

MasterCom[®] Dispute Resolution

Expedite resolution, reduce
chargebacks and enhance the
customer experience



Chargebacks are a significant and growing problem for financial institutions and merchants

Financial Institutions



\$5.9 billion in losses due to chargebacks in 2016¹

- **46 days** to resolve standard chargebacks and **100+** days for complex chargebacks on average¹
- **780 seconds** average call time for chargeback intake, costing **\$2.7 billion** in expenses¹
- **\$15 - \$70** in internal operational costs per dispute¹
- Over **80%** of cardholders contact their bank instead of the merchant for a refund²
- Chargeback and friendly fraud represents **71%** of total fraud losses³
- Friendly fraud accounts for **80%** of all chargebacks of online sales, costing **\$11 billion** per year⁴
- Operating costs from chargebacks impact profits up to **20%**⁵

Merchants



\$40 billion in eCommerce losses and costs due to chargebacks in 2016²

Rules-based chargeback decisioning reduces dispute complexity and processing time

Rules-based chargeback decisioning:

- Reduces complexity within dispute channel and shortens processing time frames
- Blocks invalid chargebacks from the network
- Reduces most first chargebacks from 120 to 90 days
- Eliminates arbitration chargeback cycle
- Implements pre-arbitration rules



Manage disputes from end-to-end throughout the lifecycle


MasterCom Claims Manager:


- 1 Creates and tracks disputes from end-to-end throughout the entire lifecycle
- 2 Manages all dispute cycles within single "claim" until closure, regardless of whether clearing records are required
- 3 Enables dispute initiation of chargebacks, re-presentments and retrieval requests in place of customer-supported back-office systems
- 4 Integrates with customer platforms to provide multiple access options via user interface or Mastercard API





Streamline disputes from initiation to close


MasterCom Claims Manager:


 **Manages** all dispute types regardless of documentation support requirements


 **Reports** fraud accounts to Fraud & Loss Database automatically

 **Locates** and auto-populates details into chargeback record creation via transaction research tool


 **Provides** helpful validation/reminder prompts and auto-managed deadline controls throughout the dispute process


 **Applies** appropriate reason codes to prevent invalid chargeback initiation

 **Auto-populates** and selects Expedited Billing Dispute Form

 **Enables** users to supply support documentation at time of dispute initiation







 **Supports** reversal and fee collection record submissions

 **Supports** batched chargebacks within a single record submission

 **Provides** comprehensive dashboard reporting including summaries, trend analysis and case history

Avoid chargebacks by including merchants early in the dispute lifecycle

MasterCom Claims Manager:

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

Open the lines of communication to eliminate invalid, preventable chargebacks due to friendly fraud

Pre-Chargeback Flow



Cardholder

Cardholder calls issuer to initiate dispute

- Supplementary info
- Credits
- Both



Issuer

Feeds disputed transaction to Mastercard



Response for review

Checks for merchant participation and routes



Request for additional information



- Response options:
- Supplementary info
 - Cardholder credits
 - Both

Gathers information and evaluates



Merchant

MasterCom Claims Manager provides dispute insights into fraudulent chargeback activity.

Merchant Just-In-Time Shipping Decision



Query active fraud activity



Positive/negative response



Merchant

Decision to stop pending purchases

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

Mastercom Dispute Resolution can help **issuers and acquirers** by providing:

- Reduced formal chargeback volumes, losses, and associated back-office costs
 - Fewer costly chargeback cycles and less cycle processing time by pre-empting disputes from advancing to chargebacks
 - Shorter resolution time frames—potentially solving disputes in hours or days instead of weeks or months
 - Increased automation and productivity—integrating “swivel chair” dispute processing into a single solution
 - Improved experience for consumers
- 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)
 - Resolve friendly fraud disputes **within hours** to a few days

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

Mastercom Dispute Resolution can help **merchants** by providing:

- Reduced formal chargeback volumes, losses, and associated back-office costs
- Fewer costly chargeback cycles and processing time by pre-empting disputes from advancing to chargebacks
- Shorter resolution time frames—potentially solving disputes in hours or days instead of weeks or months
- Greater loss avoidance with real-time account data insights that support just-in-time shipping decisions
- Reduced costs from third party service providers
- Improved experience and loyalty for consumers



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)

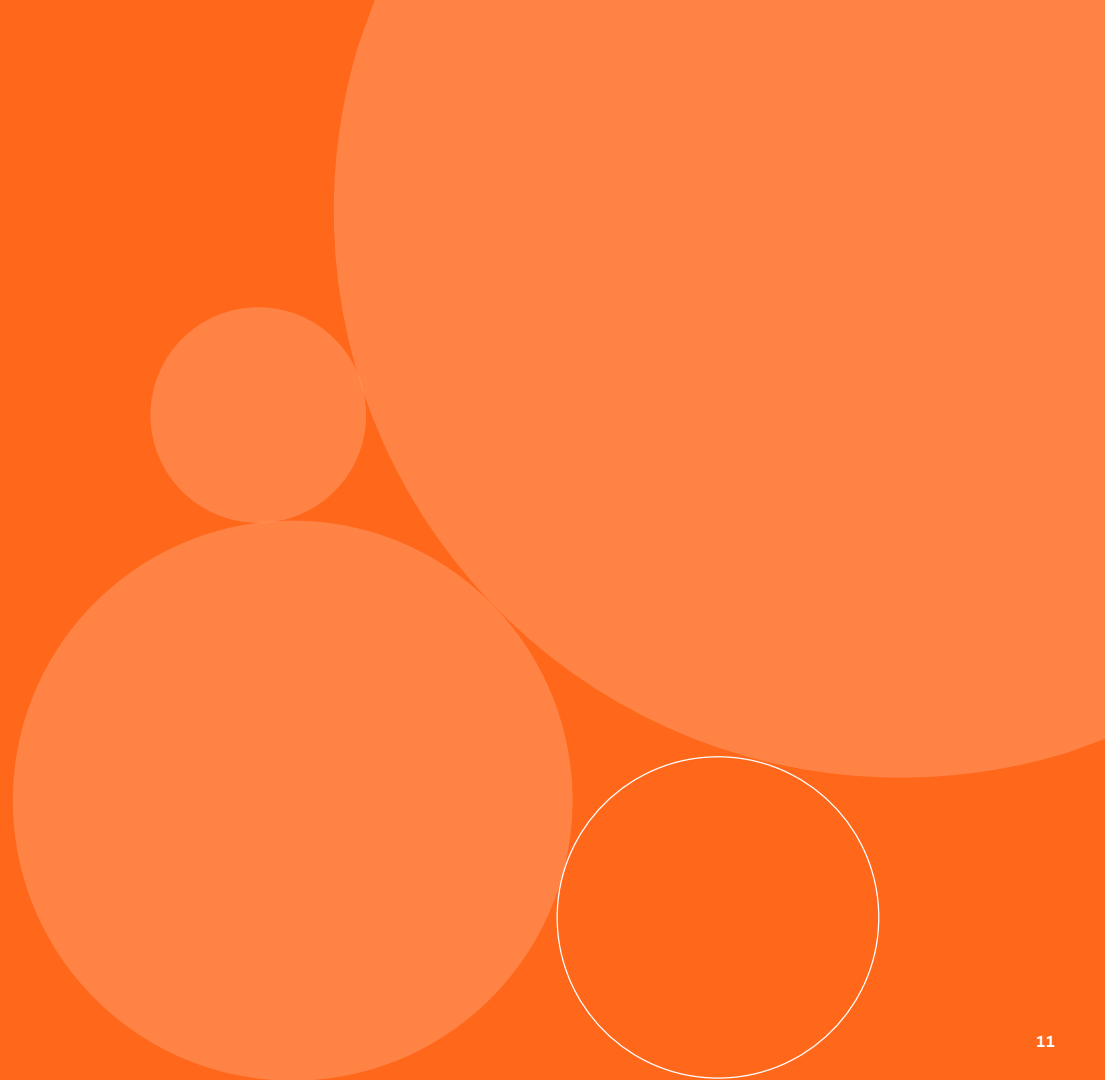


Save costs with **auto-action responses** based on customized parameters

MasterCom is outpacing the competition

Capability	Features	Mastercard	Visa	Third-Party Processors
Chargeback Processing and Rules Streaming	Pre-chargeback process	✓	✓	
	Rules-based chargeback and re-presentment validation checks	✓	✓	✓
	All stakeholder access to functionality	✓	✓	
	2 chargeback cycles	✓	✓	
	Shortened chargeback cycle from 120 to 90 days	Cardholder dispute reason codes – 120 Auth-related reason codes – 90 POI error reason codes – 90	75 to 120 days depending on reason code	
	Time for merchant to respond to chargeback	45 Days	30 days	
	Pre-arbitration requirements	Required on fraud, cardholder disputes and possibly some POI error disputes	Required on fraud, cardholder disputes and possibly some POI error disputes	
	Arbitration chargeback cycle removed	✓	✓	
Dispute Initiation and Close	API and user interface connectivity options	✓	✓	✓
	All stakeholder access to functionality	✓	✓	
	End-to-end case management	✓	✓	✓
	Creating chargeback record	✓	✓	✓
	Automated fraud reporting integration into F&LD	✓	✓	
	Bridges communication between consumers, issuers, acquirers, and merchants during pre-chargeback stages	✓	✓	
	Real-time chargeback data for just-in-time shipping decisions	✓	Unknown	
	Supports merchant issuance of consumer credits	✓	✓	
	Tracking consumer credits and debits	Partial	✓	

Implementation Configurations



Flexible implementation and participation to meet customer needs



Implementation

- MasterCom Hosted or Pro implementation configurations available based on customer needs
- Claims Manager functionality available with both MasterCom Hosted and Pro implementation configurations
- Customers can access Claims Manager functionality via API or User Interface



Participation/Migration

- No customer enrollment forms required
- Customers must migrate to Claims Manager in 2018 to begin driving efficiency and cost savings in their dispute resolution operations
- Customers should work with CIS teams to open an implementation project to migrate to Claims Manager functionality
- CIS teams engaged with product and development teams to address potential steps needed for migration and testing



Customization

- High degree of customization for rules
- Post implementation real-time account data insights and chargeback data

MasterCom offers two configurations based on your business needs



MasterCom Hosted

Customers with **low** dispute volume

Designed for...

Basic service for chargeback, retrieval processing, and case filing

Type of service...

A **cost-effective alternative** with no start-up or implementation fees

Option provides...



MasterCom Pro

Customers with **mid to high** dispute volume

Fully **customizable service** that leverages robust data integration

An efficient and cost-effective solution to manage disputes—**with a wide menu of value-added features** to automate manual operations

A cost-efficient option for low-volume disputes



MasterCom Hosted

Removes unsecured paper/fax exchanges of dispute documentation from the dispute process.

Processing

- Quick, efficient dispute processing of retrieval requests, chargebacks and case filing
- Flexible contingency processing options
- Claims Manager for end-to-end dispute resolution management
- Optional Merchant Dispute Solution for pre-emptive resolution of friendly fraud and chargebacks

Usability

- Optimal image quality
- Multi-user access to documents at any time or from any location
- Archiving access to current and historical files
- Paperless transmission, document export and forwarding ability to local media or staff

Implementation

- No implementation or setup fees
- Browser-based option for fast and intuitive start up process with no hardware/software installation
- Easy access from any physical location with internet
- Secure protection of every file transfer via Mastercard Connect® data security protocols

A consolidated, customizable application

MasterCom Pro



Consolidates processing for all dispute transaction types into a single, user-friendly application.

Processing

- Quick, efficient dispute processing of chargeback, retrieval, pre-arbitration, arbitration, pre-compliance, and compliance cases
- Contingency options in the event of work disruption
- Claims Manager for end-to-end dispute resolution management
- Optional Merchant Dispute Solution for pre-emptive resolution of friendly fraud and chargebacks

Usability

- Detailed views of each transaction segment within dispute lifecycle history
- Electronic forms for expedited requests
- Customized data views and reports that may be tailored to users' individual needs
- Document libraries replace print/scanning
- Single-step document attachment to multiple transactions
- Tool tips such as hover-over help and hints
- Personal alert notification of items requiring immediate attention

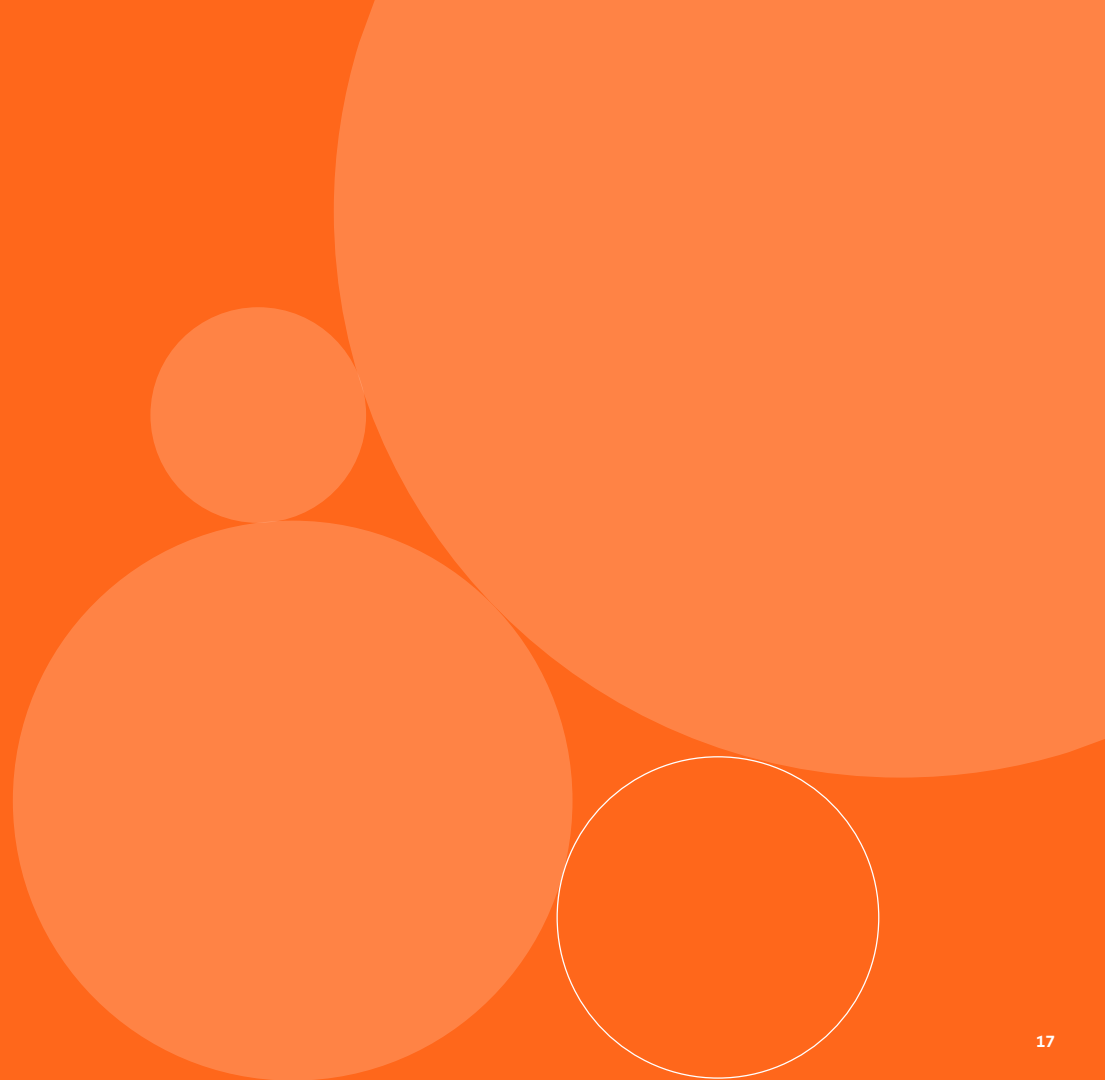
Implementation

- Browser-based option for fast and intuitive start up process with no hardware/software installation
- Easy access from any physical location with internet

Choose from two configuration options

Feature		MasterCom Hosted	MasterCom Pro
PROCESSING	Processing of retrieval requests and chargebacks	X	X
	Processing of pre-arbitration, arbitration, pre-compliance, compliance cases	X	X
	Contingency processing options	X	X
	Processing submitted in batch mode or by individual transaction		X
	End-to-end dispute resolution management	X	X
	Pre-emptive chargeback avoidance	X	X
USABILITY	Data and image export	X	
	Accepted image formats	.TIF, .PDF, .JPEG	.TIF, PDF, JPEG
	Image manipulation/enhancement		X
	Custom data views		X
	Image transmission directly from client workstation		X
	Archival access to processed transactions and documentation images		X
	Pre-defined (static) activity reporting		X
	Pre-defined reports and custom reporting options		X
IMPLEMENTATION	Browser application (requires no installation)	X	X
	Processing from any personal computer with internet access	X	X
	Intuitive, quick, easy start up; no proprietary software/hardware required	X	
	No start up or implementation fees	X	
	Customer support	X	X

Claims Manager Process Flows



Icon Key

MasterCom Claims Manager Process or MasterCard clearing process



Sender Action or Notification



Receiver Action or Notification



Reports sent to Senders or Receivers from MasterCom



Searching Transactions



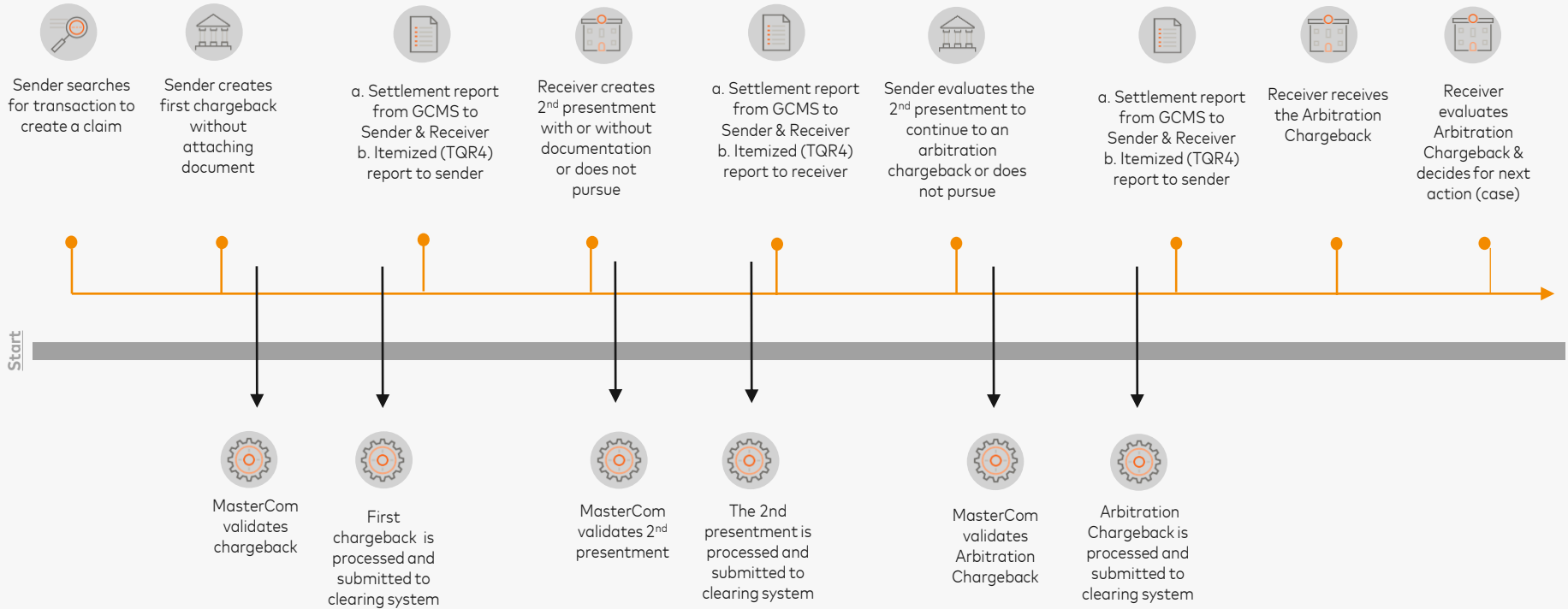
The Sender of a Case



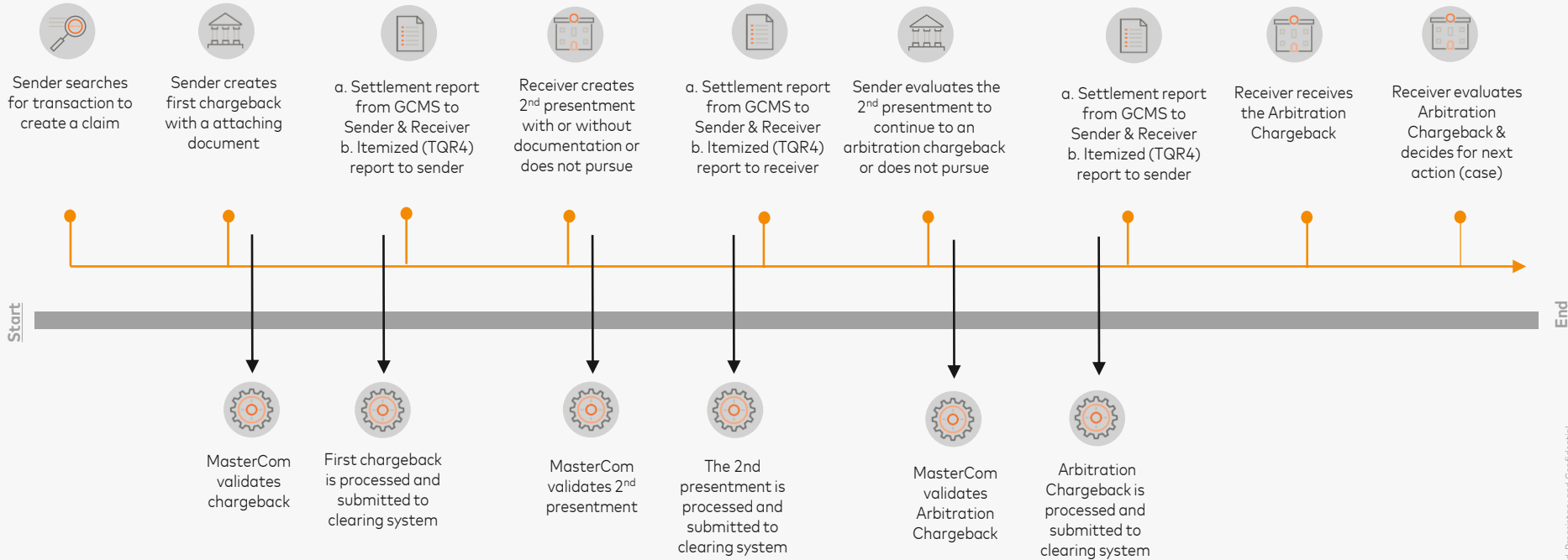
The Receiver of a Case



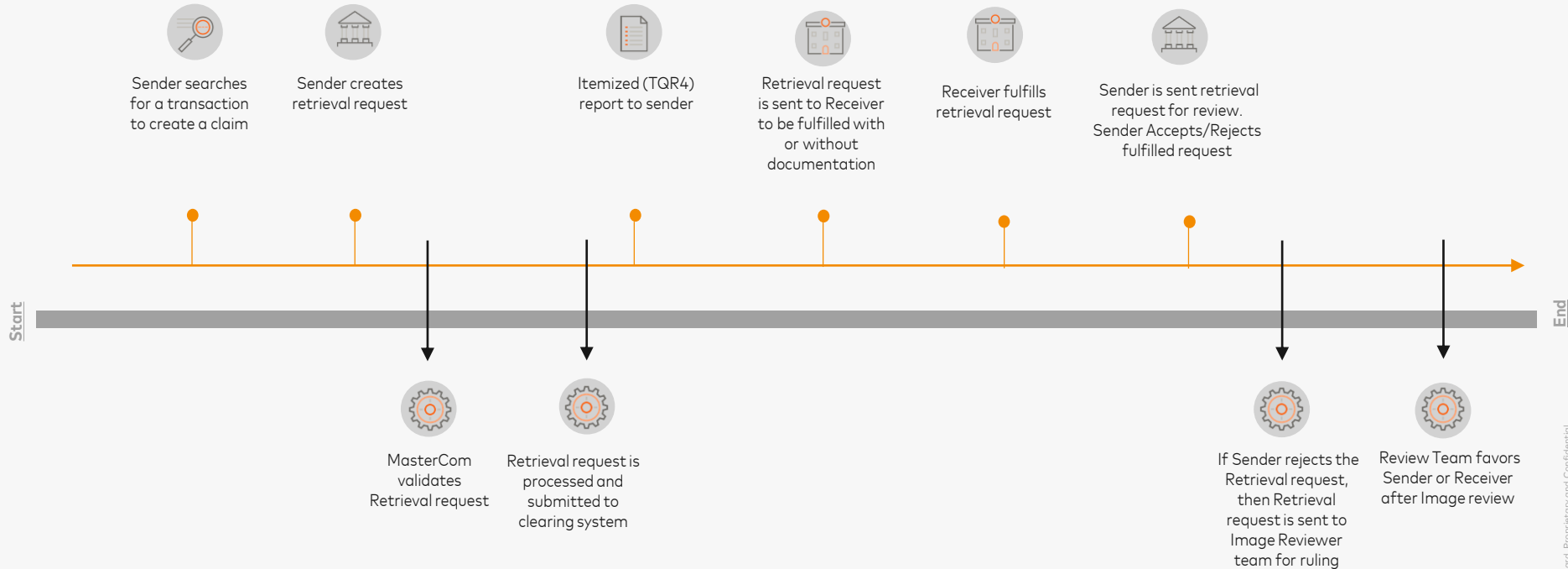
CHARGEBACK WORKFLOW WITHOUT DOCUMENT



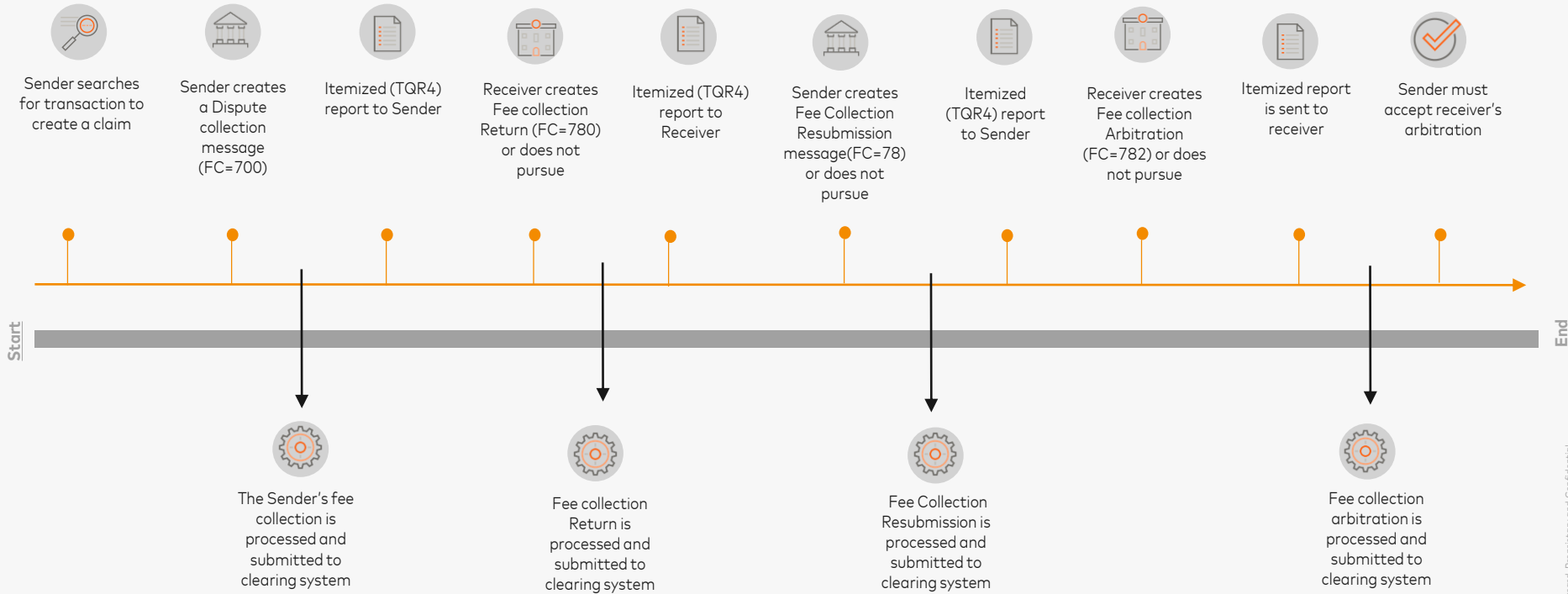
CHARGEBACK WORKFLOW WITH DOCUMENT



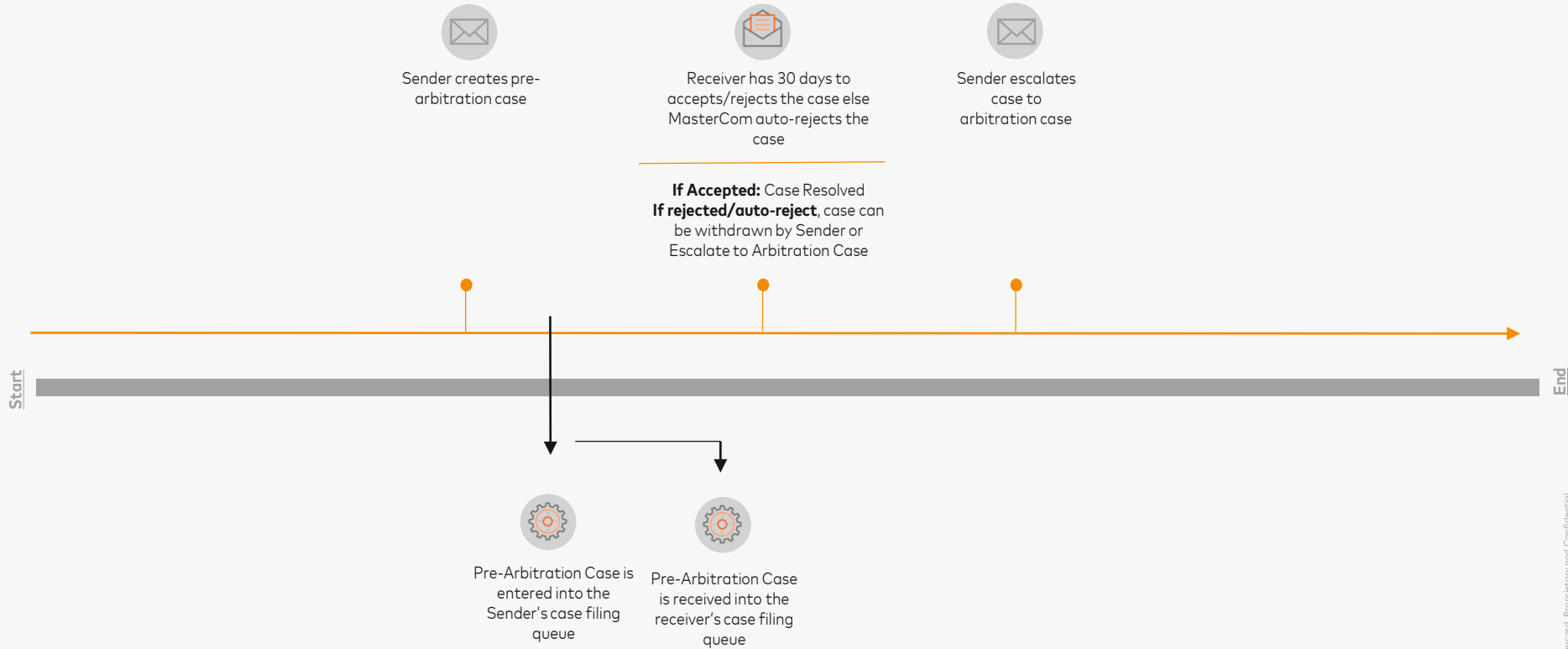
RETRIEVAL REQUEST WORKFLOW

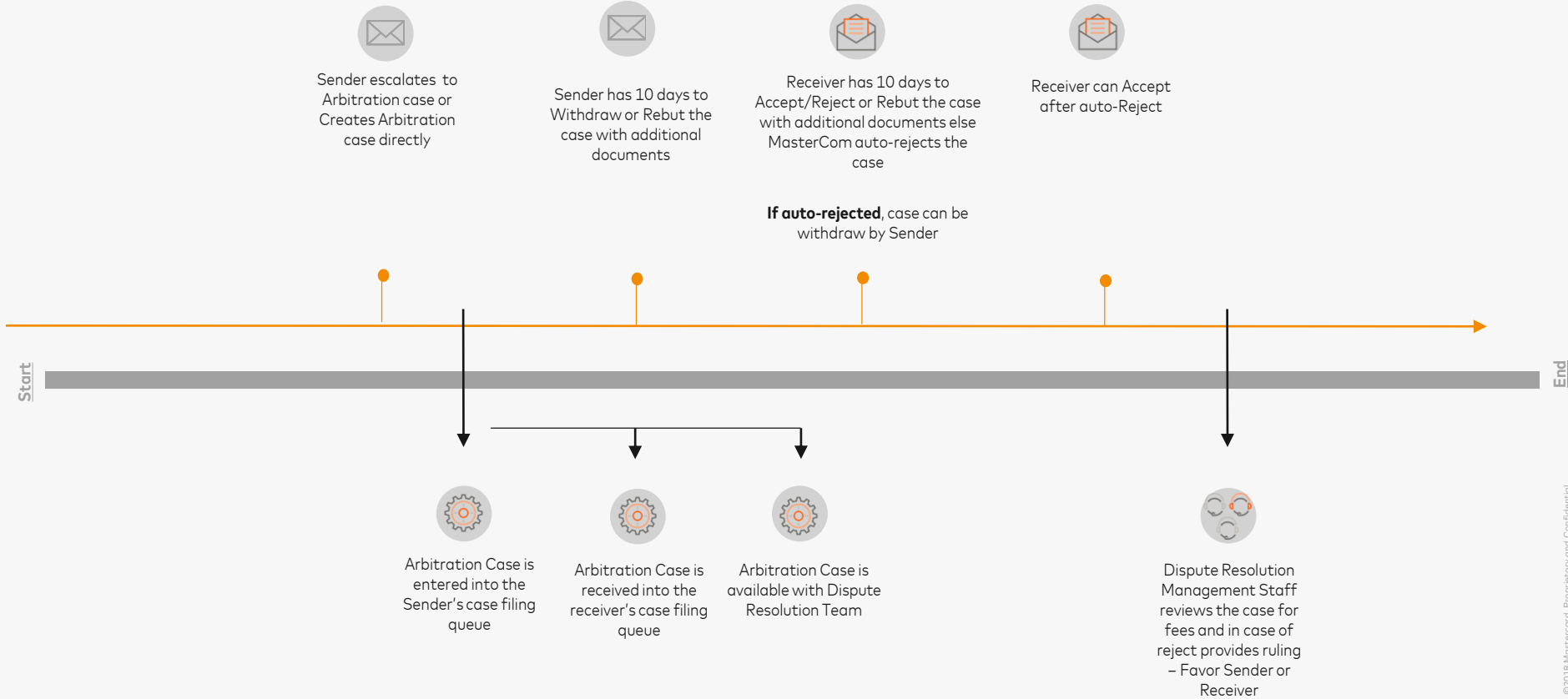


FEE COLLECTION WORKFLOW

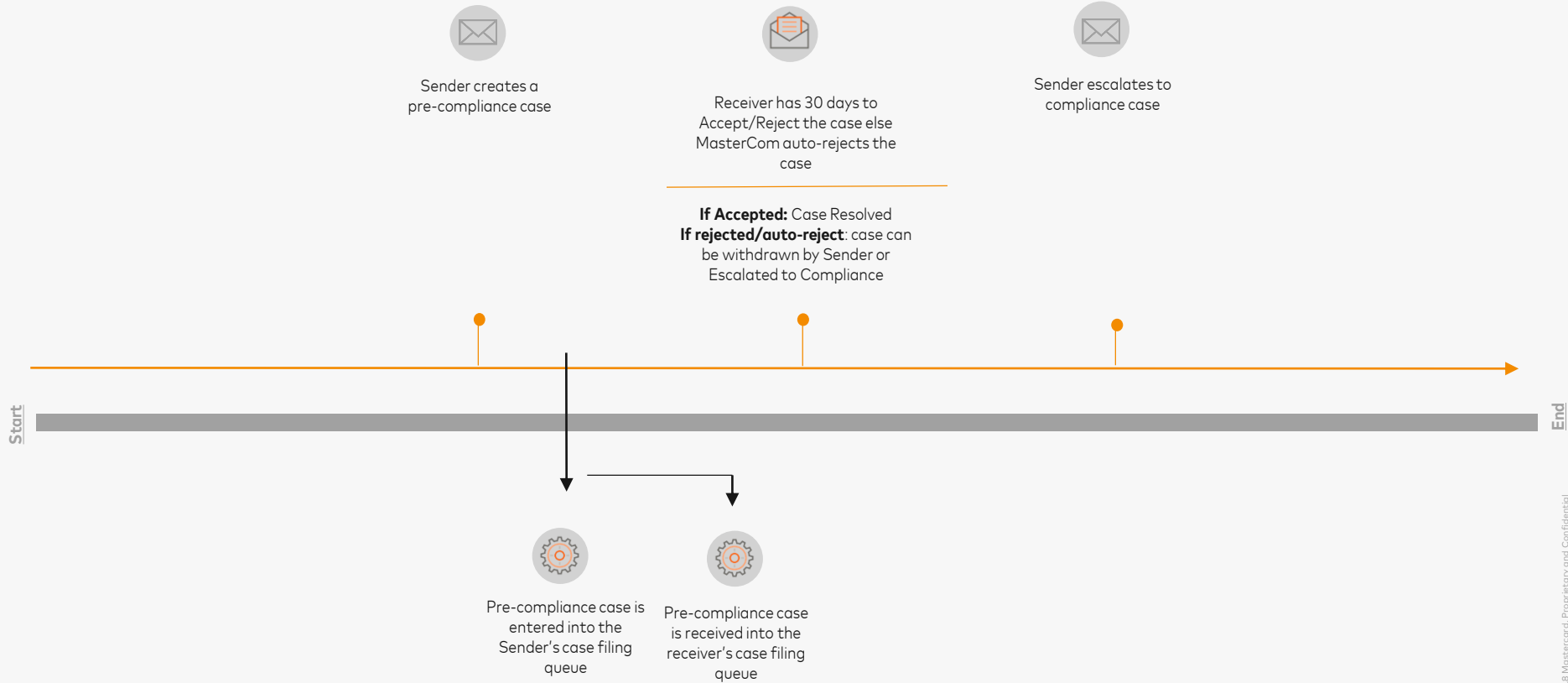


PRE-ARBITRATION AND ESCALATION TO ARBITRATION

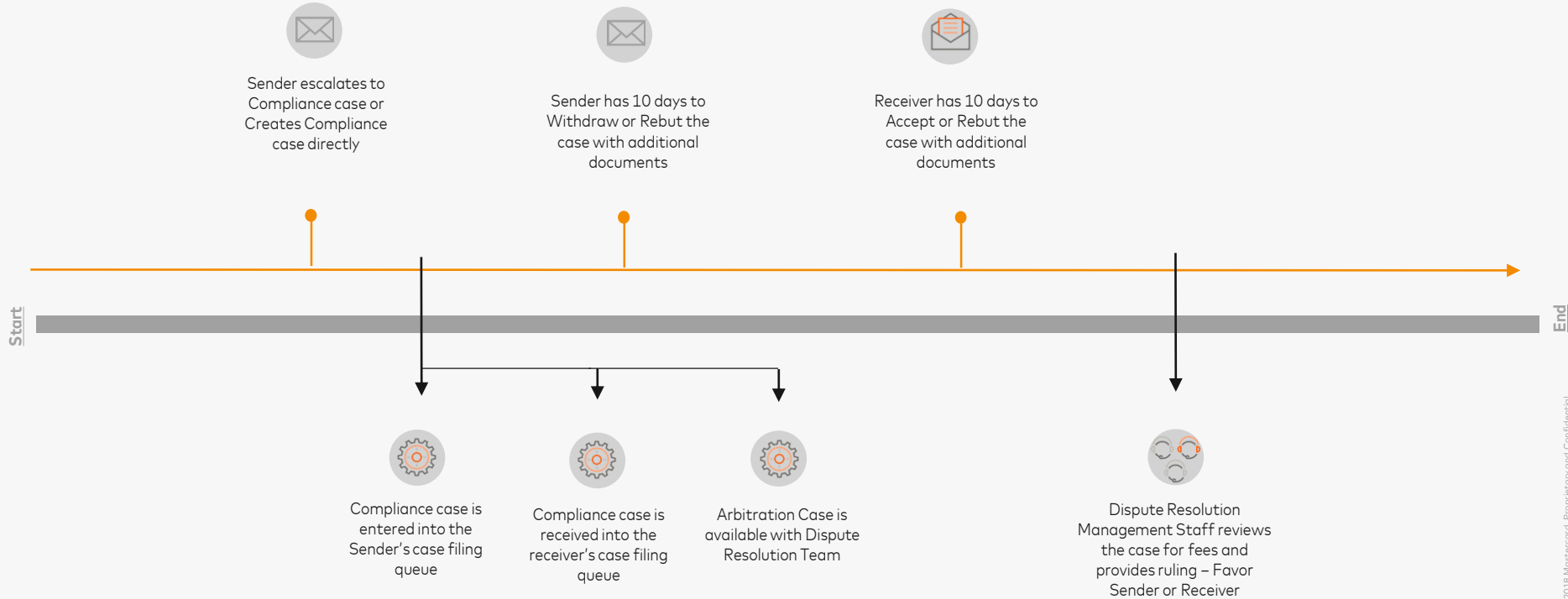




PRE-COMPLIANCE AND ESCALATION TO COMPLIANCE



COMPLIANCE CASE



NEXT STEPS

Let's
get
started

For more information on MasterCom Dispute Resolution, contact your Mastercard representative.