

Fraud Dispute Resolution: A Defining CX Moment

Here's How Financial Institutions Can Get It Right





Fraud dispute resolution is more than an operational process—it's a defining moment in the customer experience. When fraud happens, it puts customer trust on the line. But trust isn't built on the dispute outcome alone. Every aspect of the customer journey, from reporting the fraud to fast, fair resolutions, matters.

Financial institutions that recognize the impact of the entire dispute experience can leverage it as a trust-building advantage that strengthens loyalty, deepens customer engagement, and fuels long-term growth. To meet these expectations at scale, many banks are turning to AI-driven automation to improve dispute resolution and customer outcomes.

Customer expectations are higher than ever—and meeting them is table stakes

The baseline today is that financial expectations make it easy to report fraud. Achieving a seamless fraud resolution experience from start to finish hinges on effective and transparent communication during the entire dispute process. Falling short in any of these areas can harm the customer experience.

The good news is that banks have made real progress, and customers are noticing. Insights from our Trust in Banking Consumer Study show that 87% of customers find it easy to report

fraud, and 79% receive investigation updates at the right frequency, signaling improvements in both the first step of the process and communication throughout. Transparency is also meeting expectations, with 74% of customers saying their bank clearly communicates about fraud investigations.

But in moments of uncertainty, even small communication gaps can harm the overall experience. Customers expect real-time visibility into disputed transactions throughout the investigation process. Self-service dispute tools can help meet this demand for greater transparency by allowing customers to initiate claims, track outcomes in real time, and stay informed every step of the way.

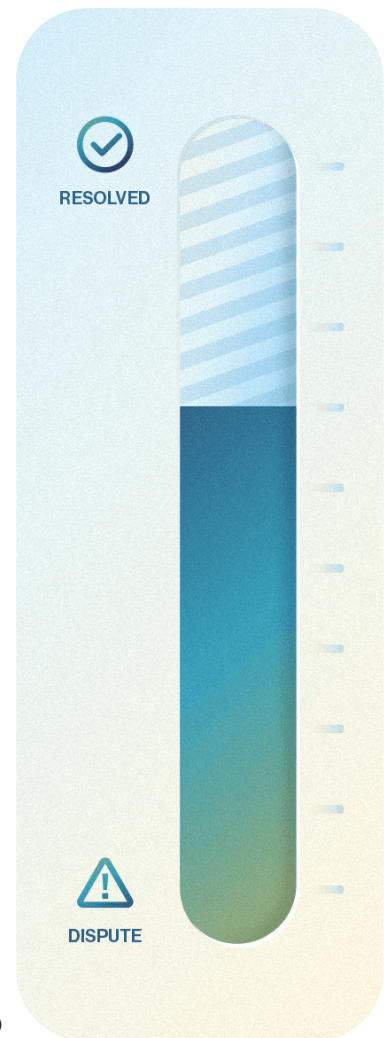
The ripple effect of dispute resolution: The impact on other banking services

Fraud resolution doesn't happen in a vacuum—it shapes how accountholders perceive their entire banking relationship. Our new research confirms this, with 70% of customers saying a poor dispute resolution experience makes them less likely to trust their bank with other financial services. When disputes are mishandled, customers may hesitate to open new accounts, apply for loans, or explore additional services, underscoring the need for financial institutions to exceed customer expectations for retention and growth.

Recognizing that financial institutions are juggling a lot of competing interests as they look to innovate and grow while combatting ongoing challenges like rising fraud, is where weaving technology into a customer-centric approach is the only sustainable path forward.

Enhancing fraud dispute resolution with AI: A win for customers and internal teams

Satisfactory dispute resolution is getting more difficult to manage in today's complex fraud environment. AI and automation help financial institutions meet growing customer expectations by improving both operational efficiency and customer experience in two ways



1

Automates the dispute process to build customer trust

Some financial institutions still rely on manual dispute processes that slow everything down. Their teams may spend too much time on repetitive tasks, delaying outcomes and creating frustration on both sides.

Quavo's AI-driven solutions change this by automating key steps in the dispute process:

- **AI Investigation** configures use case decisions based on transaction details and account activity
- **AI Inbound Communication** analyzes and automates elements of accountholder correspondence like auto-replies and routing withdrawal requests
- **AI Representation** aggregates merchant documents and provides guided actions for investigators.

Collectively, these offerings reduce manual work, minimize errors, and help teams balance fast and fair outcomes—key factors in maintaining customer confidence.

But adopting AI isn't as simple as flipping a switch. It requires the right strategy, compliance safeguards, and purpose-built technology. That's why Quavo's foundation has been built on developing AI specifically for fraud dispute management with modular implementation, pre-trained models, and a regulatory-first design.

2

Empowers dispute teams to exceed customer expectations

A strong AI foundation creates compounding benefits throughout the entire dispute management ecosystem by empowering dispute teams to provide better service. Eliminating manual work means more time to work on complex cases where human judgment is essential. As a result, customers get personalized, empathic communication and faster disputes, which helps reinforce trust at critical moments.

That is exactly how Quavo's Dispute Resolution Experts (DRE) leverage QFD's AI capabilities to deliver exceptional customer experiences that combine the power of human insights and advanced technology. Quavo's DRE team is a flexible staffing add-on with over 100 years of combined fraud and dispute experience. DRE is a natural extension of your team, and with

flexible staffing options, you can use DRE for as much or little of your volume and work and as needed. We've confirmed our product was practical, user-friendly, and battle-tested by having real users involved during the AI development process.

The future of dispute resolution is customer-centric

Financial institutions that prioritize customer experience in dispute management have ample opportunities to build trust and loyalty and drive long-term growth. Achieving that means understanding customers' expectations and leveraging the right technology, like AI, to deliver faster, fairer resolutions while freeing teams to focus on the human side of customer service.

The right technology, paired with the right team, creates a seamless experience that strengthens customer relationships in ways that can't be replicated when you rely on technology alone. That's why Quavo isn't just a platform—it's a true partnership. Because in the end, technology is only as good as the people behind it.

“Every aspect of the customer journey, from reporting the fraud to fast, fair resolutions, matters.”



David Chmielewski
Chief Product Officer & Co-Founder

About Quavo Fraud and Disputes

Quavo is a leading technology partner and strategic advisor, helping financial institutions (FIs) build trust-driven customer relationships through faster, more transparent dispute resolutions.

Our mission is to restore financial trust by simplifying fraud and disputes. Quavo's award-winning technology automates the entire dispute lifecycle, from intake to resolution. FIs can pair this end-to-end solution with our expert-led back-office investigation team in one turnkey managed service. Scalable for institutions of all sizes, Quavo's solutions reduce losses, ensure compliance, and enhance customer loyalty.