

## FAQ

### BUILD OR BUY? EVALUATING DISPUTE MANAGEMENT SOLUTIONS FOR BANKS

Q

**What is the estimated time to develop a dispute management solution in-house compared to integrating with a 3rd party product?**

A

Developing a card dispute management system in-house involves integrating a complex array of events that are governed by major card schemes. This includes managing different dispute 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 first version of such a solution (MVP) that supports the basic agents' workflows will 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.

Buying and integrating with a 3rd party product requires a few months to be fully set up, including the integration with card schemes. The integration time can be shorter in the case of a Software as a Service (SaaS) product. While some adjustments may be needed to meet your team's specific requirements, all necessary core functionalities will be available immediately.

Q

**How do in-house and 3rd party 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, IT and compliance teams.

With 3rd party dispute management products, the service provider is responsible for keeping current with scheme changes and they 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, leveraging 3rd party solutions 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 modern SaaS solution 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

**Could a 3rd party dispute management solution be tailored to fit our specific internal workflows?**

A

Many 3rd party solutions offer considerable flexibility and can be customised to align with your specific internal workflows.

SaaS solution providers often work closely with their clients to understand their needs and adapt the solution accordingly, ensuring that the product updates and features enhance rather than disrupt existing processes. In addition, the costs for such enhancements and improvements are typically covered as part of the annual SaaS fee and thus will not result in "change requests" or "customisation costs" for the bank.

Built-in-house solutions provide total control over the product features and improvements, allowing for limitless adaptation to perfectly suit the organisation's workflows. However, achieving such total control will require significant IT resources and incur substantial costs.

Q

**How might leveraging 3rd party dispute management solutions enhance the customer experience as opposed to building in-house?**

A

Modern SaaS dispute management solutions can significantly streamline the handling of cardholder disputes with advanced integrations and back-office automation capabilities. Solutions that offer a seamless integration of the cardholder self-servicing functionality with the back-office case-handling interface could enable automated chargeback decision-making based on the verified information collected from the cardholder, multiplying process efficiency.

Conversely, managing this capability in-house offers direct influence over the customer journey, allowing for customised adjustments when business and IT resources are available.

Q

**What can we expect during and after the integration with a SaaS dispute management solution?**

A

When choosing to integrate with a SaaS dispute management solution, you can expect to have access to a robust system that has been validated for its reliability.

A developer API specification provides you with all the details needed for integration and a project delivery manager will support you throughout the integration phase, providing both business and technical insights.

After going live, service level agreements (SLAs) are in place to ensure prompt and effective responses to any technical issues. The SaaS solution provider is responsible for continuous monitoring of the system to quickly identify and address any issues. A dedicated customer support team will provide you with ongoing support and advice and communicate your feedback and ideas with the product team for continuous product improvement.

Q

**What are the training and transition support considerations for implementing a new dispute management solution?**

A

Implementing a 3rd party dispute management solution comes with comprehensive support designed to facilitate a seamless transition. Providers typically offer training sessions and user-guide documentation tailored to ensure all users are proficient with the new system. Post-launch, dispute 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 needs to be designed and planned by the product team or the dispute team leads. Such internally designed training programs can be more closely aligned with the organisation's specific operational practices.

Q

**How do data security measures compare between in-house and 3rd-party SaaS solutions?**

A

Security is a critical concern for both in-house and 3rd party solutions. For SaaS solutions, 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 solutions that do not store sensitive details (such as card data or cardholder information), further reduce the risk of data breaches for banks.

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.

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 and moments of distress, such as when they experience fraud or are disputing a transaction.

Strategic investment in this area should focus on operational efficiency and reliability while improving customer experience in this process. This way, your institution is prepared to handle disputes swiftly and effectively, thereby solidifying customer relationships and trust, which will result in a top-of-wallet position for your cards and consequently increase transaction volumes.