
How AI Can Make Fraud & Dispute Resolution Faster, More Transparent -- And Build Trust

AI can enhance fraud resolution, but isn't a silver bullet. Banks need solid dispute management foundations first to build customer trust and loyalty.

Customer trust is impacted more by how banks handle fraud disputes than by the fraud itself. In fact, seven out of 10 consumers say a poor resolution experience would make them question all of their banks' other services. AI has the promise to improve speed, transparency and accuracy throughout the dispute process.



By David Chmielewski, CPO & Co-Founder, Quavo Fraud & Disputes

AI has taken the banking industry by storm. Everywhere you turn, there's talk of how artificial intelligence is transforming customer experiences, streamlining operations, and reshaping financial services. And while the potential is real, there's a risk in getting swept up in the excitement—especially when it comes to fraud and dispute management.

Fraud and disputes aren't an opportunity to innovate. They're an obligation to get right.

For financial institutions, having a modern fraud and dispute resolution system isn't optional. It's table stakes. It's how you comply with regulations. It's how you protect your customers. It's how you build trust.

AI can enhance these processes — make them faster, more accurate, more transparent—but it doesn't replace the need for a solid foundation. AI isn't the endgame. It's an accelerator. And if your core fraud and disputes framework isn't built for scale and compliance, AI will only expose those cracks.

Think of it this way: fraud and disputes tech is the must-have. AI can just make it better.

Fraud and Dispute Resolution: The Underrated Trust Engine

Fraud happens. Most customers know that. What they don't know—until they experience it firsthand—is whether their bank can fix it quickly, fairly, and transparently.

That's where trust is built—or broken.

Fraud and dispute resolution is often overlooked as a customer experience driver. But it's one of the most critical moments in the customer journey. A fraud event isn't just a transaction gone wrong—it's a test of your institution's integrity.

In Quavo's Trust in Banking study, 62% of consumers said their trust was more influenced by how their bank handled the dispute than by the fraud event itself [12].

The ripple effects of a bad experience are real:

- 62% of consumers say their trust is determined by how their dispute is handled [12].
- 70% of customers said a poor dispute resolution process made them question other services their bank offers [12].
- 66% said they would consider switching banks if the dispute process was tedious or unclear [12].

On the other hand, a fair, transparent, and timely resolution can strengthen trust, deepen relationships, and even open the door to greater product adoption. Customers who feel protected are more likely to stick around.

But to deliver that kind of experience at scale, you need more than good intentions. You need technology built for it.

The Must-Have Tech: A Modern Fraud and Disputes Framework

For years, fraud and dispute management has been labor-intensive. Most financial institutions rely on teams of case managers working hundreds of claims each month. The standard? About ten full-time employees for every 100,000 disputes [9]. That adds up fast as volumes increase.

Automation can flip that model. The platform owns the case, and humans step in only when necessary.

The results?

- Reduced staffing – as few as three employees for every 100,000 annual disputes [9].
- More capacity -- As many as an additional 2,800 disputes per month before needing to add staff [9].
- Improved throughput -- As much as 97% of dispute tasks can be automated behind the scenes [9].

But automation alone isn't enough. Modern dispute frameworks have to deliver on four fronts:

- **Regulatory and Network Compliance**—Accuracy on meeting timeframes and network rules.
- **Operational Efficiency**—Streamlined workflows cut costs and improve resolution speed.
- **Customer Experience**—Self-service portals and transparent communications give customers control and peace of mind.
- **Loss Reduction**—Smarter decisions lead to fewer losses and better outcomes for both the institution and the customer.

This is the must-have technology. And once it's in place, that's when AI can take things to the next level.

Enter AI: The Nice-to-Have That Makes the Must-Have Better

AI isn't a replacement for modern fraud and dispute systems—it's what makes them smarter and faster.

With the right foundation, AI can further automate decision-making, reduce manual workloads, and free up teams to focus on complex cases. But it does more than streamline operations. It enhances the customer experience in critical ways.

1. Faster Resolutions Build Trust

Customers don't want to wait. 71% of consumers say long dispute timelines erode trust【12】. AI reduces resolution times by quickly analyzing data and automating decisions on straightforward claims.

Take Rogue Credit Union. By reducing their average time to resolution to just 11 days【12】—a win for both efficiency and member satisfaction.

2. Accuracy Drives Confidence

AI's ability to apply consistent logic and analyze data at scale reduces errors. FNBO achieved a 92% chargeback win rate, reflecting the precision made possible through AI-powered dispute management【12】.

3. Transparency Creates Loyalty

Consumers want to know what's happening with their claim. AI enables real-time updates and communication throughout the dispute process.

- 74% of consumers say transparency in fraud investigations builds trust【12】.
- 79% are satisfied with the frequency of communication when their bank keeps them informed【12】.

The Compliance and Cost Reality Check

Let's be clear. AI doesn't automatically make compliance easier. In fact, without the right design, it can add complexity. Compliance with Reg E, Reg Z, and card network rules must be built-in from day one. Visa and Mastercard mandate updates are must-haves, eliminating the scramble that typically happens twice a year.

As for cost? AI and automation don't have to mean huge upfront investments. Modular implementation makes it possible to start small—whether automating intake, evidence gathering, or decisioning—and scale up as you see results.

The payoff can be real. Reducing headcount needs from ten employees to three per 100,000 disputes isn't theoretical—and it can free up their teams to focus on work that matters.

Don't Get Distracted by AI Hype—Focus on What Matters

AI is a powerful tool. But it's not the solution by itself. Success in fraud and dispute management comes from getting the fundamentals right:

- A modern, automated dispute platform.
- Regulatory compliance baked into your process.
- Teams empowered to deliver complex, empathetic service.

AI enhances each of these, but trust is still your most important asset.

About the Author

David Chmielewski is CPO and Co-Founder of [Quavo Fraud & Disputes](#). With over 20 years of experience in banking technology and operations, Dave has led product, technology, and compliance initiatives at Quavo since its founding. Before Quavo, he held senior roles at Bank of America, where he focused on technology applications and fraud management solutions. Dave is passionate about helping financial institutions leverage automation and AI to deliver faster, fairer dispute resolutions that build long-term customer trust.



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