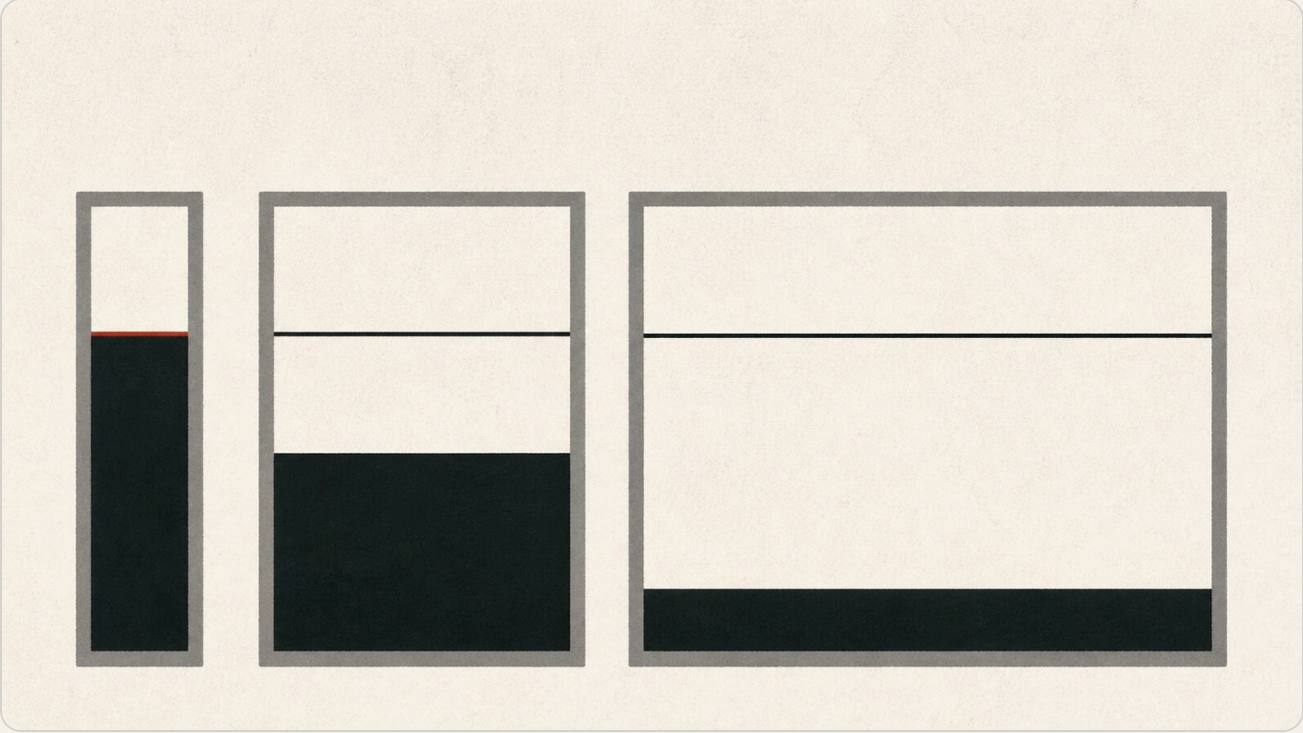
Which chargeback rate threshold actually binds you: 0.75%, 1%, or 1.5%?



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RATIOS & THRESHOLDS

Which chargeback rate threshold actually binds you: 0.75%, 1%, or 1.5%?

Three chargeback rate thresholds circulate — 0.75%, 1%, and 1.5%. They belong to different parties, count different transactions, and carry different volume floors. Here's which one applies to you.

BY CLAIRE HOLLOWAY · PUBLISHED AUG 4, 2026 · UPDATED SEP 7, 2026 · 13 MIN READ

KEY TAKEAWAYS

- Every card-network threshold carries a volume floor as well as a percentage: 1,500 events for Visa VAMP, 100 chargebacks for Mastercard ECM, USD 5,000 for MATCH reason code 4.
- Below a card-network chargeback program's volume floor no percentage can identify you, so the line that binds a smaller merchant is its processor's own unpublished tolerance.
- The three numbers have three owners: 0.75% is Stripe reporting an industry standard, 1% is MATCH reason code 4, and 1.5% is both Visa VAMP and Mastercard ECM.
- Visa and Mastercard both divide by a recent month while this month's chargebacks came from an older, bigger one, so a shrinking merchant's ratio climbs on its own.

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Someone told you your chargeback rate is close to the limit. So you went looking for the limit and found three: 0.75%, 1%, and 1.5%. Every page states one of them with complete confidence, and none of them tells you whose rule it is, what sits underneath the fraction, or how many disputes you need before a percentage means anything at all.

Those three numbers are not competing estimates of one line. They are three separate measurements, owned by three separate parties, counted on three separate denominators. Two of the three cannot touch you until you clear a volume floor, and the floors are the part nobody prints.

The short answer, before the working: those floors are counts and dollar amounts, not percentages. Visa needs 1,500 events, Mastercard 100 chargebacks, MATCH USD 5,000. Below them no card-network chargeback program can identify you at any rate, and what binds a merchant that size is its processor's tolerance, which nobody publishes.

What is a chargeback rate, and which version is your processor actually watching?

A chargeback rate is a count of disputes divided by a count of transactions. The complication is which date you use to line them up, because a dispute usually arrives months after the payment that caused it, and the two choices give different numbers for the same month.

Stripe reports both and names them: dispute activity is "the percentage of disputes on successful payments by *dispute* date", and dispute rate is "the percentage of disputes on successful payments by *charge* date" (Stripe, Measuring disputes). Stripe's own example: 1,000 payments in a week and 10 disputes received that week, only 3 of them from those 1,000 payments. Dispute activity is 1%. Dispute rate is 0.3%.

The card networks' monitoring programs use the dispute activity calculation. That is Stripe's sentence, not an inference, and it decides which of your two dashboard numbers has consequences attached. So the first question about any chargeback rate is not "what's the number" but "by dispute date or by charge date?"

Where does the 0.75% chargeback rate come from?

0.75% is a line Stripe reports, not a line Stripe sets. Stripe's sentence reads: "The credit card processing industry standard recognizes dispute activity above 0.75% as excessive, but other factors, such as a sudden spike or steep upward trend can trigger placement in a monitoring program before dispute activity reaches the 0.75% threshold."

Three things in it get lost every time it is repeated:

- **It is attributed to the industry, not to Stripe.** Stripe states no Stripe-specific dispute threshold anywhere in its disputes documentation.

- **It applies to dispute activity, the dispute-date calculation, not to the charge-date dispute rate.**
- **Crossing it is not the trigger.** A spike or a steep upward trend can put you in a monitoring program before you reach it.

0.75% also matches no published card-network threshold: nothing on Stripe's monitoring programs page is set there. It is a rule of thumb about where processors get uncomfortable, not a threshold with a program behind it.

The corollary matters more than the number: **Stripe's disputes documentation publishes no reserve percentage, no review trigger and no account-termination threshold.** Its strongest consequence language is about the networks: "Failure to comply with the requirements of a program within the specified time period can result in the network refusing to process further payments to you." If you have read that Stripe reviews accounts at 0.5%, that number came from somewhere other than Stripe.

Whose line is 1%? Mastercard's MATCH reason code 4

The 1% belongs to MATCH, the Mastercard Alert to Control High-risk Merchants system: the database processors must check before boarding a merchant and must write to when they terminate one. Specifically it belongs to MATCH reason code 4, Excessive Chargebacks, and it has never been a standalone percentage.

Stripe's terminated merchant files documentation states the criterion: "Merchants trigger this code when monthly Mastercard chargebacks exceed 1% of total monthly Mastercard sales transactions and total 5,000 USD or more. Both thresholds must be met in the same month to qualify." Miss either condition and reason code 4 is not satisfied.

Be careful with that percentage. Mastercard does not publish the current MATCH listing criteria anywhere a merchant can open and read them, so the 1% in circulation traces back to processor documentation (Stripe's, as it reads in September 2026) rather than to a network page you can check. Treat it as the figure Stripe documents. Treat the USD 5,000 as the condition that decides your case, because it is the one every public statement of the criterion agrees on.

The dollar floor is the whole story for a small merchant, because there is no count floor at all: "Mastercard doesn't require a minimum count of individual chargebacks to trigger an excessive chargeback listing." Stripe's qualifying example is a merchant with 125 Mastercard transactions and 6 Mastercard chargebacks in a month, a 4.8% ratio, carrying USD 6,250 of chargeback volume. Six chargebacks is enough, if they are big enough.

Turn it around and you get the more common case. Studio Mercer, a creator selling an $80 course through Whop, takes about 200 orders a month. Three disputes is a 1.5% ratio and USD 240 of chargebacks, so Studio Mercer can run that ratio for a year and never satisfy reason code 4.

One more thing, because MATCH is not a monitoring program: your processor adds you when the relationship ends, not while you are trading. Stripe puts the duration plainly: “Listings remain active for 5 years.”

Whose line is 1.5%? Visa VAMP and Mastercard ECM — and they are not the same 1.5%

The 1.5% is the clearest proof that a percentage means nothing without the program behind it, because it is two thresholds in two programs, with different numerators, different denominators and different floors. They agree on a decimal and on nothing else.

The Visa Acquirer Monitoring Program (VAMP) is the first. Visa’s own fact sheet defines a count-based ratio on card-not-present (CNP) VisaNet transactions:

> VAMP Ratio = Count of [Fraud (TC40) + Disputes (TC15)] ÷ Count of Settled Transactions (TC05)

The US excessive-merchant threshold is ≥150 basis points (basis points are hundredths of a percent, so 150 bps is 1.5%), reduced from ≥220 bps on 1 April 2026, together with a monthly count of fraud and disputes of ≥1,500. Both conditions are required. Four details inside that formula decide who it reaches:

- **A TC40 fraud report counts on its own.** An issuer’s fraud report lands in the numerator even when it never becomes a chargeback.
- **One transaction can count twice.** The ratio sums two counts, so a transaction appearing in both the TC40 and TC15 reports lands in the numerator twice.
- **Compelling Evidence 3.0 can take fraud back out.** Visa excludes “TC 40 fraud qualified for Compelling Evidence 3.0, contingent on the timing of the data extract” from the count.
- **The merchant thresholds depend on your acquirer’s standing.** They apply only “if acquirer is not Above Standard or Excessive”, which makes VAMP an acquirer program that reaches through to merchants.

Mastercard’s Excessive Chargeback Program (ECP) is the second, and its Excessive Chargeback Merchant (ECM) level is where the other 1.5% lives. Stripe publishes the table: ECM is a dispute count of 100–299 together with a chargeback rate of 1.5–2.99%. The High Excessive Chargeback Merchant (HECM) level above it is 300+ disputes and 3%. Mastercard’s denominator is not this month’s payments but “the total number of captured payments from the preceding month”.

	VISA VAMP (US EXCESSIVE MERCHANT)	MASTERCARD ECM
Numerator	TC40 fraud reports + TC15 disputes	Chargebacks raised this month
Denominator	Settled CNP transactions, same month	Captured payments, preceding month

	VISA VAMP (US EXCESSIVE MERCHANT)	MASTERCARD ECM
Scope	Card-not-present Visa transactions only	Mastercard transactions
Volume floor	≥1,500 events per month	100 chargebacks per month
Ratio	≥1.5% since 1 April 2026 (was ≥2.2%)	1.5–2.99% (ECM), 3%+ (HECM)

A merchant can be over Visa's 1.5% and under Mastercard's 1.5% in the same month without either number being wrong.

> *A percentage with no denominator and no floor attached isn't a threshold — it's a rumor with a decimal point.*

Why does one month of chargebacks produce three different percentages?

Because the numerator is fixed by the month a dispute arrives and the denominator is a choice, and the programs choose differently. Stripe: "Visa calculates the ratio of disputes or fraud to the total number of payments in the same calendar month. Mastercard calculates the ratio of disputes or fraud to the total number of payments in the previous month. Both networks assign a dispute or fraud report to the month in which they received it, regardless of when the original payment occurred."

Stripe's worked version of Mastercard's lag is the sentence to keep: "calculations for February use payments captured in January and chargebacks raised in February, including chargebacks for payments captured in February."

Here is what that does to a real month. Northwind Supply sells homewares on WooCommerce at a $60 average order. It shipped 5,000 orders in November, 4,000 in December, 3,000 in January and 2,400 in February. In February it received 30 chargebacks, nearly all raised against December's holiday orders.

THE QUESTION BEING ASKED	THE ARITHMETIC	THE ANSWER
What share of the orders that caused them?	30 ÷ 4,000 December orders	0.75%
Mastercard's method	30 ÷ 3,000 January captures	1.00%
Visa's method	30 ÷ 2,400 February settlements	1.25%

Nothing about Northwind Supply's customers changed between those three numbers. Only the denominator did. (The real formulas are narrower: Visa counts only card-not-present transactions and adds TC40 fraud reports on top, Mastercard counts only Mastercard volume, which moves all three again.)

That is the mechanism worth internalizing. **A shrinking merchant's ratio climbs on its own.** Card networks typically allow cardholders 120 days from the original payment to dispute it, and longer in some situations, so this month's chargebacks were earned by a bigger month that has already gone, while both formulas divide by a recent, smaller one. Mastercard's one-month-back denominator cushions that slightly against Visa's same-month denominator. It does not reverse it. A seasonal business coming off a peak gets a worse ratio for doing nothing differently.

One US-only distortion on top: Stripe tells US accounts to count payments for a calendar month but disputes "from the 5th of that month to the 5th of the following month," because of a reporting delay. That is why your dashboard and the network can both be right and still disagree.

Which line actually binds you at your volume?

For most merchants, none of them, and that is the answer the pages quoting a single number never give. The percentages are not what qualifies you for a program; the counts are. Work out your floors first and the ratio question usually resolves itself.

Divided out, the floors tell you what volume each program was built for:

- **Visa VAMP.** 1,500 events at a 1.5% ratio implies roughly 100,000 settled card-not-present transactions a month. Below that scale the US excessive-merchant limb cannot identify you, however bad the percentage looks.
- **Mastercard ECM.** 100 chargebacks at a 1.5% ratio implies roughly 6,700 Mastercard transactions in the preceding month, about fifteen times more reachable than VAMP. The network program most likely to bite a mid-size merchant is the one that gets a fraction of the coverage.
- **MATCH reason code 4.** No count floor at all, just USD 5,000 of Mastercard chargebacks in one month. At a $60 average order that is 84 chargebacks; at a $1,000 average order it is five.

Four volumes, four different binding constraints:

MERCHANT	MONTHLY VOLUME	DISPUTES	VAMP (1.5% + 1,500)	ECM (1.5% + 100)	MATCH CODE 4 (RATIO + $5,000)
Studio Mercer, $80 courses on Whop	200 orders	3 (1.5%)	No (3 events)	No (3 chargebacks)	No ($240)
Northwind Supply, $60 orders on WooCommerce	2,400 orders	30 (1.25%)	No (30 events)	No (30 chargebacks)	No ($1,800)
Tidewater Labs, $49/mo SaaS on Stripe	3,000 charges	18 (0.6%)	No (18 events)	No (18 chargebacks)	No (0.6% is under the ratio test, and 18 charges at $49 is $882)
A CNP merchant at scale	100,000 transactions	1,500 (1.5%)	Yes, both tests met	Depends on the Mastercard share	Depends on the chargeback dollars

Northwind Supply is the case worth sitting with: a ratio of 1.25% is above every percentage in this post's title, and not one of the three programs can touch it. Below the floors, no card network is grading you. Your processor is.

What happens when you cross one?

Fines escalate by the month rather than by how far over the line you are, and they reach you through your processor: Stripe notifies the account when Visa assesses a fee. Only Mastercard's schedule is published somewhere you can open it.

Mastercard ECM, as Stripe publishes it: nothing in month one, then 1,000 USD in months two and three, 5,000 in months four to six, 25,000 in months seven to eleven, and 50,000 and 100,000 beyond that, plus an issuer recovery assessment of 5 USD per chargeback above 300 from month four. You exit when "your chargebacks drop below the program threshold for 3 consecutive months".

Visa VAMP publishes thresholds and remediation obligations but no fee schedule: §12.5.4 of the public Visa Core Rules, "Dispute Monitoring Fees and Non-Compliance Assessments", is a heading with no body. The figure in circulation, 8 USD per fraudulent or disputed transaction, comes from the Merchant Risk Council in April 2026 and is a secondary source.

What Visa does publish is the price of the workaround. Splitting volume across a second merchant ID to hold each one under the line is addressed at §12.5.3.2: altering "the Merchant name, Merchant data, or Merchant performance in any way to circumvent" VAMP can draw "a non-compliance assessment of USD 25,000 per Merchant or Sponsored Merchant, per month" and permanent disqualification of the merchant and its principals from the Visa system.

What if your processor says you're over the line?

Check the number they gave you against the floors, not the percentages. If you are running fewer than 1,500 fraud and dispute events a month, fewer than 100 Mastercard chargebacks a month, and under USD 5,000 of Mastercard chargebacks in any single month, none of the three programs above has identified you, and a network threshold quoted at you is being used as shorthand. What you are being told is your processor's tolerance. That is a real constraint. It is a different kind of constraint.

A program is a rulebook. Mastercard's Excessive Chargeback Program has an identification test, a fine schedule and an exit you can read: three consecutive months below the threshold. You can count your own numbers and know where you stand, and the day you drop below the line the clock starts.

A tolerance is a conversation. Stripe publishes no reserve percentage, no review trigger and no termination threshold, so there is no number to check yourself against. What it does publish is the early part: that a sudden spike or steep upward trend can matter as much as the level, that it will

“proactively reach out to see how we can help”, and that it can “work with you on a remediation plan”, for which its monitoring programs documentation provides a template. Past that, nothing is quantified, and the honest description of the far end is that it exists and nobody has told you where.

Which changes what a good response looks like. There is no threshold to argue about and no exit date to wait for, so the conversation turns on trend and on plan: the ratio split by network, the count next to it, what moved since last month, and what you changed. A processor is deciding whether the account is getting better or worse, and that is a question you can answer with data you already have.

One thing not to do: open a second merchant ID and split the volume. Visa prices that directly, at §12.5.3.2 above, and it outlives the account it was meant to save.

What should you actually monitor?

Track dispute activity by dispute date, split by network, against the floor that applies to your volume, rather than a blended percentage against a number you read in a forum. A single all-networks ratio answers no program’s question, because no program asks it.

The monthly check, in order:

1. **Count by network, not in aggregate.** Mastercard ECM counts Mastercard chargebacks over Mastercard volume; Visa VAMP counts card-not-present Visa fraud reports and disputes over settled card-not-present Visa transactions. Stripe’s own instruction for doing this by hand is to export your Visa or Mastercard disputes from the Payments tab in the Dashboard and compare them to your payments using the program’s formula.
2. **Track the count alongside the ratio.** Both programs require both tests, and the count tells you whether the percentage is live for you at all.
3. **Total the dollars once a month for Mastercard.** USD 5,000 in a calendar month is MATCH reason code 4’s only floor, and a high average order clears it on single-digit chargeback counts.
4. **Recompute Mastercard’s ratio against last month’s captured payments, not this month’s.** In the US, count disputes on the 5th-to-5th window rather than the calendar month.
5. **Watch the slope, not just the level.** A spike can trigger placement before a threshold is reached.

That is the same arithmetic every month, on data that lives in two or three places and that no dashboard assembles for you. Which is why it rarely gets run monthly. It gets run once, after a letter arrives, on the month that prompted the letter, when what would have been useful is the three months before it.

Keeping that current between disputes is the standing job Chargewood’s Ratio Guard does, so the trend is visible before someone writes to you about it rather than reconstructed by hand afterwards. The rest of what Chargewood does is upstream of the ratio: reading the order, building the evidence

from delivery, device and usage data, and filing it before the deadline, billed at 20% of what comes back. If you sell subscriptions, that story starts on the SaaS page; if you ship physical goods, on the e-commerce page.

THE FLOOR THAT COMES WITH EACH LINE

Stripe 0.75% — dispute activity	NO FLOOR
MATCH reason code 4 — 1%	USD 5,000
Visa VAMP — 1.5%	1,500 EVENTS
Mastercard ECM — 1.5%	100 DISPUTES

THE NUMBERS, AND WHERE THEY COME FROM

0.75%

the dispute activity Stripe's documentation calls excessive, attributed to the credit card processing industry standard rather than to Stripe

Stripe Docs — Measuring disputes
docs.stripe.com/disputes/measuring

1,500

monthly fraud and dispute events required before Visa's VAMP excessive-merchant threshold can apply in the US

Visa — Acquirer Monitoring Program Overview
corporate.visa.com/content/dam/VCOM/corporate/visa-perspe...

USD 5,000

of Mastercard chargebacks in a single month that must also be met before MATCH reason code 4 applies

Stripe Docs — Terminated merchant files
docs.stripe.com/disputes/match

Questions people ask

What is a good chargeback rate?

There is no single number, because every threshold that carries a consequence also carries a volume floor. Visa's VAMP excessive-merchant threshold in the US is 1.5% and at least 1,500 fraud and dispute events in a month. Mastercard's Excessive Chargeback Merchant level is 1.5% to 2.99% and 100 to 299 chargebacks. Below those counts, neither program identifies you at any percentage. The one card-network listing with no count floor is MATCH reason code 4, and it requires USD 5,000 of Mastercard chargebacks in a single month. Stripe's documentation separately reports dispute activity above 0.75% as excessive and attributes that figure to the credit card processing industry standard rather than to a Stripe policy.

How do I calculate my chargeback rate?

Two ways, and the programs disagree about which. Visa's VAMP ratio divides the count of TC40 fraud reports plus TC15 disputes by the count of settled card-not-present transactions in the same calendar month. Mastercard's Excessive Chargeback Program divides this month's chargeback count by the total captured payments from the preceding month. Both networks assign a dispute to the month it was received, not the month of the payment behind it. For US accounts, Stripe's instructions are to count payments for a calendar month and disputes from the 5th of that month to the 5th of the following month.

Is Stripe's chargeback threshold 0.5%?

No. Stripe publishes no Stripe-specific chargeback threshold: no reserve percentage, no review trigger and no termination number appears in Stripe's disputes documentation. The one figure there is 0.75% of dispute activity, which Stripe attributes to the credit card processing industry standard rather than to itself, and which Stripe says a sudden spike or steep upward trend can pre-empt. A third party quoting 0.5% as Stripe's limit is not quoting Stripe.

My processor says my chargeback rate is too high. Which program am I in?

Probably none. A card network can only identify a merchant that clears a volume floor as well as a ratio: 1,500 fraud and dispute events a month for Visa's VAMP excessive-merchant threshold, 100 chargebacks a month for Mastercard's Excessive Chargeback Merchant level, and USD 5,000 of Mastercard chargebacks in a single month for MATCH reason code 4, the one listing with no count floor. If you are in Mastercard's program, Stripe publishes the consequence as a fine schedule starting at nothing in month one and rising through 1,000, 5,000 and 25,000 USD as the months accumulate, with removal after three consecutive months below the threshold. Below all three floors there is no program, no fine and no published exit schedule, and the constraint being described is your processor's own tolerance, which is real and negotiable but is not a card-network rule.

chargewood

Read it online, with the links and the latest revision: chargewood.com/blog/chargeback-rate-thresholds

More guides to reason codes, evidence and dispute ratios: chargewood.com/blog