

FAQ

BUILD OR BUY? EVALUATING DISPUTE MANAGEMENT SOLUTIONS FOR BANKS

Q

What is the estimated time to develop a fully integrated dispute management solution in-house compared to outsourcing?

A

Developing a card dispute and fraud management system in-house involves integrating a complex array of events that are governed by major card schemes. This includes managing different chargeback cycles, compliance and arbitration cases, fee collections, pre-dispute events, and fraud reports, along with the necessary integration of card schemes' APIs.

While the length of the development and testing cycles will vary based on the resources allocated. A solution that supports the agents' workflows may take a year or longer to be completed. Subsequently, several additional quarters are often needed for the product to reach maturity, with ongoing maintenance and updates thereafter to keep pace with evolving scheme requirements and business needs.

Outsourcing solutions generally require a period of a few months to be fully set up, including adjustments needed for integrating with card schemes. While changes may be needed to meet your team's specific requirements, all necessary core functionalities will be available immediately.

Despite the longer timeline, developing in-house offers a distinctive advantage: you gain full control over the prioritisation of features. This is particularly advantageous for emerging issuers, allowing them to incrementally build functions while gradually transitioning away from scheme tooling. By tailoring the solution to align closely with your unique business processes, an in-house system can meet the specific needs of your operations.

Q

How do in-house and outsourced solutions manage frequent scheme rule changes?

A

Managing scheme rules in-house can be quite challenging due to the frequent updates and revisions from payment schemes, which can strain your product and compliance teams. However, an in-house approach provides quick adaptation to these scheme changes, without relying on external dependencies. This can lead to a more agile and prompt response in your dispute management strategy.

Outsourcing this responsibility shifts the burden of staying current with scheme changes to the service provider, who typically have dedicated teams to handle such updates efficiently.

Q

Which option is more cost-effective when considering all factors?

A

When evaluating all factors, including initial development, maintenance, and opportunity costs, outsourcing is generally more cost-effective. Building a solution in-house involves not only substantial upfront development costs but also ongoing expenses related to updates, infrastructure, and staffing. While in-house solutions can prove economically beneficial due to the potential for lower long-term costs, such as licensing fees, it is common for outsourced providers to absorb hidden costs like scheme updates and technological upgrades, resulting in overall lower costs compared to maintaining and upgrading an in-house system.

Q

How does the role of a product team differ between in-house development and outsourced dispute management solutions, and what are the impacts on managing our dispute resolution tool?

A

An in-house product team develops internal expertise and facilitates team development, fostering a deeper understanding of the solution and aligning it closely with business needs, thereby building a robust knowledge base within your company.

A dedicated external product team ensures that your dispute management solution is consistently well-maintained and incorporates the latest technology. Unlike in-house solutions, an external team is not vulnerable to employee turnover which can cause disruptions in service continuity. This not only enhances reliability but also frees up your internal resources to focus on core business activities rather than ongoing tool maintenance and troubleshooting.

Additionally, in-house development often transitions into a maintenance-only mode after initial deployment—focusing mainly on essential compliance updates and critical bug fixes without further innovation. Being exposed to a broad market, external providers are compelled to continuously improve and innovate their products. This commitment to enhancement ensures that the dispute management tools you use remain at the forefront of technology and compliance standards, offering you an advanced, up-to-date solution without the need for your direct investment in continuous development.

Q

How does customisation compare between in-house and outsourced services?

A

Many outsourced solutions offer considerable flexibility and can be customised to align with your specific internal workflows. Service providers often work closely with clients to understand their unique needs and adapt the solution accordingly, ensuring that the integration enhances rather than disrupts existing processes. This can include customisations to user interfaces, integration with other in-house systems, and specific configurations that match your operational requirements. In contrast, in-house solutions provide total control over the customisation process, allowing for limitless adaptation to perfectly suit your workflows without additional costs.

Q

How might outsourcing our dispute management enhance the customer experience as opposed to building?

A

Outsourcing can significantly streamline the handling of cardholder disputes with advanced integrations and back-office tools. This approach ensures that critical information does not get missed, preventing issues with refund timelines or incorrect fraud claim refunds, in compliance with regional regulations. An outsourced solution that seamlessly integrates the cardholder reporting functionality with the back-office solution could eliminate the costly trial and error associated with introducing a smart dispute entry point, while also allowing for automated decision making based on the information received.

Conversely, managing this capability in-house offers direct influence over the customer journey, allowing for immediate adjustments to enhance customer satisfaction. This direct control enables quick adaptations based on customer feedback and evolving business strategies.

Q

What kind of support can we expect during and after the integration of an outsourced dispute management solution?

A

You can expect to have access to a robust infrastructure that has been validated for its reliability. A developer sandbox is available to facilitate safe testing and customisation, allowing for adjustments without affecting live operations. The project is supported by comprehensive, regularly updated documentation that provides guidance on system capabilities and troubleshooting. Additionally, consultancy from experienced professionals is often available throughout the integration phase, providing both business and technical insights.

After going live, service level agreements (SLAs) are established to ensure prompt and effective responses to any technical issues. Continuous monitoring of the system helps quickly identify and address any issues, particularly those related to integration with scheme APIs. A dedicated Customer Success Manager is assigned to provide ongoing support and advice.

Q

What are the training and transition support considerations for built or bought?

A

Implementing an outsourced dispute management solution comes with comprehensive support designed to facilitate a seamless transition. Providers offer detailed training sessions tailored to ensure all users are proficient with the new system. Post-launch, agents can expect ongoing support with frequent follow-ups to facilitate the transition and address any questions.

For in-house implementations, the training and transition process benefits from easier integration with existing systems. This reduces the learning curve and leads to smoother transitions, as the training can be directly aligned with your specific operational practices.

Q

How does data security compare between in-house and outsourced solutions?

A

Security is a critical concern for both in-house and outsourced solutions. For outsourced options, security reviews are typically more rigorous and are a key part of contractual agreements. Vendors face significant risks if a security breach occurs, impacting their reputation and potentially threatening their business continuity. This motivates them to uphold stricter standards. Additionally, SaaS providers do not store sensitive details, further reducing the risk of data breaches.

In-house solutions offer complete control over data security, allowing for customised security measures tailored to the specific risks and compliance requirements of your business. This can reduce the risk of data breaches by limiting external access to sensitive information and providing more direct oversight of security protocols.

Q

Regarding competitive advantage, how does dispute management factor into our strategic planning?

A

Dispute management, while not typically a direct source of competitive advantage, plays a crucial role in maintaining customer satisfaction and trust. Effective dispute resolution is essential for retaining customers during critical interactions, such as when they are dissatisfied or disputing a transaction. Strategic investment in this area should focus on operational efficiency and reliability rather than direct competition, ensuring that when it matters most, your institution is prepared to handle disputes swiftly and effectively, thereby solidifying customer relationships and trust.

Q

What are key considerations for assembling a team to develop and maintain an in-house dispute management system?

A

The advantage of in-house teams is that they have a deep understanding of internal systems and business needs, which can be beneficial when custom solutions are required. However, in-house developers might not possess the necessary domain knowledge for dispute management and are often needed elsewhere within the organisation for maintenance or new features, stretching resources thin. In that case, it may be necessary to complement them with external developers.

Using in-house product managers can align the product closely with business needs, as they are typically well-connected with the operational aspects of the company. It is important for product managers to possess both dispute expertise and product development experience, since effective communication with software developers is a skill that may be underestimated by experts in their field but is essential for successful project outcomes.