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RrSG Explainer: Financial Impacts on Registrars of DNS Abuse

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Registrar Stakeholder Group

Fraud and chargebacks cost registrars money

Most people don't realise that **registrars actually pay the bill for registry and ICANN fees**, while losing the funds from fraudulent payments—incurring costs before staffing, security, and tools are paid for.



Bad registrants rarely pay with their own money. When a card is stolen, the registrar loses the money revoked by the chargeback, loses the per-domain fee it already paid to the registry and, on top of all that, pays an added penalty to the payment processor.

A registrar with a rising fraud ratio will pay higher processing rates, be placed under review by credit card providers, and may lose its payment provider entirely—but losing the ability to take credit card payments is fatal to an online business.





The importance of domain renewals

For a Registrar, the ideal registration is the one the registrar never has to look at again.

The registrar business is built on renewals. A domain sold once and never renewed barely covers its own onboarding cost. Value accumulates over years, and it accumulates through the customer rather than the domain itself—a customer who stays buys email, hosting, SSL certificates, and more.

Abusive registrations produce none of these attributes: They are burned within days, suspended, deleted or simply abandoned once the campaign has run. They never reach a renewal, they never buy a second product, and they never generate a referral. All they generate is work.





Reputation, contracts, and accreditation

- Beyond the direct costs, tolerating DNS Abuse puts the business itself at risk and seriously harms the registrar's reputation—being known as Abuse-friendly does not bring new business
 - **Registrars operate under ICANN's Registrar Accreditation Agreement, amended in 2024, which requires action on well-evidenced reports of DNS Abuse.** Failure to act is a contractual breach with escalating consequences up to termination
 - Registry Agreements add their own DNS Abuse reporting and mitigation obligations, and registries monitor abuse rates per registrar.
 - In the European Union, NIS2 has brought registrars into the scope of a supervisory regime with its own accuracy and cooperation duties, enforced by national authorities with sanctioning powers. Still, commercial damage arrives faster than regulatory penalties.
 - **Accreditations have been terminated, and registrars that built a business on tolerating DNS Abuse have not lasted.**
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