

MasterCom[®] Dispute Resolution FAQ

What is MasterCom Dispute Resolution?

MasterCom Dispute Resolution was originally designed to provide data and image views of signed receipts, cardholder letters, and electronic forms to assist in the handling of B2B and consumer disputes. The evolution of MasterCom leverages Claims Manager to streamline end-to-end dispute resolution, tracking all activity associated with a dispute within a single claim. MasterCom Claims Manager creates and tracks disputes from end-to-end throughout the entire lifecycle, enabling dispute initiation of chargebacks, re-presentments and retrieval requests in place of customer-supported back-office systems. Claims Manager leverages a rules-based approach to help prevent invalid chargebacks from moving through MasterCom, ultimately improving overall dispute resolution.

What are the benefits to issuers, acquirers, processors, and merchants?

MasterCom Dispute Resolution can help issuers, acquirers, and processors:

- Reduce formal chargeback volumes, losses, and associated back-office costs.
- Lessen costly chargeback cycles and processing time by pre-empting disputes from advancing to chargebacks.
- Shorten resolution time frames, potentially solving disputes in hours or days instead of weeks or months.
- Increase automation and productivity, integrating "swivel chair" dispute processing into a single solution.
- Improve the experience for all parties involved in the dispute
- Reduce costs from third-party service providers.

Additional benefits can help merchants:

- Avoid losses with real-time account data insights and chargeback data visibility that supports just-in-time shipping decisions.
- Improve the customer experience and loyalty.

In what markets is it available?

MasterCom Dispute Resolution is available to all issuers and acquirers globally. Claims Manager is available to all issuers, acquirers, and processors globally, and will be available directly to merchants at a future date to be determined.

For what transactions is MasterCom Dispute Resolution available?

MasterCom processes disputes for Mastercard and other payment brands, including private label and domestic payment brands, as long as transactions from these brands are processed on the Mastercard network. MasterCom is not available for domestic scheme transactions (i.e., Mexico and China) and does not support local dispute resolution rules or processes in these markets (i.e., Mexico). Claims Manager supports dual message transactions and will support single message transactions at a future date to be determined.

How does MasterCom Claims Manager work for issuers and acquirers?

Claims Manager consolidates the use of multiple platforms to manage disputes through the entire lifecycle. As a single, integrated dispute resolution platform, it tracks all activity associated with a dispute within a

single "claim" until closure. Every dispute event is managed as a claim, regardless of whether it advances to a network-level dispute transaction.

MasterCom Claims Manager:

- Manages all dispute types regardless of documentation support requirements
- Reports fraud accounts to Fraud & Loss Database
- Performs validation checks against existing rules, first chargebacks and representments to prevent invalid chargeback initiation
- Applies appropriate reason codes to prevent invalid chargeback initiation
- Auto-populates and selects Expedited Billing Dispute Form
- Enables users to supply support documentation at dispute initiation
- Supports reversal and fee collection record submissions
- Provides validation prompts and auto-managed deadline controls throughout the dispute process
- Provides comprehensive dashboard reporting with summaries, trend analysis and case history
- Locates and auto-populates details into chargeback record via transaction research tool



MasterCom Claims Manager:

1. Tracks all activities related to the dispute transaction, including message types exchanged between issuers and acquirers for a particular dispute, under one Claim ID.
2. Creates the clearing file as soon as the chargeback is created and pushes it to the Global Clearing Management System (GCMS) for processing per their standard cycles.
3. Generates financial messages on behalf of the customer and submits them to GCMS. Funds are transferred with each chargeback stage/cycle processed through GCMS. Claims Manager only supports fee collection messages and fund disbursements pertaining to disputes. Other fee collection messages can be directly submitted to GCMS. Fund disbursements related to chargeback cycles will continue to be processed through GCMS, with Claims Manager as the initiation point.
4. Customers can view the status of their chargeback transaction submitted through Claims Manager and use the TQR4 report for transaction-level reconciliation.

How will MasterCom Claims Manager integrate merchants into the dispute processing flow?

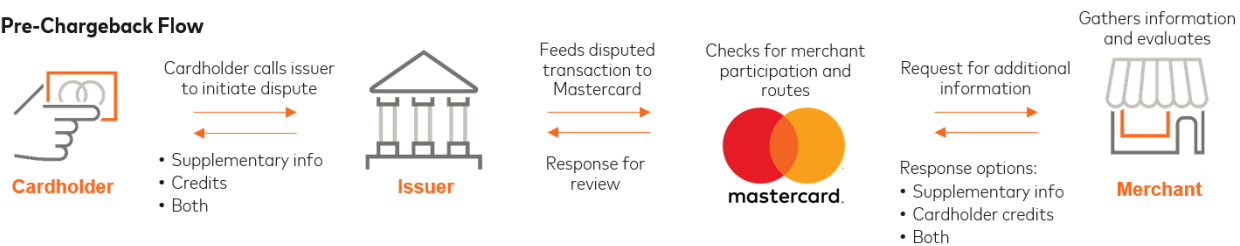
In a future application of MasterCom TBD, Claims Manager will bridge communication between consumers, issuers, acquirers, and merchants to address friendly-fraud disputes and resolve inquiries occurring during pre-chargeback stages. Integrated with issuer dispute systems, Claims Manager for Merchants will provide

contact between consumers and merchants, enabling merchants to respond to consumer inquiries outside of chargeback cycles. Merchants benefit from real-time account data insights and chargeback data visibility based on active fraud chargeback activity that support their just-in-time shipping decisions.

MasterCom Claims Manager for Merchants will:

- Provide a platform for communication between consumers, issuers, acquirers, and merchants during pre-chargeback stages
- Integrate with issuer dispute websites to provide contact between consumers and merchants
- Give merchants with the opportunity to respond to consumer inquiries outside of chargeback cycles
- Enable merchant issuance of consumer credits
- Deliver account data that arms merchants with insights based on active fraud chargeback activity
- Enable real-time chargeback data visibility to support merchants' just-in-time shipping decisions
- Provide reporting of friendly fraud through Fraud & Loss Database

Pre-Chargeback Flow



MasterCom Claims Manager provides dispute insights into fraudulent chargeback activity.

Merchant Just-In-Time Shipping Decision



What are the available MasterCom implementation configurations?

MasterCom offers two implementation configurations to meet customer needs. Claims Manager is available via Mastercard Connect® to issuers and acquirers through either of these configurations.

- **MasterCom Hosted** processes disputes on behalf of low-volume customers using a quick start, entry-level browser application. This configuration enables customers to leverage many of the MasterCom functions hosted by Mastercard without licensing or installing software in-house. It supports retrievals, chargeback support documentation, debit re-presentments, case filing, member mediation during pre-arbitration, arbitration, pre-compliance, compliance, and collection letters. It also includes detailed processing audit reports. This option offers a hosted, cost-effective alternative to in-house dispute processing that eliminates licensing, implementation and setup fees as well as application hardware/software installation and maintenance. Customers can access MasterCom Hosted via a user interface.

- **MasterCom Pro** provides integrated, data-rich, fully customizable browser-based dispute management through a single licensed application that includes a robust menu of value-added features to automate manual operations. This configuration supports retrievals, chargeback support documentation, debit re-presentments, case filing, member mediation during pre-arbitration, arbitration, pre-compliance, compliance, and collection letters. It also provides static or fully customizable real-time status reports, enterprise statistical performance reports, and documented audit trails and case archives. This option offers fast, efficient, secure dispute processing without having to install proprietary Mastercard software on a personal computer and provides greater insight into transaction history data. Customers can access MasterCom Pro via a user interface or alternative API.

How can customers access the MasterCom Claims Manager functionality?

Customers may choose to access Claims Manager functionality through the User Interface or API options:

- The **User Interface (Hosted and Pro)** option enables customers to initiate and respond to all dispute processing and supports all documentation requirements. Mastercard also provides case management via a white-label user interface that may be branded for consistency with existing cardholder interfaces. Customers can access the case management module through MasterCom on Mastercard Connect. *Please refer to the MasterCom Claims Manager User Guide available in Publications on Mastercard Connect for more details.*
- The **API (Pro)** option streamlines dispute processing, replacing the batch processing that larger customers used via Image Interface and dispute processing via GCMS for initiation of chargebacks, re-presentments, and retrieval requests. MasterCom Claims Manager also supports bulk functionality through API calls. Third-party providers/processors must code to and integrate the API into their processes, then schedule integrations and testing with Mastercard. Most processors, and high-volume issuers, already use Image Interface and generally perform all the chargeback processing on behalf of their customers. As a result, customers who utilize a third-party processor should not be impacted to code to the API themselves. MasterCom Claims Manager APIs are open APIs available under <https://developer.mastercard.com/>. Customers can create projects in the Mastercard Developer Zone and use the sandbox environment for testing. *Please refer to the MasterCom API Specifications Guide available in Publications on Mastercard Connect for more details.*

How can customers obtain reconciliation reporting?

Customers can receive GCMS reports as they currently do today. Claims Manager also provides a reconciliation report (TQR4) with transaction level details. Following is the complete list of available reconciliation reports:

- T140 – Optional settlement report generated by GCMS. *Please refer to the GCMS Reference Manual for details.*
- T783 – Global Clearing Management System Transaction/Chargeback Analysis report generated by GCMS. *Please refer to the GCMS Reference Manual for details.*
- TQR4 – Itemized report generated by Claims Manager and sent to customers. *Please refer to the MasterCom User Journey Guide for more details.*

- T385 – Optional Acquirer Notification Files for Retrieval Requests (T385) generated by MasterCom, notifying customers of the records they worked for the day.
- T386 – Optional Issuer Notification Files for Retrieval Requests (T386) generated by MasterCom, notifying customers of the records they worked for the day.
- T387 – Optional Issuer & Acquirer Notification Files (T387) for Chargebacks generated by MasterCom, notifying customers of the records they worked for the day.

What are the high-level implementation considerations for customers? (e.g., coding, system changes, etc.)

Claims Manager impacts all customer dispute resolution capabilities. Disputes have a significant financial impact on our customers, so a bad experience could have severe financial implications. As such, Mastercard has provided a generous amount of time (12-18 months) for customers to update their systems to support the required Claims Manager functionality. Only third-party processors are expected to be impacted to make coding and development changes to systems on behalf of the customers they support. Customers should work with CIS teams to open an implementation project to migrate to Claims Manager functionality. CIS teams are engaged with product and development teams to address all of the potential steps needed as well as testing.

GCMS Dispute Processing:

- Customers no longer require access to dispute processing in GCMS. Customer disputes are no longer initiated through individually-supported customer back-office systems in GCMS, eliminating the delay in providing supporting documentation later via MasterCom.
- There is no change to the GCMS clearing format or reports (including all IPM messages/formats) with Claims Manager. Post migration, the initiation point of chargebacks and related cycles moves from customer back-office to Claims Manager.

Image Interface:

- Mastercard no longer supports the Image Interface configuration of MasterCom Pro.

User Provisioning/Access:

- Mastercard Connect will automatically provision (provide access) MasterCom Hosted and Pro users to the MasterCom Claims Manager functionality at the ICA and BIN level. No provisioning actions will be required by system users, but customers can manage access to Claims Manager at the ICA and BIN level.

Chargeback Rules:

- Major rules changes for Claims Manager are effective after April 2019.

Migration:

- Mastercard is simultaneously operating instances of legacy MasterCom with its current functionality as well as Claims Manager functionality to allow time for customers to ready their systems before retiring the current MasterCom functionality in June 2019.
- Mastercard recommends that customers migrate to the Claims Manager functionality between July 2018 and April 2019 to begin driving efficiency and cost savings in their dispute resolution operations. The legacy MasterCom platform will be retired June 30, 2019.

- Because not all customers are migrating at the same time, Mastercard is bridging the customers who have migrated to Claims Manager with those customers who have not yet migrated from the legacy system.
- Customers do not have to simultaneously migrate to the Claims Manager user interface and API. Customers may migrate to the Claims Manager user interface and plan their API integration for a later date.

Are customers required to use MasterCom Claims Manager for dispute resolution?

Mastercard mandates participation in and requires that issuers, acquirers and processors use MasterCom Dispute Resolution, including Claims Manager, for *all chargeback-related* transactions. At this time, Mastercard is not instituting a compliance program and deadline for migrating to Claims Manager

What is the pricing?

The MasterCom Hosted and Pro fee structure for issuers, acquirers, and processors varies by region. Please refer to the Mastercard Consolidated Billing System (MCBS) manual for additional pricing details.