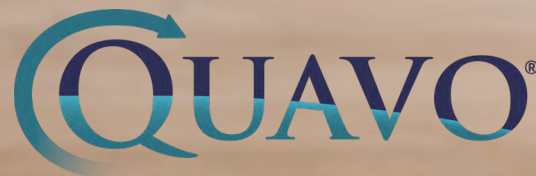
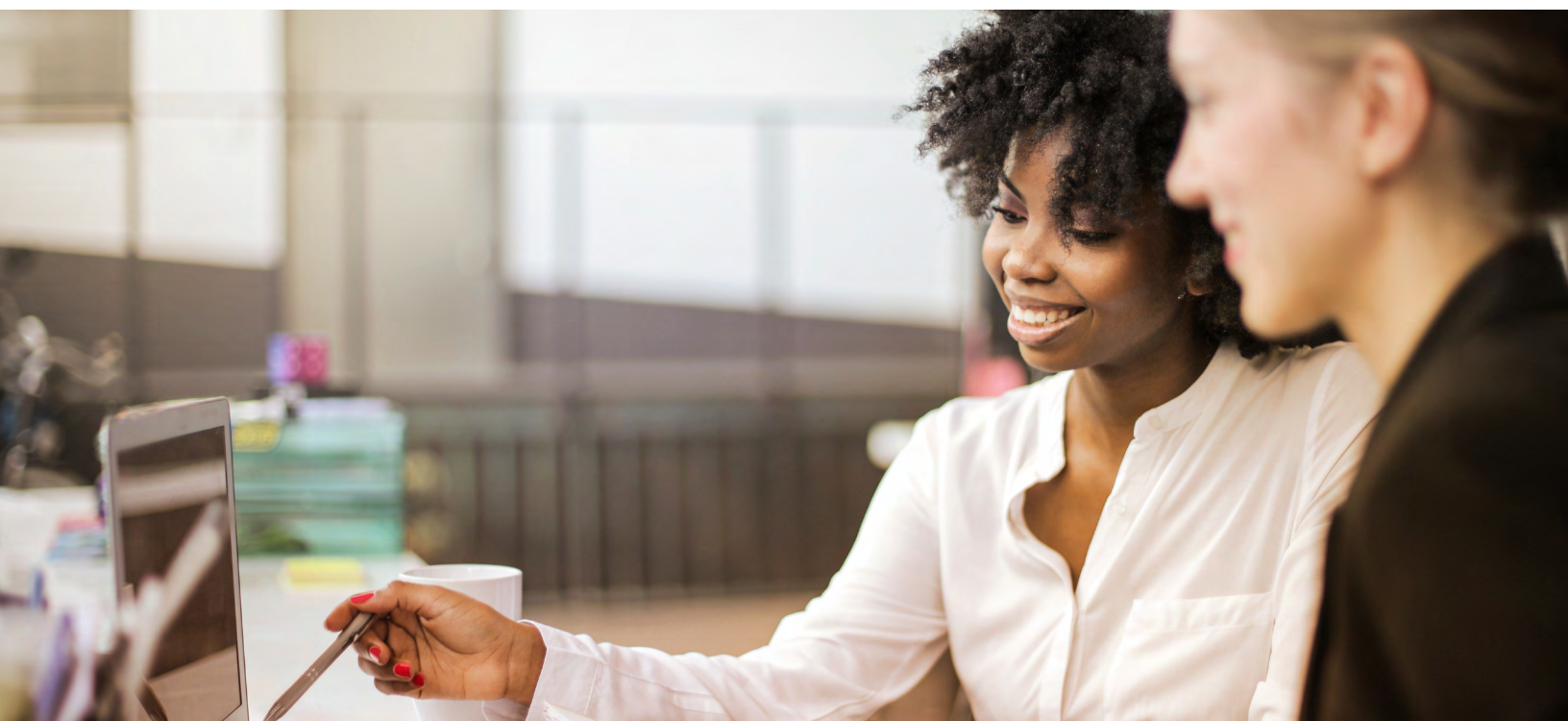


# Solving the Challenges Facing Pandemic Stressed Fraud & Dispute Teams



The COVID-19 pandemic has significantly disrupted our daily lives, both personally and professionally. On a scale from 1 to 10, according to a recent report by The American Psychological Association, the average stress levels of adults rose from 4.9 to 5.9 during the coronavirus pandemic. This marked the first significant increase in average reported stress since the survey began over a decade ago. Working from home, online schooling, unemployment, and adjusting to a socially distanced new normal has been challenging, especially for those working in critical industries like banking and finance. As the economy is severely affected by COVID-19, teams working in emotionally charged areas like fraud and dispute management are under more pressure than ever before.

The surge in online activity, e-commerce, contactless payments, and government assistance has, directly and indirectly, caused a significant rise in fraudulent activity throughout the pandemic. Fraud investigation teams have been subsequently inundated with unprecedented volumes of disputed transactions, all of which fall under time-sensitive regulatory guidelines. This influx in fraud and dispute claims is not the only problem issuers are facing. The operational challenges from social distancing and government shutdowns have also resulted in significant setbacks for fraud management teams. In a recent FICO survey, 68% of respondents cited that remote working had a substantial impact on maintaining effective fraud and financial crime prevention operations within their organizations. In this article, our experts describe the many problems facing fraud teams during COVID-19 and the Quavo solutions to help overcome them.



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## Rise of Fraudulent Activity

Statewide and global lockdowns contributed to a considerable shift in consumer spending habits, driving shoppers away from brick-and-mortar stores to online retail platforms. A report published by [Forbes](#) stated that the amount spent online with U.S. retailers in the second quarter of the 2020 fiscal year (April, May, June) was 44% higher than the same period in 2019. As online transactions are more susceptible to fraud, the rise in e-commerce transactions during COVID-19 contributed to a significant increase in disputed claims.

Detecting fraudulent activity during COVID-19 proved more difficult as consumer behavior became anything but normal or predictable. People were, by and large, making online purchases that they traditionally would have done in person or not at all. For example, the run on sanitizing products, toilet paper, and other seemingly mundane household items resulted in a widespread increase in abnormal account holder activity. The rise of abnormal, authorized transactions during COVID-19 made it more difficult for issuers to detect abnormal, unauthorized transactions. The more complicated fraud is to identify, the slower fraud prevention services are to halt additional fraudulent activity.

The increase in fraud claims during COVID-19 was not solely due to online transactions. There has also been a rise in fraud crimes related to PPE loans, unemployment, and other state-funded financial assistance programs. Additionally, contactless payment methods like chip-readers are also more susceptible to fraud as such transactions do not require a secondary authorization below a certain dollar minimum.

The rise in fraudulent activity has significantly strained fraud and dispute teams, especially those using manual tasks to resolve claims. In a recent [Verafin](#) article, Founder and Principle of RegTech Consulting Jim Richards noted, "The reality is that three-quarters of banks in the United States have fewer than 100 employees in total, so regardless of their level of preparedness, they don't have the luxury of shifting, say, ten people from their AML (Anti Money Laundering) team to augment their twenty-person fraud team."



The Problem: The sudden influx in fraud and dispute claims is overwhelming teams assigned to manage them.

The Quavo Solution: Our [Disputes as a Service](#) offering features automated software, AI technology, and back-office investigation services that are all supported by a team of experienced fraud and dispute experts. By electing all of Quavo's solutions, issuers can automate up to 90% of the entire dispute management process, from intake to resolution and recovery.



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## Operational Challenges

The sheer volume of fraud claims isn't the only challenge facing fraud management teams during the pandemic. In April 2021, [FICO](#) reported that 70% of fraud and dispute financial crime teams surveyed said that increased fraud attacks during COVID-19 had drastically impacted their operations. Survey respondents specifically noted challenges related to obtaining skilled staff, having insufficient resources, strained customer experience, and disrupted cross-departmental communication channels.

In a [Verafin article](#) published during the height of the pandemic, they noted that as more people sheltered at home, there was a marked shift from in-person banking to online and over-the-phone channels. As a result, account holder communications traditionally managed by front-office agents were increasingly funneled through outsourced or offshored call centers with staff lacking in fraud and dispute management expertise.

The ability to find experienced staff in the fraud and compliance industry has been a pressing issue. [FICO](#) reported that 38% of their operational challenges stemmed from the inability to obtain skilled and experienced staff. With the heavy volume of claims, the unavailability of staff has become more prevalent. Even employees that have experience managing fraud and disputes are struggling from increased workloads, making it progressively more difficult for financial institutions to monitor and investigate the claims presented to them. In addition to this, many institutions are using processes with low levels of integration, obstructing individual productivity even more. When employees switch back and forth between systems throughout a dispute investigation, it interferes with their ability to resolve claims efficiently.

Additionally, those institutions using on-premise platforms have adjusted their working models due to pandemic-disrupted work environments. This has contributed to an unprecedented and widespread level of miscommunication across fraud and dispute management teams. The inability to have a quick conversation with co-workers when working a case has hindered cross-departmental information transfer, further obstructing the investigation process.

The Problem: COVID-19 has disrupted internal fraud and dispute operations, from access to software to staffing difficulties.

The Quavo Solution: Our [QFD automated dispute management software](#) is cloud-based and easily accessible to teams working remotely. All case information and account data are available in one place. QFD's Get Next Work task prioritization feature automatically assigns claims by the applicable regulatory requirements, so teams do not have to rely on spreadsheets or other manual processes when resolving fraud and disputes.

For teams struggling to find experienced staff, Quavo offers a back-office investigation service called [Dispute Resolution Experts](#). When COVID-19 required our team to work remotely, our experts worked remotely but on a continuous Zoom call, mimicking an office environment to prevent miscommunication across teams.

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## Stressful Interactions

An article published by [S&P Global](#) stated that bank managers across compliance and risk departments expressed concern over the toll that remote work environments took on culture and behavior. This article noted that employee effectiveness and engagement have declined during COVID-19 due to screen fatigue, increased work pressure and workload, and a lack of personal connectivity among financial organizations.

Jim Richards spoke on the financial industry employee shortage, "For the vast majority of banks in the U.S., it's about how their 2-to 5- person compliance and risk teams can work smarter and more efficiently to protect the most vulnerable people." When combined with the staffing and operational challenges during the pandemic, these numbers further depleted. Even before COVID-19, fraud examiners were at a shortage, and adding outside factors such as an economic downfall is creating more stress for the shortfall of staff.

The Problem: Inundated call-centers and stressful customer interactions disrupt the efficiency of fraud and dispute management teams.

The Quavo Solution: Our QFD dispute management software supports self-service, so account holders can dispute a claim and access their case filing, status, and communications directly via their digital banking portal. Self-service ensures customers are informed of each step being taken to resolve their case while also circumventing the need for call center interactions that are often fraught with lengthy hold times, poor connections, and emotionally charged communication.

## Decreased Productivity

The inability to separate work life from home life impacts the productivity of employees within the financial industry. Work-from-home environments generate a profusion of distractions, taking away from the effectiveness and concentration on fraud investigations. Family responsibilities coupled with health and safety concerns prevent employees from placing undivided attention on their current caseload. In addition, school closures suddenly required parents to assume the role of teacher throughout the workday. The work-from-home atmosphere has obscured the boundary between work and non-work activities, often resulting in employee burnout and a team-wide decrease in productivity.

The Problem: The widespread decline in productivity due to changes in routine during COVID-19, distractions while working from home, and a general sense of pandemic fatigue puts fraud teams at risk for human error.

The Quavo Solution: Our fraud management AI ARIA conducts fraud investigations as a human would, but within seconds and without the risk of human error. ARIA meticulously analyzes data, weighing various factors against the client's risk appetite to determine the possibility that legitimate fraud occurred.

# Solving the Challenges Facing Pandemic Stressed Fraud & Dispute Teams

While fraud cannot always be prevented, further stress and anxiety during the fraud and dispute management process can be. Quavo is here to help fraud and dispute teams overcome COVID-19 operational challenges. Quavo offers automated solutions for all issuers, regardless of size or volume, from intake to resolution and recovery. Whether it is ensuring that information is readily secured, streamlining the digital communication process, or efficiently handling an influx in claims due to staff shortages, we have the right solution for your team.



Confront the challenges from COVID-19 with Quavo's Disputes as a Service offering featuring automated software, AI technology, and back-office investigation services.

Learn more online or by contacting our team directly at [experts@quavo.com](mailto:experts@quavo.com).