

IPA :ubiquity

Customer Disputes in a Changing World

Emerging fraud trends and
what to do about them

March 16, 2021

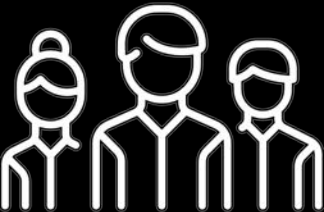


A person is shown in silhouette from the back, standing on a high vantage point and pointing their right hand upwards towards a city skyline at night. The city lights are blurred into bokeh, with various colors like yellow, orange, and blue. The overall mood is one of aspiration and achievement.

**We make
the world
work better**

47%

of U.S. consumers reported ID theft in the past two years



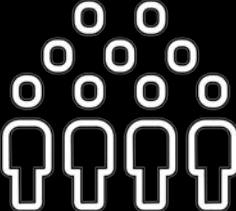
\$7.9B

projected card-not-present fraud losses for 2021



76%

of the time consumers contact their issuer vs. the merchant to resolve disputes



\$3.64

cost FIs pay for every \$1 of fraud



Not-so-friendly fraud



A pre-pandemic report estimated “friendly fraud” would reach \$50 billion last year.

Disputes and chargebacks on the rise



615 million chargebacks
forecasted for 2021

The methods



Account takeover



ATM withdrawals



P2P transfers

Top unauthorized transaction claims by merchant type

- ✓ Big box retailers
- ✓ Digital goods
- ✓ ATMs
- ✓ International merchants
- ✓ Out-of-state, non-chain grocery



- ✓ Reprioritize your queue
- ✓ Reconsider write-off thresholds
- ✓ Resolve as many claims as possible before provisional credit is due
- ✓ Establish a dedicated intake team
- ✓ Share information to thwart attacks and prevent losses



Inspiration and innovation

Simple solutions sometimes work best



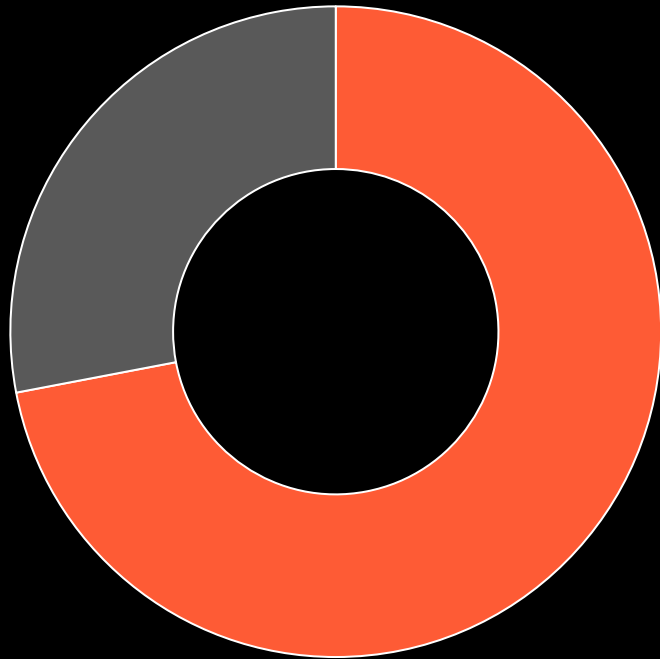
Empower customers - digital receipts, fraud awareness campaigns, etc.



Consider new authentication methods - biometrics, digital ID



Invest in technology that measurably improves performance

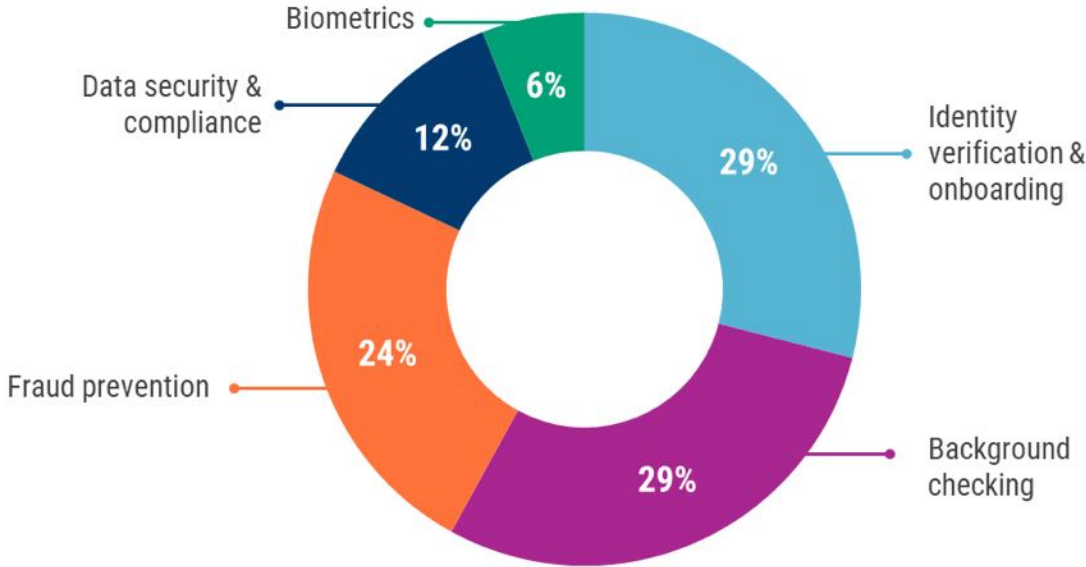


72%

of U.S. consumers said digital receipts that help them more easily distinguish legitimate vs. fraudulent charges would be less likely to dispute a charge

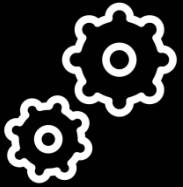
Smart money is betting on several digital ID areas

Fintech Smart Money deals in digital ID by category, 2015 – 2020 YTD (11/25/2020)



Source: cbinsights.com

AI to the rescue?



AI could save banks
\$447 B by 2023



empathy
expertise
education



Thank you!

A minimalist logo on a black background. It features two solid orange circles stacked vertically on the left side. To the right of these circles is a large, white, sans-serif capital letter 'U'. The 'U' is positioned such that its top edge is aligned with the top of the upper orange circle, and its bottom edge is aligned with the bottom of the lower orange circle.