



# The Trust Factor

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Turning Fraud Challenges into Customer  
Loyalty Opportunities for Financial Institutions

QUAVO®

Trust has long been the cornerstone for building customer relationships. As fraud escalates in frequency and cost, trust is both more important and being tested more than ever. It's time to focus on trust's role in customer loyalty.

Simple tracking of fraud and its resolutions isn't enough. Financial institutions (FIs) must go deeper and examine the overlooked middle ground: the customer experience. Doing so gives FIs the capacity to earn and solidify customer trust, bolster confidence and cultivate and maximize long-term customer value.

**The good news:** There's an opportunity to foster trust by doing the right thing at every stage of the customer journey, not just at the resolution stage. [Many FIs are already doing so.](#)

To understand how customers felt during and after their fraud experience, Quavo surveyed 1,000 credit card fraud victims to hear their perceptions of how their banks responded to fraud. Our Trust in Banking Consumer Study reveals how financial institutions can transform fraud dispute resolution from a potential loyalty breaker into a powerful catalyst for customer retention and business growth.

## What's Inside the Report

This research provides actionable insights for banks to leverage fraud challenges as trust-building opportunities and, in doing so, enhance customer experience, foster sustainable growth, and ultimately strengthen their market position.

## Key Findings



The direct impact of fraud and dispute resolution handling on customer loyalty



The link between swift, transparent resolution processes and customer value



Why trust should be measured as a crucial business KPI



How fraud resolution affects trust more than fraud itself



The ripple effect of fraud resolution on other products and services

# Beyond the Incident: Fraud Management as a Key Trust Metric

High trust creates opportunities to accelerate everything in its path. FIs should view how trust fits in as a key business KPI. By actively measuring and managing trust, FIs can gain valuable insights into the effectiveness of their fraud and dispute management strategies and their overall customer relationships.

Fraud is, undeniably, a negative experience for any customer. However, research reveals a startling truth: customers care more about how their FIs handle fraud.

## Key Findings

**62% of consumers** said their trust was more influenced by the resolution process than the discovery of the fraud itself.

## The true cost of trust erosion

Cardholder trust is a silent expectation but speaks volumes when broken.

**There's good news for FIs:** Most respondents in our research reported positive experiences with their banks' fraud resolution processes, but it also implied that there is room for improvement in areas like resolution time and maintaining customer confidence in other services.

While the immediate financial impacts from fraud are easily quantifiable, the ripple effects of damaged trust from fraud incidents are far more challenging to measure. For instance, there are three ways FIs currently measure the financial impact of fraud:



### Customer retention

Dissatisfied customers are more likely to take their business elsewhere, leading to lost revenue and increased acquisition costs.



### Reputational damage

Negative word-of-mouth and bad press spreads quickly, eroding the institution's brand image and making it harder to attract new customers.



### Operational inefficiencies

When trust is low, customers are more likely to question every transaction, increasing the burden on customer service and fraud investigation teams.

## The ticking clock: The trust erosion impact from delays

Customers have become accustomed to immediate gratification. In fraud resolution, delays can be particularly damaging. Financial institutions must expedite their dispute processes, adopting automated solutions and streamlining workflows to reduce delays.



### What our research says

**71% of consumers** said they are highly likely to lose trust in their institution if the dispute resolution timeline is lengthy.

**However, it's crucial to strike a balance between speed and due diligence.** Rushing through investigations can lead to errors and unfair outcomes, further eroding customer trust.

By implementing swift, fair and transparent investigations with real-time visibility into the dispute process, FIs can turn fraud incidents into customer relationship-building opportunities that restore financial confidence and institutional trust.

## Fraud Resolution and Customer Loyalty

### Poor fraud resolution: A fast track to customer churn

Customer loyalty has a big impact on increasing customer value, driving repeat business, encouraging positive referrals, and spurring long-term growth. But what happens to loyalty when fraud occurs?

The answer depends heavily on the quality of the fraud resolution process. A seamless, empathetic resolution can strengthen customer loyalty by turning a negative experience into a positive one.

### What our research says

**73% of consumers** said their loyalty was heavily impacted by how their FI handled fraud.

[PYMNTS Intelligence research](#) shows a similar story: **86% of consumers said they were likely to continue using cards that efficiently handled their disputes.**

Alternatively, a poorly handled dispute can quickly lead to customer churn. Tedious processes, long delays, and a lack of communication can leave customers feeling frustrated, undervalued, and ultimately, ready to switch financial institutions. Even if they don't actually switch FIs, they may do a majority of their transactions elsewhere, and your top of wallet status will be gone.

## Fraud Confidence Spillover: When Fraud Handling Affects Trust in Other Services

The impact of fraud resolution extends beyond a specific incident. Customers who have a negative experience with fraud and dispute management are far less likely to engage with other products or services, limiting the value of that customer with an institution.

### What our research says

**70% of consumers** said their confidence in other services was affected by their fraud resolution experience.

## The switch trigger: When poor dispute handling leads to customer churn

Ultimately, poor dispute handling can be the trigger that prompts customers to switch banks altogether. Inefficient resolution processes can severely undermine customer confidence, triggering a cascade of negative outcomes for banks.

The ripple effect can effectively place a ceiling on a customer's value to the institution, heightening the risk of either complete attrition or the customer diversifying their banking relationships. In this scenario, the bank not only faces the threat of losing the customer outright but also the gradual diminishment of the relationship as the client begins to explore services with competing financial providers.

### What our research says

**66% of consumers** would be highly or extremely likely to switch banks due to long and tedious dispute resolution processes.

Other industry research reinforces these findings. The latest [J.D. Power U.S. Retail Banking Satisfaction Study](#) highlights a strong link between customer satisfaction, trust, and long-term loyalty.

While overall satisfaction remains steady, trust has emerged as the real driver of retention. With trust declining for the second consecutive year, only 46% of customers expressed certainty about staying with their bank, while 13% indicated they might switch within the next year.

These insights underscore the significant opportunity for banks to strengthen trust at every touchpoint in the customer journey. Addressing fraud and disputes swiftly—before they become prolonged issues that drive frustration and attrition—is an essential first step.

Banks must also take proactive measures to reassure customers that their funds are safeguarded and that any fraud-related incidents will be handled quickly, fairly, and transparently.

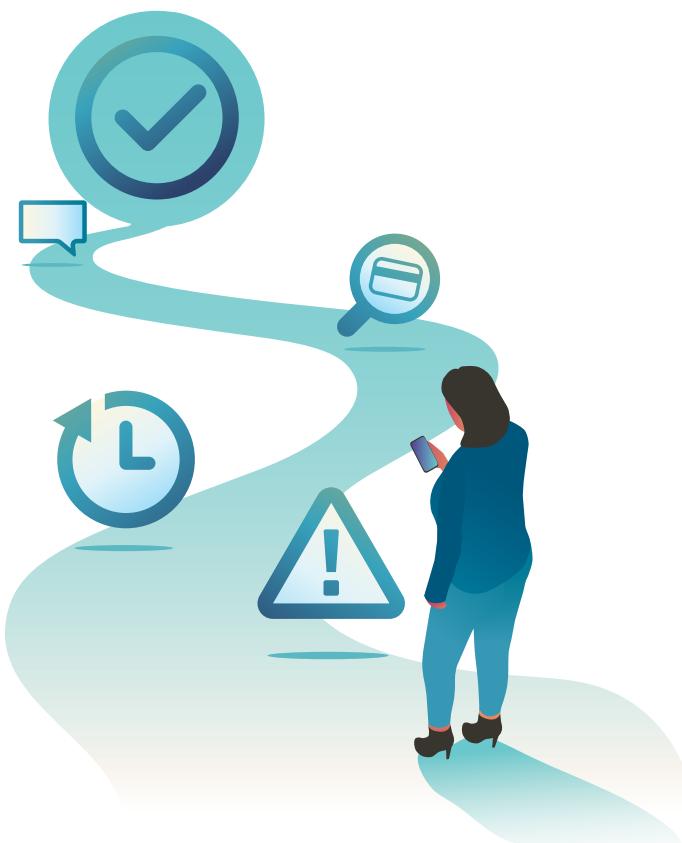
## The Role of Communication in Fraud Management

Transparency and communication are essential pillars of trust. When customers experience fraud, they need to know that their financial institution is taking the situation seriously and working diligently to resolve it.

### Transparency in fraud investigations

Swift fraud resolution, while crucial, falls short without the pillars of fairness and transparency. The art lies in striking a delicate balance between expeditious action and thorough due diligence. FIs should focus on enhancing dispute resolution processes, emphasizing both velocity and clarity.

A modern approach goes beyond traditional trust restoration—it catalyzes internal efficiency, bolsters customer loyalty, and directly enhances the institution's financial health by elevating recapture rates. Providing customers with clear explanations of the steps taken during fraud resolution can significantly improve their perception of the process.



### What our research says

**74% of consumers** said their bank's transparency in explaining each step of the fraud investigations was clear.

## Getting communication right

Consistent, timely communication is crucial for maintaining customer confidence throughout the fraud resolution process. Financial institutions can enhance the customer dispute process with a self-service intake portal that provides real-time notifications and clear claim status visibility. This not only builds confidence and trust but also streamlines case management and reduces overhead costs.



### Good news for FIs

**79% of consumers** said they were satisfied with the frequency of communication they received.

## The Loyalty Litmus Test in Fraud and Dispute Resolution

A well-executed fraud and dispute resolution process serves as a loyalty litmus test, revealing the true strength of the customer relationship. Customers who feel valued, supported, and fairly treated are far more likely to remain loyal, even in the face of adversity.

## Investing in positive outcomes

The fraud resolution process shouldn't be viewed as a one-time fix.

**A financial institution fosters trust in two ways:**

1

They solidify themselves as a trusted collaborator within the payment ecosystem (merchants, acquirers, associations, etc.)

2

They deliver more transparent, comprehensive and fair decisions to accountholders. For example, by working directly with merchants, this often leads to more positive outcomes for accountholders.

## Simplifying the fraud reporting journey

The first step in resolving fraud is, of course, reporting it. Making this process as easy and seamless as possible is crucial for building trust and encouraging customers to come forward with their concerns.

When customers can easily report fraud, they feel empowered and in control. This, in turn, fosters a sense of trust and confidence in the institution. Reporting is crucial in identifying bottlenecks in the dispute lifecycle, enabling banks to make strategic staffing decisions to overcome workflow issues.

## Ease of reporting as a foundation of trust

In an era where trust underpins every interaction, financial institutions must prioritize transparency, efficiency, and education. By doing so, they can differentiate themselves in a crowded market while delivering meaningful value to their customers—turning trust into a tangible asset that drives sustainable growth.

Streamlining the ability to report fraud and file a dispute through simplified digital, mobile-friendly channels support customers in their time of need, through a channel they're already accustomed to using. Integrating the fraud and dispute reporting process into an existing banking ecosystem is critical for making the process fast and easy.

Seamless fraud reporting, transparency in the dispute process, and swift, fair resolutions are table stakes in earning and maintaining customer trust.

### Financial institutions are on the right track

**87%** find it easy to report fraud, showing banks have largely optimized the first step in the process

**85%** perceive fraud investigations and outcomes as fair

## Technology and innovation in fraud management

Advanced technologies like AI and risk-based machine learning (ML) models are transforming even the most sophisticated fraud resolution and dispute systems, providing financial institutions with a more efficient route to automate the investigation process, expedite resolutions and reduce fraud management costs.

To establish trust at scale, FIs can leverage advanced analytics and data-driven solutions that enable proactive fraud prevention and accurate dispute resolution.

For instance, Quavo's technology empowers institutions to resolve disputes quickly and transparently using historical data to make informed decisions. These capabilities ensure customers receive fair, timely outcomes—key to building trust and strengthening long-term relationships.

But trust isn't built solely through resolving disputes. It's also about empowering customers with the tools and knowledge to protect themselves. By offering self-service options, fraud prevention insights, and educational resources, FIs can position themselves as partners in their customers' financial security. This proactive approach not only mitigates fraud risks but also fosters deeper loyalty, reduces churn, and enhances the overall customer experience.

## Building a Future-Ready Fraud Resolution Framework

When enhancing fraud management systems by integrating automated fraud and dispute management tools, it's not necessary to boil the ocean. A full technology transformation may be overwhelming and resource and cost constraining for many FIs. Small incremental changes are more realistic and can have a significant impact.

As the banking fraud environment becomes increasingly complex, trust remains the cornerstone of a customer-centric fraud and dispute resolution framework for FIs. How fraud is handled deeply matters for strengthening confidence that builds loyalty and creates opportunities for growth.

### Effective Dispute Resolution in Action

Effective dispute resolutions provide win-win scenarios for FIs and their customers by creating efficiencies that streamline the processes and deliver outcomes for customers smoother and faster.

## Putting a Fraud and Dispute Resolution Plan in Place: Key Strategies for FIs:

As part of proactively managing disputes, financial institutions should focus on the following key strategies:

### **Partner with trusted experts**

Collaborate with trusted advisors and technology providers like Quavo to leverage proven solutions for fraud and dispute management.

### **Embrace transparency**

Build trust by ensuring clear communication and transparency throughout the fraud resolution process.

### **Leverage advanced technology**

When trust is low, customers are more likely to question every transaction, increasing the burden on customer service and fraud investigation teams.

### **Streamline the dispute reporting process**

Simplify the fraud reporting process to enhance customer experience and identify operational bottlenecks.

### **Optimize resolution timelines**

Expedite resolution times while maintaining fairness and compliance to reduce trust erosion.

By implementing these actionable strategies, financial institutions can not only mitigate the risks associated with fraud but also foster long-term customer loyalty. Incremental changes—such as automating workflows or improving communication—can yield significant results without overwhelming resources.

Financial institutions that prioritize faster resolution times, clear communication, and transparency in the process can reduce churn but also enhance trust in their broader financial offerings. Institutions that streamline and improve their fraud handling processes can strengthen customer confidence, while delays and poor communication put FIs at risk of significant attrition.

Ultimately, successful fraud resolution is more than just a compliance requirement; it is an essential driver of customer satisfaction and loyalty. Financial institutions that prioritize trust-building practices will position themselves as leaders in the industry, ensuring sustainable growth and enhanced customer relationships in an increasingly competitive landscape.

## Quavo's Platform in Action: Trust in Banking

At Quavo, we believe what we do is central to being a gatekeeper of the KPIs that measure success. Of course, trust has always been a cornerstone of banking but defining it isn't always a key metric bank executives have always measured.

When calculating customer value, bank leaders should consider how trust acts as an underlying KPI behind customer retention and growth metrics.

We're so passionate about this topic that we created the [Trust in Banking awards](#), which honor seven financial institutions that demonstrated superior performance throughout 2024 in the most critical trust-building areas of disputes: Speed, transparency, customer satisfaction, convenience, efficiency, accuracy, and flexibility. Below are insights from Quavo clients about how they are making trust a core component of customer success.



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*“Trust is the cornerstone of every strong relationship and is a financial institution’s most valuable asset,”* said CEO & Co-Founder Joseph McLean.

*“These winners embody the essence of trust in banking by prioritizing customer needs and raising the standard for fast and fair dispute resolution.”*



**Joseph McLean**  
Quavo CEO & Co-Founder

## Quavo Customer Success Stories:

**Rogue Credit Union**, winner of the **Resolution Rockstar Award**: Achieved 11 days to accountholder resolution, showing Rogue's commitment to member advocacy and care, especially in cases of financial fraud.



*"The efficiencies and enhancements provided by the Quavo platform have been crucial to our team's success in quickly resolving accountholder disputes. By streamlining our processes and automating key steps, Quavo has significantly reduced manual work, allowing our team to focus more on providing personalized solutions. The platform's intuitive interface and powerful tools have empowered us to address issues more quickly, ensuring a smoother and faster experience for our members. As a result, we've seen higher satisfaction levels and stronger trust in our ability to resolve disputes efficiently."*

**Jolene Wines**

Manager of Card Services, Rogue Credit Union

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**FNBO**, winner of the **Accuracy Advocate Award**: Achieved an average 92% of chargebacks won, indicating the care put into successful investigations.



*"Our accuracy standards are not easily achieved and are not something we take for granted. In partnering with the Quavo Team, this award serves as validation of our employees working to create the right outcome for our customers on a consistent basis. Trust in Banking is something we can all rally around, and we are honored to have been selected by Quavo for this outstanding award."*

**Bill Schomers**

Vice President, Customer Operations, FNBO

**Patelco Credit Union**, winner of the **Flexibility in Action Award**: Adapted to significant challenges in the financial space while continuing to deliver outstanding service to accountholders.



*“This recognition reflects our ability to adapt to significant challenges in the financial space while continuing to deliver outstanding service to our members.”*

**Erin Mendez**

President and Chief Executive Officer of Patelco Credit Union

## 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.

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Learn more at [www.quavo.com](http://www.quavo.com).