



Overcome Staffing Challenges with Quavo's Dispute Management Software

Financial institutions typically allocate as few resources as possible to non-revenue generating departments. With regards to fraud and disputes, lack of resource allocation results in understaffed and under-skilled teams struggling to investigate disputed transactions and manage chargebacks, let alone resolve claims within regulatory and mandate-driven time frames. During a time of unprecedented staffing labor shortages, financial institutions are more vulnerable than ever to increased fraud losses because of their employee-reliant manual processes. In this article, we compiled data surrounding the systematic lack of resources for fraud and dispute teams, the risk of relying only on humans to manage disputes, and how Quavo's automated solutions deliver an efficient chargeback process that allows issuers to reduce their headcount to invest in the right people.

Unprecedented Staffing Challenges

The initial impact of COVID-19 had financial organizations scrambling to adjust working conditions and environments to recover normal operations during a nationwide crisis. As companies are calling people back to the office, many employees are simply quitting instead. In a recent [Wall Street Journal article](#), Lauren Weber writes, "Several factors are driving the job turnover. Many people are spurning a return to business as usual, preferring the flexibility of remote work or reluctant to be in an office before the virus is vanquished." Weber also notes that employees experiencing job burn-out specifically due to pandemic-related increased workloads and stress are also choosing to quit their jobs rather than return to the office.

For fraud and dispute teams struggling to handle disputes with limited staff, Quavo's automated dispute management software, QFD™, is here to help. QFD can be configured to evaluate several key indicators on a claim before issuing provisional credit or move the claim forward for review. Once these data points are set, the system can make this decision automatically. On top of this, issuers can elect settings to pay claims immediately during intake. This level of automation reduces the level of dependency fraud and dispute teams have on employee intervention.

The proof is in the numbers. Recently a large issuing financial institution and Quavo client experienced a 4x increase in disputed transactions after a major acquisition. Since the 20-person fraud and dispute team uses QFD™ to automatically issue provisional credit and resolve claims at intake, they didn't need additional staff to handle the sudden surge in claims. Humans may not always be reliable, but QFD is.

The Cost of Doing Business

Financial organizations are spending exorbitant amounts on fraud and dispute management. In a [2018 credit card dispute management study](#), it was reported that the cost to credit card issuers to investigate and resolve disputes exceeds \$500 million. In the corresponding [Business Wire article](#), the author notes, "Payment networks are in the process of revamping their dispute processes, going beyond current regulations to collapse resolution parameters, create efficiencies, and level the issuer-merchant playing field."

Before Quavo, there simply haven't been any solutions out there that didn't require a significant upfront investment or operational overhaul. In fact, we remain the only provider of [cloud-based chargeback management SaaS solutions](#) for issuing financial institutions. Without an end-to-end fraud and dispute management platform that automates tasks, third-party data collaboration, compliance, and required investigatory actions, issuers face a mountain of resource challenges required to manage chargebacks.



How Staffing Challenges Can Be Overcome with Quavo's Disputes as a Service Offering

The Demand on IT Resources

The advent of open banking made many issuers look to implement technological solutions to their fraud and disputes process. Many financial executives are not immune to the argument for embracing new technology, but there are factors to consider before blindly allocating resources to technological solutions.

In a recent Business Exchange [article](#), Greg Wright, Executive Vice President and Chief Product Officer for the Experian Consumer Information Services in North America, writes, "Today's complex environment requires data-driven solutions that allow lenders to work smarter, not harder." The author cautions FIs that, when evaluating information that will be most helpful for them, issuers must consider what Fintech solutions do and do not allow for. Fintech solutions that require constant upkeep by internal IT teams tend to drain internal resources considerably. IT teams are typically responsible for company-wide tech support, often preventing them from dedicating the time necessary to implement and maintain project-based third-party solutions based on project plans. This is even more true for software that is built on-premise rather than based on the cloud.

In his blog post titled [How and Why the Role of Fraud Analyst is Changing](#), Ravelin CMO Gerry Carr states that "large rulesets, while often accurate and useful at identifying fraud, are too complicated to manage." The author continues by noting, "The time period for manual reviews is shorter in a world of instant fulfillment. The huge shift to e-commerce means that hiring enough people to keep pace with the growing volumes is neither affordable nor desirable."

The advances in e-commerce and digital payment technology are overwhelming issuers, too. New consumer and banking trends all contribute to overwhelming fraud and dispute teams. It's no longer feasible to dedicate more and more resources to the black hole that is fraud and dispute management. Issuers need a long-term IT solution that grows with their business and for their future.

Staffing Challenges

Building and maintaining teams to manage fraud and dispute claims from intake to resolution is challenging. Identifying and hiring for the skillset required for fraud and dispute professionals is complex and without any standardization. Many fraud and dispute teams struggle to attract capable employees because their job listings lack digestible skill and experience requirements. Ravelin's [6 Tips for Building a Successful Fraud Team](#) admits that some of the best fraud and dispute analysts and investigators have backgrounds ranging from "business to biology." The Ravelin article further elaborates by saying that people with analytical skills can help teams identify fraud patterns. Even with this helpful advice, how can teams identify skilled workers without specific qualifications?

For investigative teams especially, finding and retaining employees attuned to reasons codes, chargeback rights, and regulatory deadlines are so difficult that significant post-onboarding training is required. BHMI recently partnered with Mercator Advisory Group to release the whitepaper titled [Chargebacks and Disputes: Strategic Solutions](#), in which the group notes that "since Mastercard and Visa use their own codes to classify disputes, it is essential that credit managers learn how the networks differ in their codes and services offered...Understanding the codes enables payment parties to maintain dynamic workflows to properly classify a dispute. Properly classifying a dispute helps both issuers and merchants allocate resources to reduce expenses and risk. If a chargeback is caused by fraud, resolving the dispute requires more time and resources than if the chargeback was caused by a simple processing error."

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Staffing Challenges (cont.)

Training not only takes more experienced staff away from their daily tasks, but it's also a risk. Financial institutions are slow to make a case for investing resources into training new employees for non-revenue generating departments because those resources are primarily internal. It's even harder to advocate for additional training when teams are drowning in unprocessed claims, unrecovered funds, CFPB complaints, and more, or when new hires may leave the company before the investment in their skills pays off.

Currently, no single source, association, or educational program provides training for fraud and dispute management professionals (e.g., analysts, investigators, etc.). Since skills are developed onsite and almost always subject to the opinions of the previous generation, financial organizations struggle not only to find the time and people to train new hires but also to keep training current with the latest technology and regulatory guidelines. Given all of these obstacles, it's not surprising teams are slow to invest in fraud and dispute personnel. Solutions like Quavo's QFD automated dispute management software feature built-in, actionable item lists specific to each individual claim. This process enables employees to learn about fraud and dispute management as they work without requiring them to be highly experienced with fraud and disputes. QFD has all the necessary chargeback management expertise built right into the platform.



The Risks of Human Error

Even the most experienced teams need systems and processes in place that are auditable, replicable, and consistent. This is much harder than it sounds. Unfortunately, most issuers rely on a complex web of manual tasks involving multiple platforms, document management systems, and inefficient project oversight. Humans are not perfect, but financial institutions are surprisingly reliant on individuals to know exactly what information is required for any number of dispute types. While communicating with merchants, merchant banks, account holders, and more, all within conflicting regulatory deadlines.

It is easy to see that fraud and dispute teams have a lot of responsibility. Not only are team members expected to problem solve, but they're also expected to have excellent interpersonal skills, analytical minds, and an ability to provide consistent decisions all the time. Given the fines and penalties at stake should issuers fall out of compliance with regards to fraud and dispute management, it's surprising how much depends on humans and not systems. Issuers can eliminate human error from fraud management by leveraging Quavo's fraud management AI, ARIA™. ARIA can conduct entire fraud investigations to deliver case decisions without a matter of seconds. She does everything as a human would when investigating and compiling required information without risking human error

Solutions for the Future

Fraud and dispute teams are struggling from staffing challenges and a lack of available resources. Implementing an automated, cloud-based SaaS solution like QFD™ reduces the adverse effects of human capital variance. For a fully automated process, issuers can implement Quavo's full Disputes as a Service offering, featuring automated software, AI technology, and back-office investigation services.

Learn more about our SaaS offering [online](#) or by emailing our team at experts@quavo.com. Start automating for tomorrow, today.