



MasterCom[®] Dispute Resolution

Collaboration to get ahead of chargebacks

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Chargebacks, friendly fraud and false declines are a significant growing concern for financial institutions



5.9 billion

in losses due to chargebacks in 2017.¹

\$15 - \$70

In internal operational costs per dispute.¹

46 days

to resolve standard chargebacks and **100+** days for complex chargebacks.¹



80%

of cardholders contact their bank instead of the merchant for a refund.²



1. AITE. CHARGEBACKS AND FALSE DECLINES: CARDS UGLY UNDERBELLY. 2016.
2. CHARGEBACKS 911. 2016.

Strategy to reduce chargebacks and promote prompt, efficient dispute resolution

Consolidated Dispute Platform



MasterCom Claims Manager will integrate process under one umbrella

Rule Changes



Rule and procedural changes being rolled out throughout 2018 and 2019

Collaboration and Auto Validation



Prevent invalid chargebacks and provide just-in-time dispute insights

Merchant Involvement



Bridges communication gap between cardholders and merchants



Phase 1: Manage disputes from end-to-end with MasterCom Claims Manager

MasterCom Claims Manager:



Manages all dispute cycles within a single “claim” until closure by integrating dispute processing, fraud reporting, and documentation management into one tool



Reduces complexity within the dispute channel and shortens processing time frames through rules-based decisioning



Avoids mismatched data by utilizing one source of record for all claims



Integrates with customer platforms to provide multiple access options via user interface or Mastercard API

Drive chargeback reduction through process change

Rule changes being rolled out throughout 2018 and 2019

Reduces complexity within dispute channel and shortens processing time frames:



Blocks invalid chargebacks from entering the network




Reduces most first chargebacks from 120 to 90 days





Eliminates arbitration chargeback cycle


Phase 2: Avoid chargebacks by including merchants early in the dispute lifecycle


MasterCom Claims Manager:


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1 Bridges communication between consumers, issuers, acquirers, and merchants during pre-chargeback stages
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2 Integrates with issuer dispute websites to provide contact between consumers and merchants
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3 Enables merchants to respond to consumer inquiries outside of chargeback cycles
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4 Supports merchant issuance of consumer credits
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5 Arms merchants with account data insights based on active fraud chargeback activity
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6 Provides near real-time fraud data visibility to support merchants' just-in-time shipping decisions

Help reduce chargebacks and improve the customer experience with prompt, efficient dispute resolution

REDUCED FORMAL CHARGEBACK
VOLUMES AND LOSSES

FEWER COSTLY CHARGEBACK CYCLES
AND PROCESSING TIME

SHORTER RESOLUTION TIME FRAMES

GREATER LOSS AVOIDANCE WITH REAL-
TIME ACCOUNT DATA



Customers CAN...

- Save **on average 20 %** in chargeback processing costs per cycle by resolving invalid chargebacks outside of the formal chargeback process¹
- Resolve chargebacks in **1-2 cycles** instead of 3 (remove up to 90 days from the dispute lifecycle)¹
- Resolve friendly fraud disputes **within hours** to a few days

1. MASTERCARD INTERNAL RESEARCH. 2017

Collaboration before a formal chargeback occurs helps to reduce dispute complexity and processing time

Pre-Chargeback



Cardholder

Cardholder calls issuer to initiate dispute

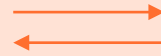


- Merchant/Acquirer response



Issuer

Feeds disputed transaction into MasterCom

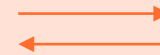


Response for review

Checks for merchant participation and routes



Request for additional information



Response options:

- Supplementary info
- Consumer credits
- Refund

Gathers information and evaluates



Merchant

MasterCom Claims Manager provides dispute insights into fraudulent chargeback activity.

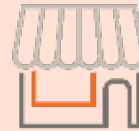
Merchant Shipping Decision



Query confirmed fraud activity



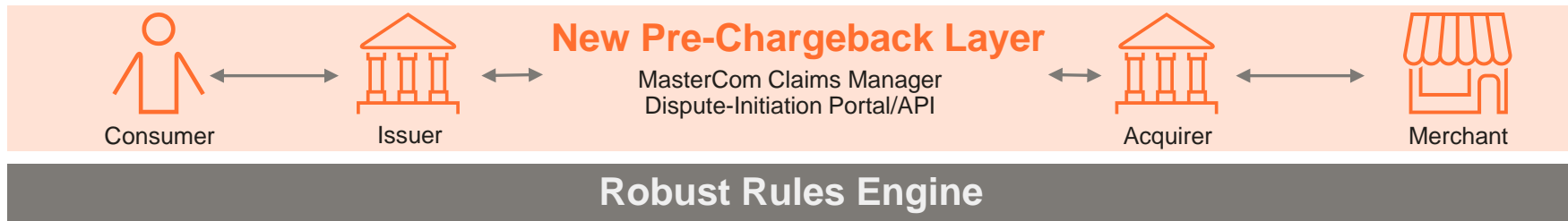
Positive/negative response



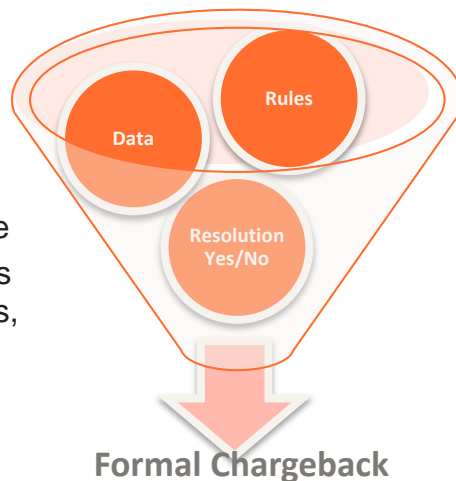
Merchant

Decision to stop or retrieve pending purchases

MasterCom Claims Manager helps to facilitate chargeback avoidance and cost reduction



- Data-driven rules enforcement leveraging authorization and clearing records
- Integration with Assurance IQ database
- Source of record for all claims/disputes
- Funds do not move in pre-chargeback cycle
- Provides transparency of chargeback status and transaction research tools for all parties, including merchants
- Blocks invalid chargebacks



- Transaction lifecycle transparency for Merchant-refunded disputes blocks potential trailing chargeback initiation
- Provides merchants with fraud alerts of disputes prior to formal chargeback process
- Facilitates credits between parties
- SAFE updates (confirmed and suspected)
- Forms automation if dispute proceeds to formal chargeback cycle

Questions