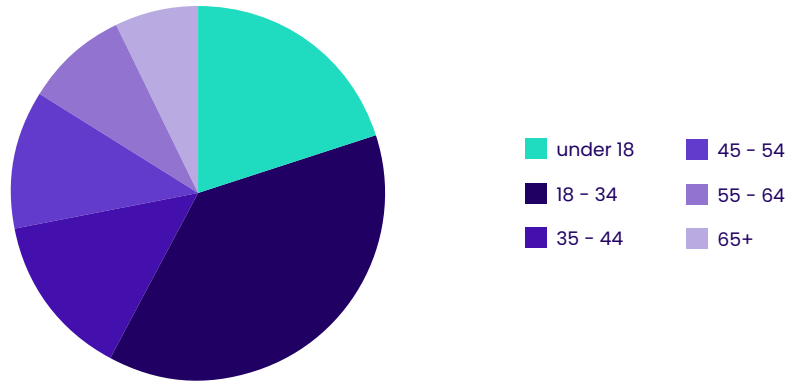
Valuations of game quality and projected profits stem from stickiness ratings. The more active users within a digital hub, the higher likelihood of future purchases. Rapid payment systems and in-game credit card integrations help increase user retention and decrease payment friction—key metrics that forecast profitability.

As a result, game design can often sacrifice secure, data-intensive payment systems for purchase speed. Not only is that a recipe for direct fraud, but it can lead to buyers remorse, mistaken purchases, and friendly fraud, all of which drastically increase chargeback volume.

Payments Initiated by Younger-Aged Gamers

The in-game payment infrastructure also leads to an influx of wrongful purchases. For example, the addictive nature of some platforms with planned reward offers can lead to repeated purchases that lead to false declines. Or, some users mistakenly purchase subscription services without knowing, leading to customer disputes when the credit card bill arrives.

Distribution of video gamers in the United States 2021, By Age Group



The ability of game infrastructure to store credit card information can also lead to mistaken purchases by children. While the majority of gamers fall within the 18 - 34 age category, [20%](#) of all users in the United States are below the age of 18. A minor equipped with a credit card can lead to extensive chargebacks on legitimate purchases.

Account Issues

Many online, app-based, or digital gaming platforms convert credit payments into game tokens. Gamers can engage in Real Money Trading (RMT), where game elements are exchanged with fiat currencies within gamer accounts. But internal accounts are vulnerable to hacking or malfunction, both of which lead to chargebacks.

Moreover, game developers rightfully put more focus on game design rather than account security and setup. Most platforms reside on or use third-party servers, hosts, and security firms, all of which can lead to weak points that cause errors. Chargebacks often ensue.

Even cheat code software can lead to errors that once again result in customer disputes. Attempts to game the system can cause accounts to fail, with all game purchases disappearing. For a consumer who paid fiat money for in-game currency they cannot use, a chargeback is often the method used to recoup any losses. Problems within the in-game economy leads to numerous instances of friendly fraud or false claims.

Fraudulent Card Testing

Criminals will also use the infrastructure of gaming platforms for carding attacks. Simple game systems are ideal for testing out stolen credit card information. An identity thief can make different purchase types to confirm the card's authenticity before initiating a dispute.

The gaming industry had some of the highest attack rates in 2021, averaging around [33%](#) and 65 attacks per second. The impact of such fraud within the game ecosystem only leads to a burgeoning chargeback problem.

Chargeback Resolution With Justt

Microtransactions

Game monetization relies on uncapped microtransactions, especially with online platforms. While increased security is necessary, it cannot come at the expense of user friction and overall game stickiness. Chargeback solutions that reduce overall dispute volumes are still a necessity.

In particular, the gaming industry needs a chargeback mitigation partner. [In-house chargeback solutions](#) are too costly for such small payment reversals common to in-game purchases. Even with a good resolution rate, the expenses invested into revenue recovery would not match the value of the microtransactions, especially at scale.

We at Justt recognize the unique problem that microtransactions present. With our unique combination of technology and expertise, we can fight and win microtransactions disputes, saving game publishers the costs involved with dispute resolution teams.

Recover Revenues with Gaming-Specific Chargeback Solutions

Game publishers also need a simple way to recover lost revenues from disputed microtransactions. Any chargeback mitigation solution must be able to win deceitful or wrongful chargeback disputes, whether that involves friendly fraud, charges made through rapid payment systems, or other customer issues particular to gaming platforms.

This means any chargeback partner must provide solutions specific to the gaming industry. Assessing chargebacks due to problems with in-game economy issues is a difficult task, especially when it involves instances of friendly fraud or disputes made from customer dissatisfaction. A chargeback solution needs to evaluate false claims made by customers to help mitigate revenue loss without affecting the user experience for honest customers. To achieve that, customization and expertise in the gaming vertical is required.

To earn the highest possible win-rates, Justt builds the customized solutions needed by each of our partners. We manage the entire chargeback lifecycle, disputing chargebacks to help level the playing field for gaming companies. Reduce chargebacks with less risk exposure as the industry continues to evolve within the connected information age.

Key Takeaway:

Gaming companies need solutions to prevent the growing issue of chargebacks and gaming fraud. Since platforms rely on in-game microtransactions, Justt's chargeback mitigation solution can recover low-value disputes without the extensive costs associated with in-house resolution teams.



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