Quinte
Financial Technologies®

FROM IDENTIFICATION TO RESOLUTION:

OPTIMIZING FIRST-PARTY FRAUD MANAGEMENT

19 Fulton St., NYC, New York 10038
(646) 813-0694
www.quinteft.com

INDEX

INDUSTRY INSIGHTS

- Total fraud losses for financial institutions hit **$12.5 billion** in 2024, a **25%** year-over-year increase, driven in part by synthetic identity fraud and digital scams, which overlap with first-party fraud tactics.

- Global chargeback volumes are projected to rise **42%** by 2026, reaching an estimated **337 million** cases.

- **72%** of merchants have reported an increase in friendly fraud chargebacks in recent years.

Friendly fraud is a growing concern, costing financial institutions billions of dollars in annual losses. Rising economic pressures have fueled a global increase in such fraudulent activity.

CHALLENGES FACED

The primary challenge in first-party fraud lies not in identification but in managing it effectively once it occurs. Handling customers & members involved in first-party fraud introduces complex challenges, such as:

- Disputes over legitimate charges caused by financial stress, confusion, or deliberate misuse.
- Striking the right balance between protecting the financial institution and preserving customer & member loyalty.
- Limited effectiveness of traditional fraud tools since fraudsters use valid credentials and clear identity checks.
- Repeated misuse of the dispute and chargeback process by customers & members who believe there are few or no consequences.

Hence, managing these cases requires transparency, analytical insight, proactive risk assessment, and tactful interaction.

CLEAR, DATA-DRIVEN COMMUNICATION

To manage first-party fraud after it is identified, issuer financial institutions need structured, data-driven communication strategies. Effective communication must:

- Present clear evidence showing that false disputes or unjustified chargebacks violate account terms.
- Clarify the consequences of repeated misuse, including account restrictions or legal action.
- Share investigation findings clearly to help prevent repeat friendly-fraud claims.
- Balance firmness with sensitivity to avoid alienating genuine customers & members.
- Leverage dashboards and records to ensure consistent and informed interactions.

Issuer financial institutions that excel in this area can boost overall case management efficiency.

PROACTIVE SCORING AND MONITORING

A critical element of first-party fraud management is a customer & member risk score, a model designed to:

- Evaluate complaints and disputes using historical behavior, transaction patterns, and complaint authenticity.
- Identify high-risk customers & members early and prioritize investigations accordingly.
- Reduce false positives and improve efficiency by distinguishing genuine disputes from intentional fraud.
- Support informed decisions on whether to accept, investigate, or reject disputes.

This approach shifts fraud management from reactive to proactive, optimizing resources while strengthening oversight.

COLLABORATIVE APPROACH

Effective first-party fraud management depends on collaboration among issuers, customers & members, and third parties—including merchants, credit bureaus, payment processors, and fraud intelligence platforms. These collaborations bring shared insights that help uncover patterns across the financial ecosystem.

Beyond this collaboration, the industry is evolving with new regulatory and network-driven programs. For example, the Visa Acquirer Monitoring Program (VAMP)—effective October 2025—is designed to strengthen and simplify fraud prevention. Replacing five older programs, VAMP streamlines dispute management, enhances accountability for issuers, acquirers, and merchants, and promotes stronger security practices.

While smaller merchants may feel a greater impact, larger merchants retain more flexibility. Overall, VAMP aims to reduce fraud, enhance transaction security, and simplify compliance for all stakeholders.

CaseHUB

OPTIMIZING FIRST-PARTY FRAUD MANAGEMENT

Our intelligent case management platform, CaseHUB, gives financial institutions a powerful way to manage and prevent fraud more effectively:

Identifies potential first-party fraud early

It analyzes transaction patterns and account activity to pinpoint customers & members who may intentionally misuse services, enabling proactive action.

Prioritizes cases with the greatest risk

The platform delivers insights that help financial institutions allocate resources effectively and respond strategically to suspected fraud.

Shorten cycles and ensure accountability

Suspicious cases are automatically routed to investigators, accelerating resolution. Built-in regulatory reporting creates audit trails and ensures compliance.

CaseHUB empowers financial institutions to reduce the impact of first-party fraud, safeguarding both revenue and customer & member confidence.

BOOK A FREE DEMO TODAY!

(646) 813-0694 www.quinteft.com info@quinteft.com

Quinte Financial Technologies®

Resources

- https://www.ftc.gov/news-events/news/press-releases/2025/03/new-ftc-data-show-big-jump-reported-losses-fraud-125-billion-2024
- https://b2b.mastercard.com/chargeback-prevention/
- https://chargebacks911.com/chargeback-stats