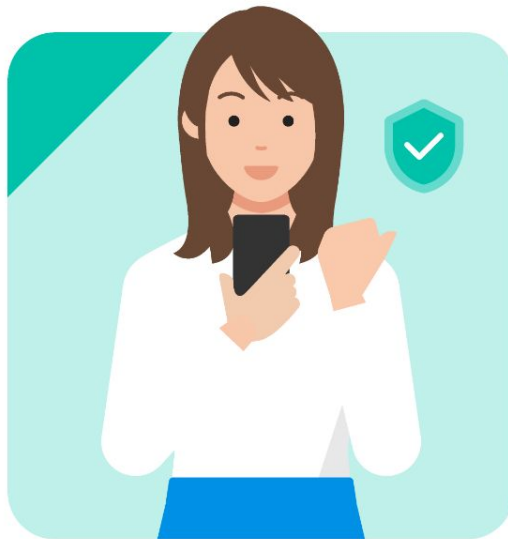


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Transparency Report on Our Plan of Action for a Safe and Secure Marketplace

Mercari, Inc.
August 2025 Edition



Purpose of this report

This report has two purposes:

(1) To regularly disclose the results of our measures against fraud and support for users, along with new enhanced initiatives launched in May 2025—the “**thorough elimination of fraudulent users**” and “**thorough aid for users**”—and (2) to ensure transparency while advancing these initiatives.

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 - eKYC, passkeys, and Safe Appraisal
 - New Initiatives:
 - Use of AI, Mercari Appraisal Center, and the full coverage support program
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1 Overview and Results of Initiatives

1 Background of Initiatives

Mercari has grown into a service used by 23 million users per month, with a gross merchandise value exceeding 1 trillion JPY. With the expansion of the service, threats such as unauthorized logins and fraud have also increased. Across society, online fraud has been increasing year by year, and the risk of fraud continues to rise. In response, Mercari announced new enhanced initiatives on May 21, 2025, to ensure users can use the service more safely and securely. The measures are called “**thorough elimination of fraudulent users**” and “**thorough aid for users**.”

Threats to Safety and Security



Fraudulent users

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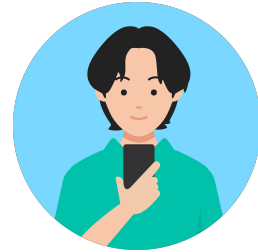
Unauthorized logins to user accounts due to phishing

Listing of items infringing IP rights, etc.

Fraudulent transactions, such as item return fraud

merpay

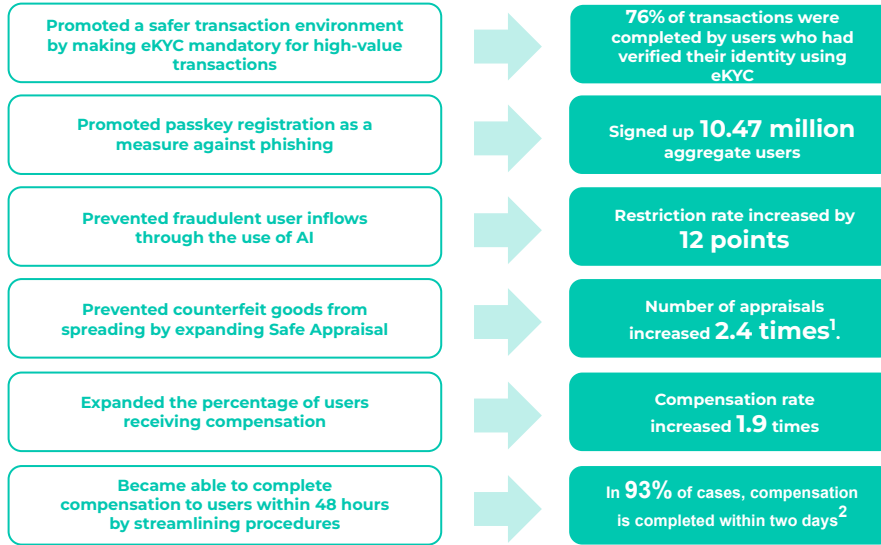
Fraudulent payments using credit services



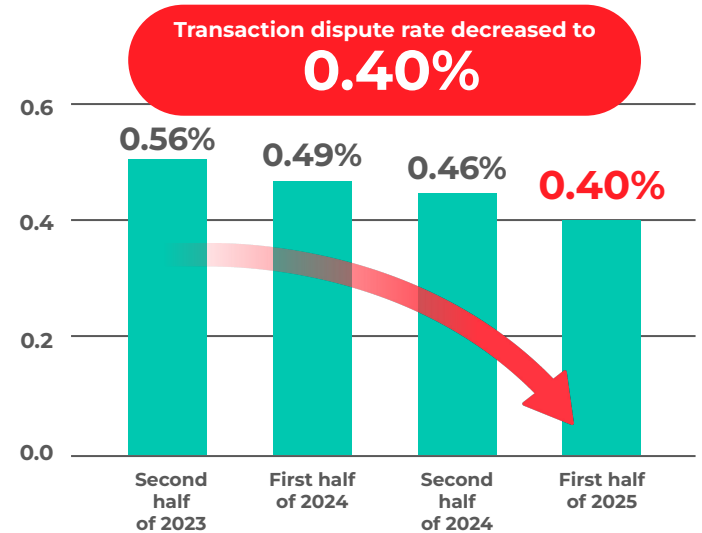
Users

2 Results of Initiatives (Highlights: Second Half of 2023 to First Half of 2025)

Through enhancing fraud control, response speed, and compensation rate, we have created a safe and secure transaction environment and lowered the risk of a user running into a transaction dispute.



1. Compared to the data from the second half of 2024
2. Compared to the results from the past three months



Transaction dispute rate: Percentage of the total number of transactions that raised an inquiry (e.g., defective or undelivered items)

3 Status of Safety and Security Strengthening Measures (as of Aug. 2025)

Since the May 2025 announcement, Mercari has implemented two of its three new initiatives.

Our two promises

Three initiatives

Status

Overview



Thorough elimination of fraudulent users

Leveraging AI to thoroughly eliminate fraudulent users

Using the Mercari Appraisal Center to thoroughly eliminate fraudulent users



Training AI on monitored suspicious behavior, analyzing risks, and identifying and eliminating fraudulent users.

Establishing a company-operated appraisal center to remove counterfeit brand-name items from the Mercari marketplace (scheduled to start operation in fall 2025).



Thorough aid for users

Thorough aid for users through the full coverage support program



In the event an issue occurs, Mercari provides users with support and full compensation of their purchase price or sales profits (started July 1, 2025).

2 Details of the Initiatives



**Thorough
elimination
of fraudulent users**

Strengthening Existing Initiatives

- **Strengthening identity verification using eKYC**
- **Promoting passkey-based authentication**
- **Safe Appraisal**

New Initiatives

- **Enhancing fraud monitoring using AI**
- **Using the Mercari Appraisal Center to thoroughly eliminate fraudulent users**

Thorough Elimination of Fraudulent Users (Strengthening Identity Verification Using eKYC)

Strengthening
Existing Initiatives

Increased the percentage of users who have completed eKYC, working to build a safe transaction environment.

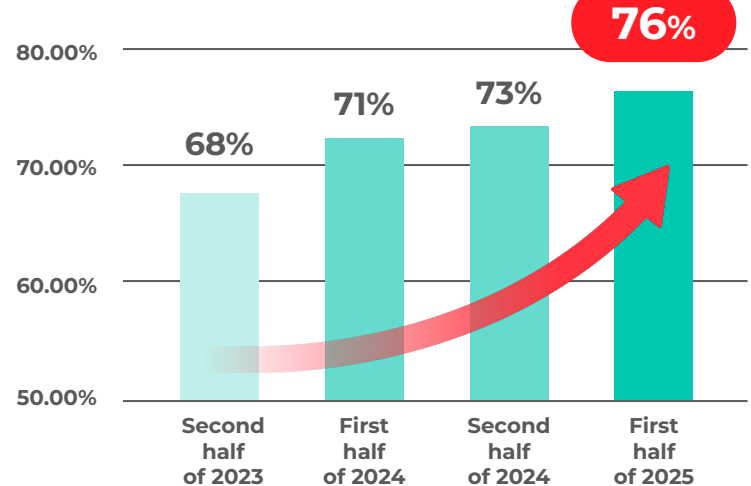
Strengthening identity verification using eKYC

- Making eKYC mandatory for both buyers and sellers in high-value transactions to enhance security
- Improving eKYC usage flow (process and user experience)
- Eliminating impersonation and fraudulent accounts to build an environment where users can execute transactions safely



Screenshot of
an
eKYC-verified
account

Percentage of transactions conducted by users who have completed identity verification



Percentage of transactions conducted by users who
have completed identity verification

2 Thorough Elimination of Fraudulent Users (Promotion of Passkey-based Authentication)

Reduced phishing risk by actively promoting passkey usage.

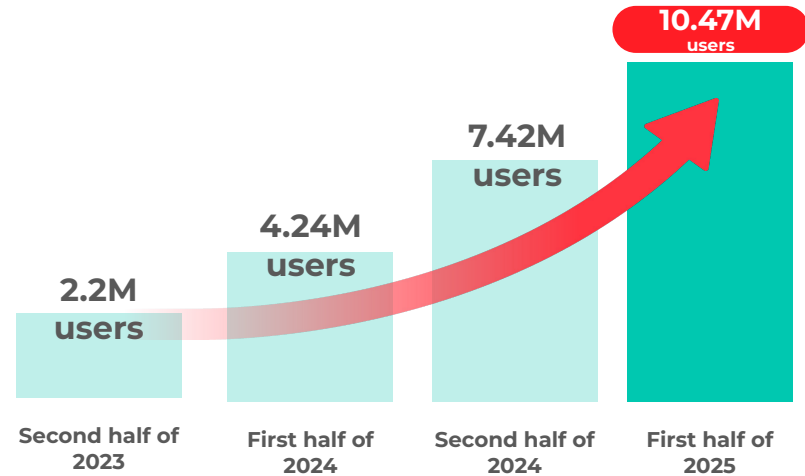
Strengthening login authentication

- Introduced passkeys in April 2023.
- From January 2024, applied passkey authentication to all app logins, eliminating the need for password entry.
- From September 2024, made logging in using passkeys mandatory for users who have registered passkeys.
- Exceeded 10 million passkey registrants (cumulative)in May 2025.



Screenshot showing passkeys in use

Number of FIDO/passkey registrants



Number of passkey (password-less authentication method that allows login using biometrics, a PIN, etc.) registrants.

2 Thorough Elimination of Fraudulent Users (Safe Appraisal)

Leveraged professional appraisals in users' high-value transactions to create a more trustworthy marketplace.

- Since March 2024, Mercari has offered "**Safe Appraisal**," an optional paid service where items purchased on Mercari are appraised by specialists, and only items that pass appraisal standards can be sent to buyers.
- In October 2024, standardized the use of the "Approved for Safe Appraisal" status when listing eligible brands.
- In the first half of 2025, **the number of items listed with Safe Appraisal enabled** was about **2.4 times** higher than the second half of 2024, expanding opportunities for buyers to purchase with confidence.

When appraisal standards and conditions are met

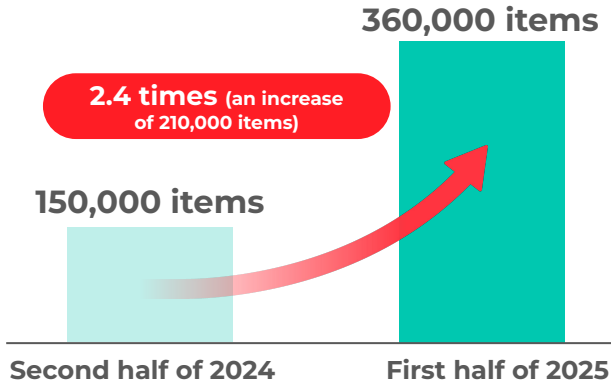
Items are shipped from **appraisal businesses** to **buyers**.



Items and shipping methods available with Safe Appraisal:

- Only items listed with Safe Appraisal enabled
- Available only via RakuRaku Mercari Shipping

Number of Safe Appraisal-enabled listings



2 Thorough Elimination of Fraudulent Users

(Enhanced Fraud Monitoring with AI Technology)

We employ AI-powered monitoring to learn from and analyze massive transaction data, detecting patterns that may lead to issues or suspicious activities.

Process for identifying fraudulent users

1 Learning by AI
(Suspicious activity)



2 Analysis by AI
(Risk confirmation)



3 Judgement by AI
(AI judges presence of fraudulent user)



2 Thorough Elimination of Fraudulent Users

(Enhanced Fraud Monitoring with AI Technology)

After the AI-based judgement, fraudulent accounts are restricted to prevent risks. In malicious cases, responsibility is strictly pursued to maintain platform integrity.

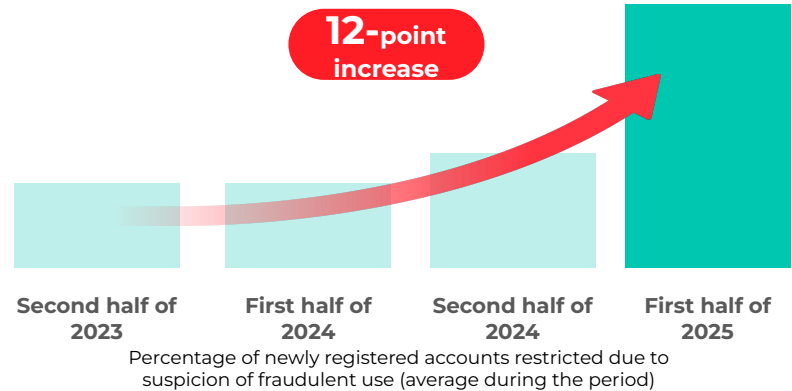
Examples of actions taken when a user is identified as fraudulent

Enact account usage restrictions

Pursue criminal action

Pursue civil litigation and other methods
(claims for damages, claims for unjust enrichment,
etc.)

Restriction rate resulting from detection of fraudulent accounts



2 Thorough Elimination of Fraudulent Users

(Mercari Appraisal Center)

We are building a Mercari-operated appraisal center to reduce the risk of users being exposed to counterfeit brand-name items or item fraud.

**Improved
reliability**

Accumulate and leverage appraisal expertise and case studies on counterfeit goods through the operation of Mercari's appraisal center

**Smooth
transaction
experience**

Prevent disputes between users over authenticity, ensuring transactions proceed smoothly from start to finish

**Expansion of
appraisal
categories**

Expand appraisal to previously excluded categories, enabling users to buy and sell more items safely

Thorough Elimination of Fraudulent Users (Mercari Appraisal Center)

Mercari is establishing a defensive line to block counterfeit brand-name items and fraud at the outset, safeguarding the marketplace.

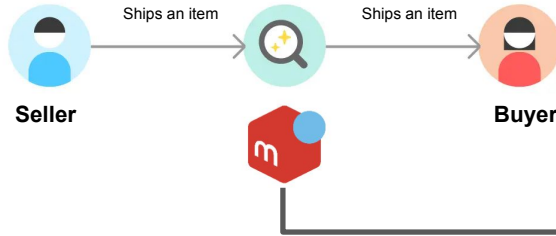
- By operating its own appraisal center, Mercari aims to eliminate counterfeit brand-name items and item switching fraud.
- Mercari is transitioning from outsourcing to in-house operations and is considering expanding the scope of items subject to appraisal as well as making appraisals mandatory for certain items.
- Considering further protection where Mercari would purchase items in cases where the appraisal was insufficient.

Structure of the Mercari Appraisal Center

Planned Start Date:
Fall 2025

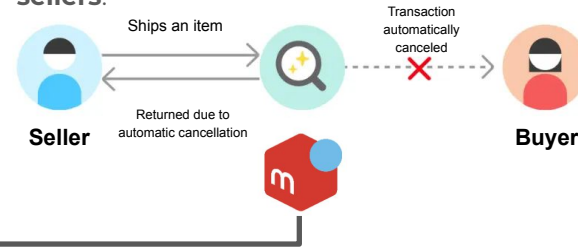
○ When appraisal standards and conditions are met

Items are shipped from the **appraisal center** to **buyers**.



✗ When appraisal standards and conditions are not met

Items are returned from the **appraisal center** to **sellers**.



Internalized appraisal operations at Mercari are linked with customer support to ensure healthy transactions.



Thorough Aid for Users

Strengthening Existing Initiatives

Establishing 24/7 customer service system

**Individual compensation in case an issue
occurs**

New Initiatives

**Thorough aid for users through the full
coverage support program**

2 Thorough Aid for Users (Item Collection Center)

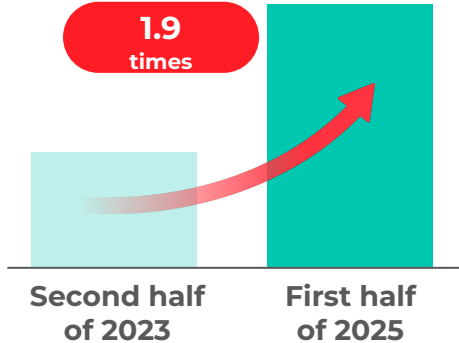
Strengthening
Existing Initiatives

The item collection center, launched in December 2024, accelerated and expanded compensation for users.

- Opened as part of our initiatives to strengthen user support systems announced on November 25, 2024.
- Increased the rate of user compensation following item collection, verification, and investigation.
- Shortened the time from item arrival to compensation by accelerating compensation handling.

Rate of user compensation

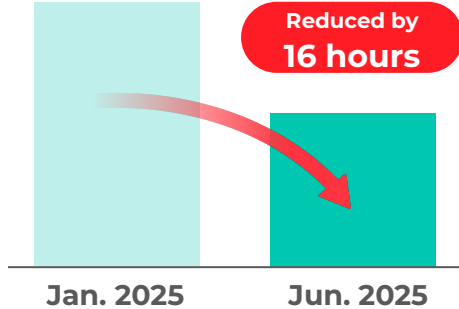
1.9
times



Percentage of transactions with item defect inquiries that resulted in compensation

Time required from item arrival to compensation

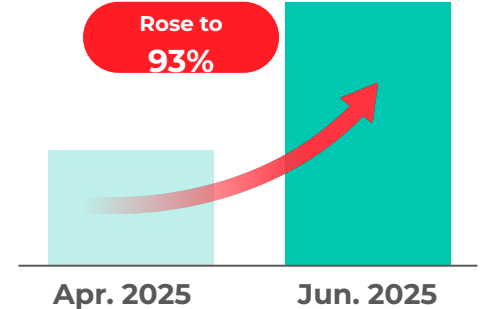
Reduced by
16 hours



Average handling time per compensated transaction

Percentage of compensations completed within 48 hours

Rose to
93%



Percentage of compensated transactions completed within 48 hours (2 days)

Thorough Aid for Users (Full Coverage Support Program)

Thorough aid ensures that users who use the service correctly do not suffer from malicious fraud such as counterfeit goods or item switching fraud.

Swift dispute resolution

Disputes are resolved swiftly with the assistance of Mercari and without prolonged negotiations between parties.

Monetary compensation

When a dispute that meets the criteria for monetary compensation occurs, the purchase price or sales profits are fully compensated.

Reducing anxiety in high-value transactions

Users can confidently buy high-value items or items from categories they may feel apprehensive about.

2 Thorough Aid for Users (Full Coverage Support Program)

New Initiatives

Our full coverage support program, which provides thorough aid to users, started in July 2025.

- Launched a support program to swiftly resolve user issues.
- In the event an issue occurs, Mercari assists users and fully compensates the purchase price or sales profits.
- Published seller guidelines and buyer guidelines used for making judgements on whether to apply the full coverage support program to an issue.

Conditions for applying full coverage support

1. **Conduct simple identity verification (eKYC)**
2. **Use Mercari Shipping as the shipping method**
3. **Contact Mercari within 14 days of delivery**
Already contacted
4. **Use Mercari correctly in accordance with the seller guidelines or buyer guidelines**
5. **Use Mercari in compliance with our rules and terms of service, including in past transactions**

Scope of compensation

Seller: Sales profits

Buyer: Payment amount (excludes amount discounted using coupons)

Guidelines

Full Coverage Support Program [Help Center](#)

3 Other Activities

3 Other Activities (Our Marketplace Principles)

In line with our Marketplace Principles, Mercari enforces the prohibition of listings and cooperates closely with various external experts to resolve issues.

Advisory Board on the Ideal Form of a Marketplace

Since June 2021, annual meetings have been held with external experts to review initiatives on the three basic principles and discuss necessary actions to build a better marketplace.

External experts (4th meeting, 2024)

- Fumiko Kudo (Specially Appointed Associate Professor, Osaka University Research Center on Ethical, Legal and Social Issues)
- Toyotaka Sakai (Professor, Keio University Faculty of Economics)
- Sakko (Instagrammer, core Mercari user)
- Shinichi Yamaguchi (Associate Professor, International University of Japan Center for Global Communications)

Main Agenda (4th Meeting, 2024)

- Reviewing how the marketplace is operated
- Handling of listings that are difficult to judge when considered in comparison with the principles
- Handling of listings of in-kind supplies from government agencies
- Reviewing the basic principles

Our Marketplace Principles

To create a diverse and free marketplace that everyone can comfortably participate in

1. **Safe**
2. **Trustworthy**
3. **Humane**

With these three concepts as pillars, we worked with external experts to formulate and release our Marketplace Principles.

[The marketplace we envision](#)

3 Other Activities (Our Marketplace Principles)

We've defined our marketplace principles and strive to maintain a healthy market.



Safe

- Open transactions are only possible in a safe environment.
- In addition to prohibiting transactions that violate laws, the following transactions are also banned to ensure the safety of parties and affected third parties.
 - Transactions of items which endanger the health and/or lives of individuals
 - Transactions of items likely to lead to illegal/criminal acts
 - In a state of emergency, transactions of items that are essential to protecting people's health and/or safety and that should be widely distributed as quickly as possible but are in notably short supply

Masks and alcohol-based disinfectants (March 2020)

- Following the revision of the Order for Enforcement of the Act on Emergency Measures for Stabilizing Living Conditions of the Public, in which masks and alcohol-based disinfectants were specified, Mercari moved to ban the listing of these items accordingly.
- Although these items were later removed from the list of government-specified items, Mercari maintained the ban since the COVID-19 pandemic had not yet subsided.
- Based on relevant discussions, Mercari established our Marketplace Principles in January 2021 to prohibit transactions of essential goods in emergencies when supplies are critically low but rapid delivery to many people is required.

All rice (June 2025)

- Rice was determined by relevant laws to be an essential good necessary to protect people's health and safety in emergencies and requiring rapid distribution to many people but in critically short supply.

Empty bullet cartridges (July 2025)

- Information received from the National Police Agency about the dangers of empty bullet cartridges
- Empty bullet cartridges were not legally regulated but judged highly likely to lead to illegal or criminal acts.

3 Other Activities (Our Marketplace Principles)

We've defined our marketplace principles and strive to maintain a healthy market.



Trustworthy

- A variety of items are traded on the marketplace.
- To facilitate the safe trade of unique items, accurate information must be provided, and transactions have to be carried out honestly.
- Mercari prohibits the following behavior in order to maintain a trustworthy marketplace for everyone.
 - Transactions where item details are unknown or item information is falsified
 - Refusing returns, even when items are faulty
 - Listing items not actually in the seller's possession
 - Listing items without any intent to sell
 - Transactions of items in critically short supply

Listings intended to cause misidentification

- Problematic listings that intentionally mislead buyers
- Items with difficult-to-read information were judged likely to lead to users mistakenly purchasing items
- Even if unintentional, such actions are deemed to be falsification of item information, and the listings are banned

Guiding users to external services

- It is not possible for Mercari to protect users who are guided to external sites beyond Mercari's control including social media; it is also not possible to protect users who respond to such invitations
- Displaying QR codes or similar images, or responding to them, was judged to hinder the building of a trustworthy marketplace and were therefore banned from the platform.

Listing items not in the seller's possession, or shipping directly from other e-commerce sites

- For items not in the seller's possession, delivery to buyers cannot be guaranteed.
- Therefore, actions such as pre-ordering or reselling items before release, or buying from other e-commerce sites to ship, were judged unreliable and banned.

3 Other Activities (Our Marketplace Principles)

We've defined our marketplace principles and strive to maintain a healthy market.



Humane

- When a marketplace is used by people with diverse values, it is important to respect each individual's values and views.
 - Transactions must not encourage or promote inhumane behavior.
 - Therefore, Mercari prohibits the following transactions and acts.
- Transactions or actions for items that promote discrimination based on such things as race, ethnicity, religion, or gender
 - Verbal abuse, threatening behavior, etc.

Making discriminatory remarks

- Since respecting diverse values is vital in the marketplace, extreme discriminatory remarks are not tolerated
- Therefore, remarks or acts that clearly insult or discriminate based on such things as religion, physical traits, or nationality are prohibited.

Specific items

- While freedom of expression is a policy Mercari values, items that may promote discrimination based on background or medical history are subject to careful discussion.
- If reasonably judged to lead to discrimination based on sex, race, ethnicity, status, culture, class, occupation, religion, lineage, or disability, items with symbols or that identify origin are removed.

Verbal abuse

- Not only discriminatory remarks but also clear verbal abuse or acts that instill fear are judged inhumane.

3 Other Activities (Cooperation with Police and Other Investigative Authorities)

When investigative authorities request disclosure of user information under the law, Mercari carefully judges whether disclosure is permissible according to relevant laws and standards.

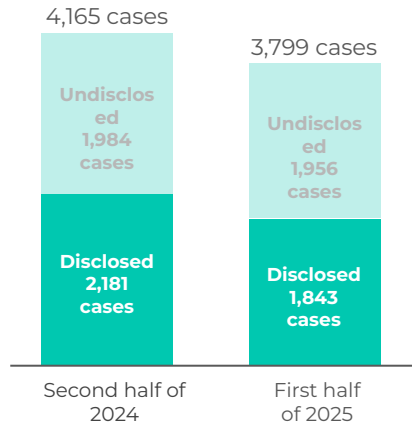
Mercari will disclose the minimum required information to investigative authorities only if the request we receive is reasonable, lawful, necessary, and appropriate.

To protect users privacy, Mercari continuously reviews disclosure standards and regularly publishes how disclosure requests are handled.

(1) Inquiry regarding investigative matters

- **Number of inquiries received**
(Breakdown of undisclosed and disclosed cases)

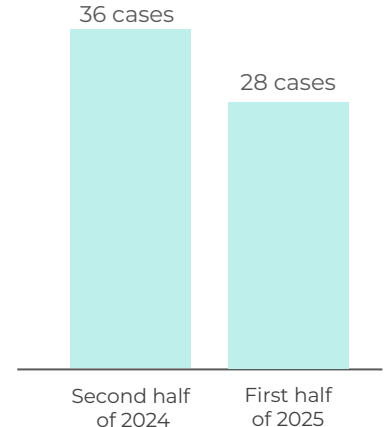
(1) Inquiry regarding investigative matters



(2) Response to warrants

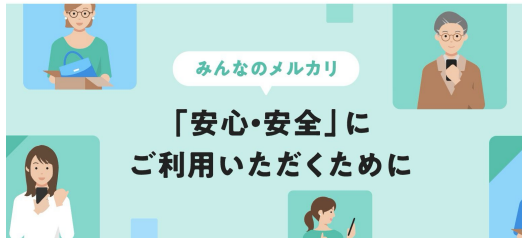
- **Number of cases handled based on warrants**

(2) Response to warrants



3 Other Activities (Safety and Security Portal Site)

Strengthening the provision of transaction-related information so users can use the service smoothly such as by launching a portal site compiling service usage information and revising various guidelines.



メルカリは、
誰でも安心して売り買いできるマーケットプレイスを目指し、
リーディングカンパニーとしての責任を持って、
さまざまな仕組みとサポート体制を整えています。

このページでは、トラブルを未然に防ぐ取り組みから、
万が一のときの速やかなサポートや補償の仕組みまで、
メルカリが実施している「安心・安全」への取り組みをご紹介します。

[Safety and Security Portal Site](#)

Content to support users' transactions

1. Creating an environment for safe transactions
2. Providing user support when an issue occurs
3. **Making requests to users**
 - a. **Carefully check the condition of items**
 - b. **Review the rules and guidelines**
 - c. **Register a passkey**
4. Guidance regarding the Help Center
5. Explanatory video



We will continue working on thorough elimination of fraudulent use and thorough aid for users.



**Mercari, Inc.
Transparency Report, August 2025 Edition**

