



Loyalty's Bottom Line

Balancing Customer Acquisition,
Retention, and Fraud Resolution Costs





When Fraud Hits, Your Response Can Make or Break Customer Loyalty

Picture this: a customer's account gets hit by fraud. Their stress levels spike, and they turn to their bank for help. This is a make-or-break moment. Will you leave them frustrated, or will you step up and turn a bad situation into a loyalty win? How you handle fraud disputes doesn't just resolve a problem, shapes the entire customer experience and can have ripple effects on your bottom line.

Banks and credit unions know that fraud is an unfortunate reality, but it's also a golden opportunity to show customers you've got their backs. Quavo's Trust in Banking research reveals a jaw-dropping truth: **73% of customers say their loyalty hinges on how their bank handles fraud disputes.** That's right—get it wrong, and you risk losing them. Get it right, and you can deepen their trust.

Customers want three things when fraud strikes: speed, clarity, and fairness. If they're left on hold, shuffled around, or met with vague responses, trust crumbles fast. In today's world, where switching banks is just a few clicks away, a bad dispute experience can send customers running to your competitor.

One Bad Experience Can Cost You Big

Here's the kicker: **a mishandled dispute can hurt more than the fraud itself.** Quavo's research shows **66%** of customers are ready to ditch their bank if the dispute process feels like a slog. Industry insights back this up, with **10x Banking** showing that one in five customers jump ship over poor experiences, period.

And the damage doesn't stop with losing a customer. Let's talk dollars and sense: replacing a lost customer isn't cheap. In banking, Customer Acquisition Cost (CAC) **averages \$784** per new customer. If a clunky dispute process drives away just 200 customers, that's a \$156,800 hit just to get back to square one. Beyond the money, losing customers means missing out on referrals, future business, and a shiny brand reputation. Angry customers may share their frustrations online, and that's a PR nightmare.

The Hidden Sting: When Poor Disputes Quietly Shrink Customer Value

Not every unhappy customer will leave, but that doesn't mean you're in the clear. A bad dispute experience can quietly chip away at trust, and 70% of customers say it makes them less likely to rely on their bank for other services, according to Quavo. They might stop using their card, hesitate to open a new account, or skip applying for that loan. Some even start splitting their banking across competitors, diluting their value to you.

This "engagement drain" is sneaky. It doesn't always show up in churn stats, but it erodes customer lifetime value—the revenue you count on from long-term relationships. In a digital world where growth depends on keeping customers engaged, a clunky dispute process can silently sabotage your goals.

Turn Disputes into Loyalty Wins

Here's the good news: disputes don't have to be a loyalty killer. They can be a chance to shine. Research from PYMNTS shows **86%** of customers are more likely to stick with institutions that handle disputes smoothly. That's a massive opportunity! When you resolve issues quickly, transparently, and fairly, you're not just fixing a problem, you're building trust that keeps customers coming back.

Beyond Quavo's findings, other research reinforces the stakes. A 2023 study by **Forrester** found that customer experience drives 70% of loyalty in financial services, with dispute resolution as a top factor. Meanwhile, Bain & Company reports that improving customer retention by just 5% can boost profits by **25-95%**—proof that keeping customers happy pays off big. Social media chatter on X also highlights how fast a bad dispute experience spreads, with users sharing stories of frustration that deter others from choosing certain banks.

How to Get Disputes Right

The key to winning at disputes? Make the process seamless. That's where solutions like Quavo's automated fraud and dispute platform come in, designed to deliver fast, frustration-free resolutions at scale. By streamlining disputes, you're saving customers while protecting your investment in acquiring them and setting the stage for deeper engagement.

The Bottom Line

Every fraud dispute is a chance to show customers you're in their corner. Blow it, and you're not just losing trust—you're racking up costs to replace customers and missing out on growth. Nail it, and you're building loyalty that fuels long-term success. So, next time fraud hits, ask yourself: is your bank ready to turn a crisis into a win?

86% of customers
stay loyal when dispute
process is fast and fair



“That’s a massive opportunity! When you resolve issues quickly, transparently, and fairly, you’re not just fixing a problem, you’re building trust that keeps customers coming back.”



Ryan Sorrels
Quavo CRO

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.

Learn more at www.quavo.com.