



Methodological Guide to Transaction Disputes in Visa and Mastercard Systems: Issuing Bank Practice (2023-2025)

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Abstract

This methodological guide examines the integrated architecture of transaction disputes in the Visa and Mastercard American ecosystems from the perspective of an issuing bank, against the backdrop of the rapid transformation of the global payments landscape. The study's relevance is driven by the increasing volume of disputes, tightening regulatory requirements, the dynamic evolution of fraud schemes, and the need for issuers to transition from reactive procedures to proactive, data-driven management of dispute resolution processes. As American-based payment systems that together account for about 63.7% of global purchase transactions and roughly 86.9% of U.S. card purchase volume, Visa and Mastercard also concentrate the bulk of the industry's dispute activity, with forecasts of approximately 40% growth in losses from invalid chargebacks between 2025-2030. At the same time, the payment card market size is estimated at US\$1,500 billion and is projected to reach US\$3,000 billion by 2030. At the same time, issuers and payment systems face an acute global shortage of highly qualified Visa and Mastercard dispute specialists, particularly in the United States, because this niche field requires a rare combination of advanced legal expertise and strong interpersonal and psychological skills for dealing with clients in situations of perceived or actual financial loss. The purpose of the guide is to develop a holistic methodological framework that systematizes the chargeback lifecycle, standardizes incident qualification approaches, improves the accuracy of evidentiary analysis, and minimizes financial losses arising from misclassification, missed deadlines, or failure to apply liability-shift mechanisms. The novelty of the work lies in integrating fragmented regulatory requirements for Visa Claims Resolution and Mastercom Collaboration into a single analytical construct, as well as in the detailed treatment of algorithmic models for evaluating evidence, including CE 3.0.

Keywords: Chargeback, Disputes, Visa, Mastercard, VCR, Mastercom, CE 3.0, First-Party Misuse, Fraud.

INTRODUCTION

The global cashless payments ecosystem is the circulatory system of the 21st-century digital economy, and it has never been under more pressure from innovation, evolving consumer habits, and fraud. The issuing bank, which has customarily been the guarantor of cardholder solvency, is becoming a high-tech arbiter that must navigate and adjudicate, service by service, in real time through a highly complex maze of regulatory requirements and rules of international card schemes. This methodological guide constitutes a foundational study and a practical manual designed to systematize transaction dispute resolution processes within the new normal of 2023–2025. The relevance of this work is dictated not only by operational necessity but also by an existential threat to the profitability of retail banking: according to analysts' forecasts, by the end of 2026 cumulative industry losses from payment card fraud will exceed USD 43 billion, with a significant portion of these

losses being shifted onto issuers through liability allocation mechanisms if they are unable to use dispute tools effectively (Stripe, 2024). In 2023, Visa's share of total purchase transactions on global networks was 38.8%, Mastercard's approximately 24.9%, and the two together accounted for 63.7% (Nilson Report, 2025b).

The target audience of this study comprises senior and middle management of chargeback operations departments, dispute specialists, risk management specialists, compliance officers, and auditors assessing the operational resilience of financial institutions. The methodology presented in the guide is based on a synthesis of Visa Core Rules and the Mastercard Chargeback Guide, academic research in the field of financial security, and empirical data from market trend analysis. It is assumed that the reader has basic knowledge of clearing and settlement architecture, allowing the focus to be on deeper nuances of arbitration practice, loss-minimization strategies, and the interpretation of recent regulatory initiatives such as

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Visa Compelling Evidence 3.0 and the modernized Mastercom platform. The digital payments market size is estimated at US\$122 billion in 2025 and is projected to reach US\$755.3 billion by the end of 2035, growing at a CAGR of 20% during the forecast period 2026-2035 (Wani, 2025).

An explosive increase in the volume of cardholder-initiated claims characterizes the dispute crisis observed in 2024-2025. This growth is driven not so much by the rising number of technical failures or third-party criminal attacks as by a fundamental shift in consumer behavior, known as First-Party Misuse or friendly fraud. Industry reports indicate that in 2024, 72% of merchants recorded an increase in such incidents, and by 2026, projected losses from invalid chargebacks may reach USD 28.1 billion, exceeding 2023 figures by 40% (Chargebacks911, 2022). The situation is exacerbated by the popularization of so-called refund hacks on social networks (e.g., TikTok), where users are instructed to manipulate banking procedures to obtain goods without paying (Liu & Du, 2023). In response, payment systems are introducing radical rule changes aimed at restoring balance and fairness, requiring issuers to adapt their internal regulations and technology stacks promptly.

The objective of this guide is to develop a comprehensive, scientifically grounded methodological matrix that enables issuing banks not only to minimize financial losses from invalid disputes but also to optimize operating costs associated with claim processing. The novelty of the study lies in integrating fragmented and often conflicting Visa Claims Resolution (VCR) and Mastercom Collaboration requirements into a unified strategic framework. For the first time, the application of algorithmic defense methods (Allocation workflows) is examined in detail, and evidence-based strategies are proposed for working with new types of digital evidence.

CHAPTER 1. GLOBAL TRANSACTION LANDSCAPE OF VISA AND MASTERCARD

The methodological approach to handling transaction disputes rests not only on knowledge of the Visa and Mastercard regulations, but also on an understanding of the scale and geography of the payment systems themselves. Without this, any operational decision is torn out of context: an analyst sees an individual chargeback but does not see how it fits into global flows of volume, transactions, and revenue. During the 2020-2025 period, this context changed particularly rapidly: the networks were recovering from the sharp contraction of 2020, the share of e-commerce and cross-border operations was increasing, market concentration around several global schemes was intensifying, and, in parallel, the load on dispute-resolution processes was rising. For this reason, a preliminary quantitative review of Visa and Mastercard's structures sets the initial coordinates for the subsequent methodology.

Visa data for the fiscal year 2020 allows to see the starting

point before the current reform cycle. Visa processed approximately USD 4.68 trillion in the US, USD 2.21 trillion in Europe, USD 2.19 trillion in Asia-Pacific, USD 1.15 trillion in Central/Eastern Europe, the Middle East and Africa (CEMEA), USD 836 billion in Latin America and the Caribbean, and USD 283 billion in Canada in the year 2023 (WallStreetZen, 2023). The aggregate volume across these six regions exceeds USD 11 trillion, which shows that even in the year of the pandemic shock, Visa remained the most extensive global backbone of cashless payments. The distribution of transactions by region is even more illustrative: 71.62 billion payment operations fell to the United States, 42.15 billion to Europe, 30.64 billion to Asia-Pacific, 22.55 billion to CEMEA, 14.52 billion to Latin America and the Caribbean, and 3.89 billion to Canada (WallStreetZen, 2023). Correlating monetary volumes with the number of operations reveals where mass low-value transactions dominate and where large tickets prevail, which is subsequently essential for interpreting the risk profile by dispute type and for assessing the workload of operational teams.

Mastercard's 2023 scale shows that, in the post-pandemic recovery period, global infrastructure became even more bipolar. The company's 2023 reports showed total Gross Dollar Volume (GDV) of 9.03 trillion US dollars. 2.84 trillion came from the United States. 6.19 trillion came from international operations. This means international operations account for about two-thirds of the company's business (WallStreetZen, 2024). For the year 2023, in terms of the approximate number of purchase transactions, Mastercard cards purchased goods and services 170.8 billion times. In contrast to the more detailed regional breakdown available for Visa in 2020, Mastercard's data are aggregated into a two-contour structure of "United States-rest of world," which underscores a different model of global presence. For dispute resolution methodology, this means that when working with Mastercard transactions, the distinction between purely domestic operations in the United States and international flows, where cross-border payments are more prevalent and, consequently, the likelihood of complex cases involving multiple jurisdictions is higher, becomes particularly significant.

A comparison of Visa with its competitors in terms of payment volume, transaction volume, and card count demonstrates the high industry concentration. According to the latest consolidated estimates, Visa processes about USD 11.67 trillion in annual payment volume, Mastercard USD 6.57 trillion, American Express USD 1.54 trillion, JCB USD 312 billion, and Discover/Diners Club USD 243 billion (WallStreetZen, 2023; WallStreetZen, 2024). Using Total Volume, including cash withdrawals, Visa's volume is USD 14.11 trillion, Mastercard's is USD 8.18 trillion, American Express's is USD 1.55 trillion, JCB's is USD 320 billion, and Discover/Diners Club's is USD 258 billion. The difference in the amount of USD transacted continues to

grow. The volumes are USD 260 billion, USD 150 billion, USD 10 billion, USD 6 billion, and USD 4 billion, respectively. Someone cannot duplicate a similar quantity of cards in circulation: Visa circulates 4.16 billion cards and Mastercard circulates 2.71 billion cards globally. The remaining global networks circulate in smaller amounts (WallStreetZen, 2023; WallStreetZen, 2024). In practice, this means that the overwhelming majority of disputes in a typical issuing bank's portfolio will inevitably fall to Visa and Mastercard. At the same time, the share of cases for other networks will be statistically small but may differ in terms of regulatory requirements.

Data released for the United States for 2024 enable the analysis to be extended to the 2020–2025 forecast period and to show how the world's largest national card market is changing. Nilson Report estimates the combined card purchase volume for United States cards with the American Express, Discover, Mastercard, and Visa logos reached USD 10.773 trillion in 2024, a 5.9% increase from 2023 (EIN Presswire, 2025). Visa accounted for 61.1% among these volumes, Mastercard 25.8%, American Express 11.1%, and Discover 2.0% respectively (EIN Presswire, 2025). In absolute terms, this means that Visa accounted for about USD 6.6 trillion in purchases, Mastercard for about USD 2.8 trillion, American Express for roughly USD 1.2 trillion, and Discover for about USD 0.2 trillion, separately. Nilson estimates the combined purchase volume on Visa and Mastercard products issued in the United States at USD 6.583 trillion for Visa cards and USD 2.784 trillion for Mastercard cards (Nilson Report, 2025c). Thus, by 2024, the two networks not only retain but reinforce their dominant position in the market, which is essential to take into account when modelling the impact of new rules (such as CE 3.0 and the mandatory Collaboration phase in Mastercom) on the overall volume of disputes and on financial flows between issuers and acquirers.

Separate importance for understanding the load on dispute processes lies in the dynamics of the number of processed operations. In fiscal year 2023, Visa processed 212.58 billion transactions, which is comparable to 757 million operations per day and 10% higher than the 2022 figure (WallStreetZen, 2023). Over the same 2023 year, Mastercard enabled about 170.83 billion purchase transactions on its cards (WallStreetZen, 2024). Suppose these values are compared with the Nilson Report estimate that in 2024, the total number of purchase transactions on the cards of the leading global networks (Visa, UnionPay, Mastercard, American Express, JCB, Discover/Diners Club) reached 772.73 billion transactions (Nilson Report, 2025a). In that case, it becomes evident that Visa and Mastercard account for more than half of global card activity in goods and services operations. For an issuer's operating model, this means that even small changes in dispute frequency (for example, an increase in the share of First-Party Misuse by several basis points) are scaled to hundreds of millions of operations and lead to a

substantial increase in the absolute number of cases passing through the bank's back-office.

Finally, comparing the networks by card portfolios allows tracing the logic of infrastructure growth in the 2020–2024 period. The payment card market is valued at \$6.5 trillion in 2024 and is expected to reach \$10.5 trillion by 2033 (Verified Market Reports, 2025). At the same time, the payment card market size is estimated at US\$1,500 billion and is projected to reach US\$3,000 billion by 2030. In combination with data on volumes and transaction counts, this means that average turnover per card and average frequency of card use for Visa and Mastercard are higher than for most competitors, underscoring the importance of correctly configuring dispute procedures for these two brands. For an issuer, this is not merely background, but a key factor in calibrating internal KPIs: the share of successful chargebacks, the acceptable workload per analyst, thresholds for automatic write-offs of minor disputes, and so on.

Thus, the 2020–2025 period is characterised not only by growth in Visa and Mastercard volumes, but also by a redistribution of their revenue and transactions in favour of international markets, reinforcement of their dominance in the most significant national market (the United States), and steady expansion of the base infrastructure in the form of the number of cards and daily operations. These macro-indicators define the frame within which an issuer must construct its methodology for handling chargebacks.

CHAPTER 2. STANDARD CHARGEBACK LIFECYCLE AND BEST PRACTICES

In contemporary banking practice, the chargeback lifecycle is not a linear sequence of administrative actions, but rather a complex, multi-path process regulated by strict card scheme algorithms and national consumer protection legislation. Effective management of this cycle requires the issuer to adopt proactive strategies at every stage, from the client's initial contact through the final arbitration decision. This chapter provides a detailed analysis of dispute anatomy, focusing on critical decision points and best practices to reduce operational risk.

Initial Assessment and Communication with the Client

The initial assessment of a cardholder's claim begins with a detailed analysis of all provided materials and, in parallel, the development of a structured yet empathetic communication strategy with the client.

Ideally, the person performing this work is not a generic contact-center operator but a specialist with practical experience in card and payments processing, a solid legal education, and at least basic psychological training. Processing experience is critical because it allows the specialist to see each disputed transaction inside the end-to-end payment flow. Without this operational literacy, it

is difficult to verify the plausibility of the client's narrative against the technical traces in the bank's systems or to detect situations where a formally similar case in fact falls under a completely different dispute code.

A legal background is equally important because each chargeback is a mini-case of quasi-litigation conducted within the framework of Visa and Mastercard rules and overlaid with national payments and consumer protection law. The dispute specialist must be able to read and interpret merchant terms and conditions, travel and accommodation contracts, return and cancellation policies, and subscription agreements, and correlate them with the cardholder agreement and local legislation. Sector research consistently shows that risk, regulation, and legal is now one of the most critical role clusters in financial services: surveys led by the Financial Services Skills Commission indicate that demand for "future skills" in financial services exceeds supply by roughly 20% (FSSC, 2023), particularly in technical and regulatory domains, which makes legally literate operational staff a scarce resource. Psychological competence is not a soft add-on but a core requirement. A large share of cardholders contact the bank in a state of stress, fear, or anger. They may struggle to present facts in chronological order, omit essential details, or, conversely, provide emotionally charged but legally irrelevant information. Talent and skills reports in financial services show that around 65% of institutions (Davey, 2024) expect a shortage of critical workers over the next two years, and that behavioural skills such as empathy, relationship management, and coaching are among the most difficult to source and develop. For dispute specialists, this

translates into the ability to de-escalate conflict, build rapport quickly, ask probing questions without sounding accusatory, and, at the same time, gently confront inconsistencies in the cardholder's account.

Labour-market data from the United States suggests that the shortage of such profiles will not disappear in the medium term and is likely to become more acute as dispute volumes grow. There is no separate occupational category for "chargeback specialists" in official statistics, but their work overlaps significantly with that of financial examiners and regulatory risk professionals. According to the BLS, employment opportunities for financial examiners are projected to grow to 19 % (BLS, n.d.) from 2024 to 2034, which is much faster than that of all other occupations. This represents an average of about 5700 job openings per year over this period. In contrast, a survey of the financial services industry on behalf of the Financial Services Skills Commission found there is currently 20 % greater demand than supply for critical future skills (FSSC, 2023), and 65 % of institutions predict shortages of these workers in the next few years (Davey, 2024).

Best practices for interaction with the cardholder presuppose linking the communication scenario to the logic of specific dispute codes and to the card schemes' documentary requirements. A consolidated structure of the main dispute types, applicable codes, and typical documentation sets is presented in Table 1, which is embedded in the methodology as a reference tool to standardize client document requests and minimize time losses on repeated communications.

Table 1. Main types of disputes and requested documents for Visa and Mastercard codes

No.	Payment system	Dispute type	Chargeback code	Key clarifying questions and documents
1	Visa	ATM dispute (cash not received)	13.9 Consumer – Non Receipt of Cash	Description of the situation, date/time, and location of the ATM, account statement, receipt of the failed transaction if available, and photo of the ATM screen if available.
	Mastercard	ATM dispute / point-of-interaction error	4834 Point of Interaction Error; if time limit missed – 4859 No-Show/ Addendum/ATM	Same set: description, receipt, statement, photo, details of any previous contacts with the bank or service desk.
2	Visa	Car rental booking	13.6 Consumer – Credit Not Processed; 13.1 Merchandise/Services Not Received	Merchant communication (mandatory), detailed description of the situation, rental terms and booking conditions, reason why services were not provided, documents regarding refund or withheld amounts, booking-related emails with dates and amounts.
	Mastercard	Car rental booking	4853 Cardholder Dispute	Merchant communication, rental terms, proof of booking/denial, documents on refund/charges, screenshots from the merchant's account area.
3	Visa	Car rental – late presentment	11.3 Authorization – No Authorization/Late Presentment	Explanation of the technical overdraft, authorization, and clearing timeline, dates, and amounts, internal files with transaction breakdown, and merchant rules.

	Mastercard	Authorization-related issues	4808 Authorization-related Chargeback	Authorization-related documentation, internal logs, information on clearing dates and amounts, and evidence of breach of scheme time limits.
4	Visa	Hotel booking	13.1 Consumer - Merchandise/Services Not Received	Merchant communication (mandatory), description of the situation, booking rules, information about contacting customer support, screenshots of booking status from the account area, including dates and amounts.
	Mastercard	Hotel booking	4853 Cardholder Dispute	Merchant communication, booking rules, evidence of non-provision of accommodation or incorrect charge, documents from the merchant's account area, and email correspondence.
5	Visa	Airline ticket booking	13.1 Consumer - Merchandise/Services Not Received	Merchant communication (mandatory), full email/chat history with the airline or OTA, electronic tickets (if issued), confirmation that the mailbox, including spam folder, was checked, date of departure, merchant's email address, screenshots showing booking data and status in the account area.
	Mastercard	Airline ticket booking	4853 Cardholder Dispute	Merchant communication, e-tickets, confirmation of their absence, flight details, status, and screenshots from the airline/agent account profile.
6	Visa	Online goods purchase	13.1 Consumer - Merchandise/Services Not Received	Merchant communication (mandatory); detailed description of the situation; tracking number; country of purchase; destination country; description of what was actually delivered or confirmation of no goods in the parcel; photos of the parcel and contents; explanation; and notifications from the merchant if the account was blocked.
	Mastercard	Online goods purchase	4853 Cardholder Dispute	Merchant communication, tracking number, shipping and return documents, photos of parcel/content, merchant notifications regarding account block (if applicable).
7	Visa	Non-refundable subscriptions / recurring debits	13.2 Cancelled Recurring Transaction; 13.1 Merchandise/Services Not Received	Merchant communication (mandatory), description of the subscribed service, screenshots of correspondence with the website, screenshots (if available) of terms stating that the amount is non-refundable, and a recommendation to block and reissue the card to prevent further debits.
	Mastercard	Subscriptions and recurring debits	4853 Cardholder Dispute	Merchant communication, proof of subscription cancellation, screenshots of non-refundability terms, history of debits after cancellation, screenshots from the merchant account area showing subscription and payment history.

Let us consider examples of particular situations shown in the figures below.

Methodological Guide to Transaction Disputes in Visa and Mastercard Systems: Issuing Bank Practice (2023-2025)

To whom it may concern.

On September 5, 2024, 4 charges were made from our client's card No. 458522*****1041 after declined authorizations.

Trans Date	Posting Date	Return Code	Type	Status	A Code	RRN	Country	City	Trans Details	TrCurr	Trans Amount	SIC
30.08.24 0:00:00	15.09.24 1:38:34	Chain not found	In Pending	Matched	473610		Germany	349311723	AVIS RENT-A-CAR	EUR	29,75	3389 Avis Rent-A...
30.08.24 0:00:00	15.09.24 1:38:34	Chain not found	In Pending	Matched	473610		Germany	349311723	AVIS RENT-A-CAR	EUR	29,75	3389 Avis Rent-A...
30.08.24 0:00:00	15.09.24 1:38:34	Chain not found	In Pending	Matched	473610		Germany	349311723	AVIS RENT-A-CAR	EUR	29,75	3389 Avis Rent-A...
30.08.24 0:00:00	15.09.24 1:38:34	Chain not found	In Pending	Matched	473610		Germany	349311723	AVIS RENT-A-CAR	EUR	29,75	3389 Avis Rent-A...
14.05.24 18:08:16	24.05.24 18:08:16	Net sufficient funds	In Pending	Denied	413516773444		Germany	Oberursel/Tau	Avis Budget	EUR	29,75	3389 Avis Rent-A...
22.04.24 13:20:22	22.04.24 13:20:22	Net sufficient funds	In Pending	Denied	411311144874		Germany	Oberursel/Tau	Avis Budget	EUR	29,75	3389 Avis Rent-A...
09.04.24 17:06:32	09.04.24 17:06:32	Net sufficient funds	In Pending	Denied	410015692289		Germany	Oberursel/Tau	Avis Budget	EUR	29,75	3389 Avis Rent-A...
09.04.24 13:15:25	09.04.24 13:15:25	Net sufficient funds	In Pending	Denied	410011773909		Germany	Oberursel/Tau	Avis Budget	EUR	29,75	3389 Avis Rent-A...

Since authorization for the specified amount has not been received, we ask you to accept the chargeback in full.

11.8.3.2 Dispute Condition 11.3: No Authorization – Dispute Rights

Table 11-46: Dispute Condition 11.3: No Authorization – Dispute Rights

Dispute Condition 11.3: No Authorization Dispute Rights	Country/Region
<ul style="list-style-type: none"> The Dispute is limited to the amount above the applicable Floor Limit for a Chip-initiated, Offline-Authorized Transaction. If Authorization was obtained for an amount less than the Transaction amount, the Dispute is limited to either: <ul style="list-style-type: none"> The amount that was not authorized. The difference between the Transaction amount and the amount for which Authorization was required, as specified in Section 5.7.3.1, Authorization Amount Requirements. The Dispute applies to a Chip-initiated Transaction that included an Authorization Request Cryptogram (ARQC) in the Clearing Record but was not authorized Online by the Issuer or the Issuer's agent. 	All

Fig. 1. Withdrawal from account (Chain not found) after rejected authorization in Visa payment system

To whom it may concern.

April 14, 2024 cardholder 520813*****2716 rented a car (AL EMAD CAR QUICKLEASE). The cost was 1562 AED. On April 16, 2024, the bank received financial confirmation of this transaction - ARN 5510467 3900078.

However, on June 05, 2023, the bank received another financial document with the same authorization code 436930 in the amount of 1625,70 AED - ARN 5510467 3900087.

Amendment Date	Is Authorization	Ref Ref Number	App Ref Number	Auth Code	Trans Country	Trans Details	Trans Date	Trans Amou	Trans Curr	SIC Code	Settl Curr	Settl Amount	Posting Date	Posting Status	Outward Status	Return Code
05/06/24 03:42:12	Fn	551046741357320469007	436930		United Arab Emirates	AL EMAD CAR	1464/24 09:36:03	1 625,70 AED	4121 Texaco/Visa/USD			3 213,30 05/06/2024	Posted	Closed	Chain not found	
15/04/24 03:41:14	Fn	551046741353801360078	436930		United Arab Emirates	AL EMAD CAR	1464/24 12:56:21	1 562,00 AED	4121 Texaco/Visa/USD			3 008,00 16/04/2024	Posted	Closed		
14/04/24 03:59:24	Auth	6306958437985		436930	United Arab Emirates	AL EMAD CAR	1464/24 12:56:21	1 562,00 AED	4121 Texaco/Visa/USD			1 508,65 15/04/2024	Inactive	Processed	Successfully completed	

Since authorization for the specified amount has not been received, we ask you to accept the chargeback in full.

Chargeback

The tables in this section detail the conditions under which an authorization-related chargeback may be processed.

Required Authorization Not Obtained

Chargeback Condition. Both of the following:

- Authorization was required.
- Authorization was not properly obtained.

Time Frame.

For Mainland China domestic transactions: Between 5 and 90-calendar days of the transaction settlement date.

For all other transactions: Within 90-calendar days of the Central Site Business Date of the transaction.

Fig. 2. Re-obtaining a financial document (ARN) in the MasterCard payment system

To whom it may concern.

On April 25, 2023, the amount was debited from our client's card No. 520813*****7948 in the amount of 196,77 USD.

Auth:

Merchant	Responsible	Fee	Curr	posting Date	Trans Date	Authoris-Code	Type	Status	A-Code	BBB	Country	City	Trans-Details	Tr-Curr	Trans-Amount	SL	Closed
520813	520813	0,00	USD	2023-04-25	2023-04-25 14:40:30	00000000000000000000000000000000	Authoris-Code	Pending	00000000000000000000000000000000	00000000000000000000000000000000	United States	New York	United Bank, NY	USD	196,77	00000000000000000000000000000000	00000000000000000000000000000000
140221	140221	0,00	USD	2023-04-25	2023-04-25 14:40:30	00000000000000000000000000000000	Authoris-Code	Pending	00000000000000000000000000000000	00000000000000000000000000000000	United States	New York	United Bank, NY	USD	196,77	00000000000000000000000000000000	00000000000000000000000000000000
899	899	0,00	USD/N	2024-04-22	2024-04-22 14:40:30	00000000000000000000000000000000	Authoris-Code	Pending	00000000000000000000000000000000	00000000000000000000000000000000	United States	New York	United Bank, NY	USD	196,77	00000000000000000000000000000000	00000000000000000000000000000000
140221	140221	0,00	USD/N	2024-04-22	2024-04-22 14:40:30	00000000000000000000000000000000	Authoris-Code	Pending	00000000000000000000000000000000	00000000000000000000000000000000	United States	New York	United Bank, NY	USD	196,77	00000000000000000000000000000000	00000000000000000000000000000000

Billing:

Amount	Fee	Service Class/Category	Trans-Details	Trans-Type	Settl-Curr	Settl-Amount	Auth-Code	Trans-Date	Trans-Curr	Trans-Amount	Local-Date
0,00	0,00	Gasoline	30000000000000000000000000000000	Settle	USD	196,77	00000000000000000000000000000000	2024-04-22	USD	196,77	2024-04-22

The amount that was debited from our client's card exceeds the maximum transaction amount that can be charged to our customer. See a screenshot attached below.

Mastercard will revise the Chargeback Guide to include these Standards.

Chapter 2 Dual Message System Chargebacks → Authorization-related Chargeback → Chargeback → Required Authorization Not Obtained → Notes → Automated Fuel Dispenser (MCC 5542)

Automated Fuel Dispenser (MCC 5542).

The issuer cannot charge back an automated fuel dispenser transaction effected in the U.S. region with:

- A Mastercard Corporate Card®, Mastercard Corporate Executive Card®, Mastercard Corporate Fleet Card®, or Mastercard Corporate Purchasing Card™ for any amount less than or equal to USD 500, if the transaction was identified in the authorization request with MCC 5542 (Fuel Dispenser, Automated), CAT 1, CAT 2, or CAT 6, and authorized by the issuer for USD 1.
- If the transaction amount exceeds USD 500, the issuer may charge back only the difference between the transaction amount and USD 500.
- Any other Mastercard card for any amount less than or equal to USD 175, if the transaction was identified in the authorization request with MCC 5542 (Fuel Dispenser, Automated), CAT 1, CAT 2, or CAT 6, and authorized by the issuer for USD 1.
- **If the transaction amount exceeds USD 175, the issuer may charge back only the difference between the transaction amount and USD 175.**

Fig. 3. The amount debited from the account exceeds the amount allowed by the MasterCard payment system

To whom it may concern,

22.02.25 3:40:18 the amount 13846,20 PHP was debited from our client's card № 547532*****6563 with a violation of the deadlines for submitting a transaction for clearing..

Merchant	Responsible	Fee	Curr	posting Date	Trans Date	Authoris-Code	Type	Status	A-Code	BBB	Country	City	Trans-Details	Tr-Curr	Trans-Amount	SL	Closed
547532	547532	0,00	PHP	2023-02-22	2023-02-22 03:40:18	00000000000000000000000000000000	Authoris-Code	Pending	00000000000000000000000000000000	00000000000000000000000000000000	Philippines	Manila	Philippines	PHP	13846,20	00000000000000000000000000000000	00000000000000000000000000000000
547532	547532	0,00	PHP	2023-02-22	2023-02-22 03:40:18	00000000000000000000000000000000	Authoris-Code	Pending	00000000000000000000000000000000	00000000000000000000000000000000	Philippines	Manila	Philippines	PHP	13846,20	00000000000000000000000000000000	00000000000000000000000000000000

Authorization-related Chargeback (Message Reason Code 4808/08)

This section provides the issuer and acquirer with the entire dispute process for authorization-related dispute chargebacks from chargeback to second presentation through arbitration case filing.

The issuer must attempt to honor the transaction before exercising this chargeback right.

The issuer may use this chargeback when one of the following conditions are met:

- Authorization was required, but not obtained. This includes both purchase and refund transactions when the primary account number (PAN) does not exist.
- An offline chip-approved purchase transaction or other transaction not requiring online authorization by the issuer was presented in clearing more than seven-calendar days after the transaction date (meaning day eight).
- A refund transaction was presented in clearing more than five-calendar days after the transaction date (meaning day six). For a refund transaction, the transaction date is the date on which the merchant agreed to provide a refund to the cardholder (the refund transaction receipt date, or if the refund transaction was authorized by the issuer, then the refund transaction authorization approval date).
- **The authorization chargeback protection time period expired for the presentment. The authorization chargeback protection time periods are:**
 - For preauthorizations: 30-calendar days
 - For final authorizations:

Fig. 4. Receipt of clearing with violation of the permissible terms (maximum 30 days for rentals/hotels) in the MasterCard payment system

07.04.25 1:28:38 the amount 61,30 USD and 08.05.25 1:34:23 the amount 64,79 USD was debited from our client's card № 458522*****6862 without authorization.

Processing Date*	Trans. Date*	Refund Code*	Type*	Status*	A Code*	Auth. Country*	City*	Trans. Details*	TcCode*	Trans. Amount*	Ref. No.*
08.05.25 1:34:23	08.05.25 1:08:06	Trans not found	On Pending	Matched	600	United States	4001500000000000	ACQ001 INC	USD	64,79	5734 Record Shape
07.04.25 1:35:38	07.04.25 1:08:06	Trans not found	On Pending	Matched	600	United States	4001500000000000	ACQ001 ACQ001 VISAUS	USD	61,30	5734 Record Shape

11.8.3 Dispute Condition 11.3: No Authorization/Late Presentment

11.8.3.1 Dispute Condition 11.3: No Authorization/Late Presentment – Dispute Reasons

An Issuer may initiate a Dispute under Dispute Condition 11.3: No Authorization/Late Presentment for the following reason:

Table 11-46: Dispute Condition 11.3: No Authorization/Late Presentment – Dispute Reasons

Dispute Condition 11.3: No Authorization/Late Presentment Dispute Reasons	Country/Region
<p>One of the following:</p> <ul style="list-style-type: none"> A valid Authorization was required but was not obtained as specified in Section 5.7.4.5, Approval Response Requirements A valid Authorization was obtained but the Transaction was not processed within the timeframe specified in Section 5.7.4.6, Transaction and Processing Timeframes An Authorization was not required and the Transaction was not processed as specified in Section 5.7.4.6, Transaction and Processing Timeframes 	All

Fig. 5. Unauthorized withdrawal in Visa payment systems

03/01/2025 the amount 34224.72 AED was debited from our client's card № 437350*****4388

Auth. Request ID*	Trans. Type*	Auth. Method*	Auth. Ref. Number*	Trans. Number*	Auth. Date*	Auth. Code*	Trans. Details*	Trans. Date*	Trans. Amount*	Trans. Curr.*	Ref. Code*
0030940	Auth.	Ref.	20250301000000000000000000000000	437350*****4388	03.01.2025	000000	34224.72 AED	03.01.2025 09:09:40	34224.72 AED	AED	0030940
	Request	Ref.	20250301000000000000000000000000								

The authorised amount of AED 1.00 is subject to a 15% add-on as per Rule ID# 0030940 section 7.5.6. The total authorised amount was only AED 1.15. However, the transaction was processed for AED 34,224.72.

In terms of a dispute, if an authorisation was received for an amount less than the transaction amount, the dispute is limited to either the amount that was not authorised or the difference between the transaction amount and the amount for which authorisation was sought. Therefore, the Issuer will have dispute rights under Condition 11.3 for the partial amount (AED 34,223.57).

11.8.3.2 Dispute Condition 11.3: No Authorization/Late Presentment – Dispute Rights

Table 11-47: Dispute Condition 11.3: No Authorization/Late Presentment – Dispute Rights

Dispute Condition 11.3: No Authorization/Late Presentment Dispute Rights	Country/Region
<ul style="list-style-type: none"> The Dispute is limited to the amount above the applicable Floor Limit for a Chip-initiated, Offline-Authorized Transaction. If Authorization was obtained for an amount less than the Transaction amount, the Dispute is limited to either: <ul style="list-style-type: none"> The amount that was not authorized The difference between the Transaction amount and the amount for which Authorization was required The Dispute applies to a Chip-initiated Transaction that included an Authorization Request Cryptogram (ARQC) in the Clearing Record but was not authorized Online by the Issuer or the Issuer's agent. 	All

ID# 0030271

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Fig. 7. The amount debited cannot exceed 15-20% of the authorization amount; the difference in amounts is contested in the Visa payment system

Managing client expectations and transparently explaining the procedural and financial aspects of the dispute are critical to preventing secondary conflicts with the bank. The overall logic of the claim's progression, from the first contact to the choice of strategy, can be clearly represented by the flowchart shown in Figure 8, which is used in the methodology as a visual training and control tool.

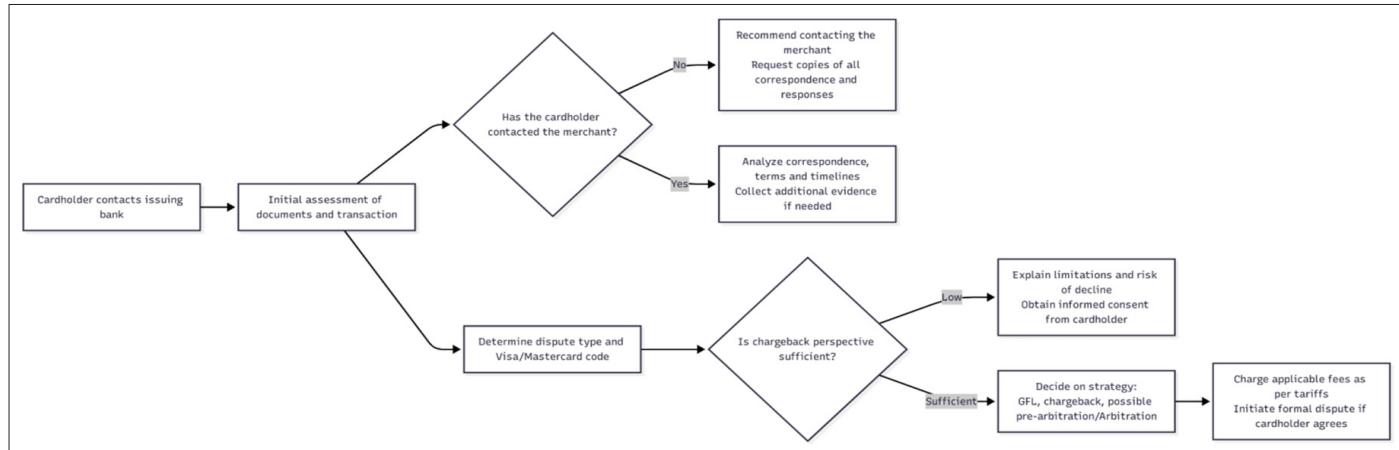


Fig. 8. General outline of the initial assessment and communication with the client

The role of communication with the merchant during the initial assessment extends beyond the formal recording of a settlement attempt. In an ideal configuration, the client first contacts the merchant independently, and at the claim intake stage, the bank verifies the fact of such contact by requesting and analyzing the correspondence, while standardizing the wording of requests to the client: Please provide screenshots of correspondence with the website's support service. This is a mandatory condition for dispute initiation. If the merchant ignores such contacts or adopts a rigid stance, the issuing bank may use the Good Faith Letter (GFL), addressed to the merchant on the bank's behalf. This letter briefly outlines the transaction circumstances and the cardholder's position, and clearly and neutrally states that if funds are not returned, a chargeback will be initiated in accordance with Visa or Mastercard rules. Practice shows that such letters often lead to voluntary refunds without triggering the formal dispute process, thereby reducing operational and reputational risks for all parties. To visualize the position of the GFL within the overall three-stage dispute process, it is advisable to use the scheme of how the Good Faith Letter is embedded before or in parallel with the chargeback stage and can resolve the conflict at an early stage.

As a result, the initial assessment and communication with the cardholder become a controlled, reproducible process that integrates structured evidence collection, honest expectation management, and the meaningful use of merchant communication and Good Faith Letters as tools for risk reduction and for improving the likelihood of a successful outcome for both the client and the bank.

Overview of Dispute Stages

The contemporary dispute cycle architecture, standardized within the Visa Claims Resolution (VCR) initiative and the modernization of the Mastercard Dispute Resolution Initiative (MDRI), has a three-stage structure. Understanding

the nuances of transitions between these stages is critical for liquidity and reserve management in the bank.

Initial Dispute / First Chargeback

This stage marks the formal transfer of liability from the cardholder to the acquirer. In the Visa ecosystem, operating via the VROL (Visa Resolve Online) platform, initiation splits into two process flows: Allocation and Collaboration (Adyen Docs, 2025). The Allocation flow, used primarily for fraud disputes and authorization errors, relies on automated decision-making by Visa algorithms. The algorithm of this stage is shown in Figure 10.

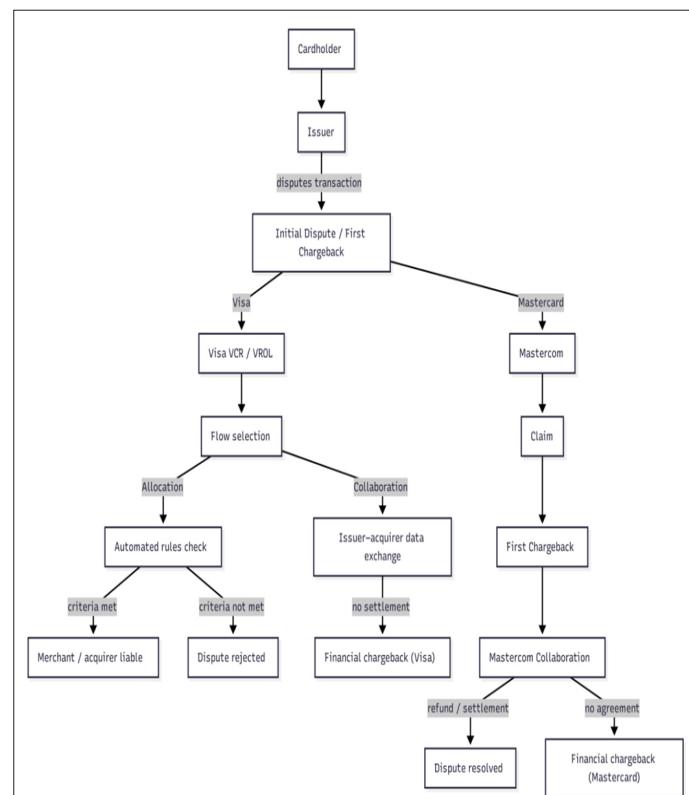


Fig. 10. Initial Dispute Stage

In the Mastercard ecosystem, the process begins in Mastercom with the creation of a Claim, which, if grounds exist, is then converted into a Chargeback (First Chargeback) (Mastercard, 2023). A key innovation introduced in 2023 was the mandatory Mastercom Collaboration stage, which requires exchanging information with the acquirer before the financial chargeback transaction, allowing the merchant to issue a voluntary refund and avoid deterioration in fraud-related performance indicators (Chargebacks911, 2025).

Pre-Arbitration / Second Presentment and Arbitration

If the acquirer disagrees with the initial debit, it initiates Representation, providing evidence of the transaction's legitimacy. Upon receiving this evidence, the issuer faces a decision point. In Mastercard terminology, this stage is often referred to as Second Chargeback or the transition to Pre-Arbitration. In the Visa framework, it is strictly formalized

as Pre-Arbitration (or Dispute Response in the Allocation flow). This is the most analytically intensive stage. In the case of a large Belarusian bank, with properly requested evidence and properly drafted legal documents, the number of pre-arbitration cases decreased by 27%, mirroring the number of disputes. In other words, the case is resolved in favor of the issuer at the first stage. The issuer must evaluate the strength of the merchant's arguments (rebuttal letter). Statistics show that automatically escalating a dispute to the next level without a thorough analysis of newly submitted evidence is a common mistake that leads to arbitration losses. For example, if the merchant provides a tracking number confirming delivery to the cardholder's AVS address, continuing the dispute under a Merchandise Not Received code without evidence of parcel theft constitutes an unjustified financial risk. The algorithm of this stage is shown in Figure 11.

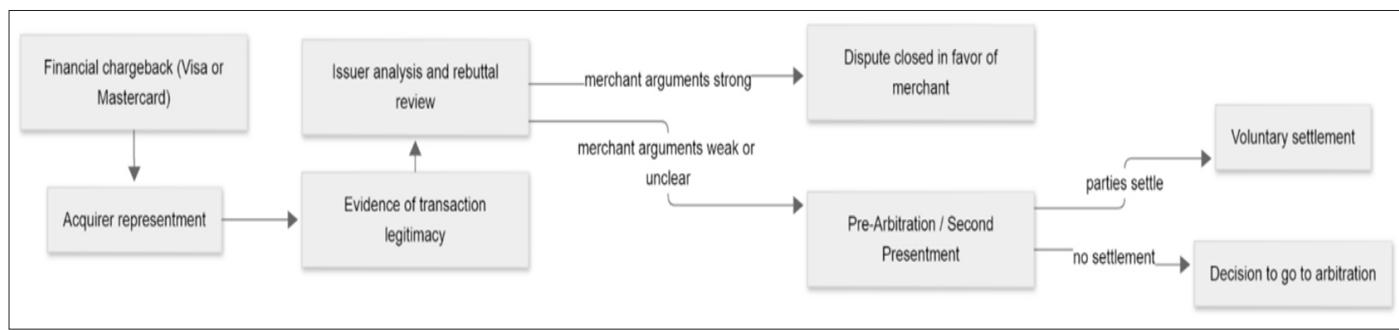


Fig. 11. Pre-Arbitration Stage

This is the final instance, where the card scheme's arbitration committee makes the decision. Visa and Mastercard actively discourage escalation to arbitration by increasing fees and tightening evidentiary requirements (Fee, 2025). Issuers are advised to resort to arbitration only in cases of fundamental disagreement over rule interpretation or in high-value disputes where transaction amounts exceed threshold levels. For a large Belarusian bank, one arbitration was initiated in 2023, none in 2024, and none in 2025.

Reason Codes, Time Limits, and Evidence

Every successful dispute is grounded in the correct qualification of the incident. The system of reason codes constitutes the language used by participants in settlement processes. An error in code selection (for example, classifying non-receipt of goods as fraud) renders the chargeback technically invalid and deprives the issuer of the right to re-dispute. During 2023–2025, substantial consolidation of reason codes occurred to simplify the taxonomy.

The table below provides a detailed comparative analysis of key reason codes for consumer disputes and processing errors, taking into account VCR and Mastercom requirements.

Table 2. Visa and Mastercard Non-Fraud Categories Matrix

Category	Claim Summary	Visa Code (VCR)	Mastercard Code	Time Limit (days)	Required Compelling Evidence
Goods & Services	Merchandise/ Services Not Received	13.1	4853	120	Order details with the expected delivery date; proof of communication with the merchant regarding the delivery status; confirmation of a missing tracking number or delivery to an incorrect address.
Goods & Services	Not as Described/ Defective	13.3	4853	120	Proof of return (return tracking number) or merchant refusal to accept the return; photos/videos showing defects; expert assessment for complex goods; copy of the product description from the website.

Processing	Incorrect Amount	12.5	4834	120	Copy of receipt/invoice showing the correct amount; account statement reflecting the charged amount; evidence that the amount was altered without consent (e.g., tips added).
Processing	Duplicate Processing	12.6	4834	120	Account statement showing two transactions with the same amount, date, and merchant identifier but different reference numbers.
Processing	Paid by Other Means	12.6.2	4834	120	Receipt for cash payment, statement from another card, or transfer confirmation proving an alternative payment for the same purchase.
Cancellation/Refund	Credit Not Processed	13.6	4853	120	Credit voucher from the merchant; merchant correspondence promising a refund; confirmation that the order was canceled in accordance with the merchant's cancellation policy.
Subscriptions	Cancelled Recurring	13.2	4841	120	Proof of subscription cancellation (email, account screenshot) dated before the charge; terms and conditions confirming the right to cancel.

Monitoring and Deadlines

On the Visa payment system side, a restriction is imposed on the age of transactions available for search: as a rule, it is possible to locate a transaction if no more than 2 years have elapsed since its execution. The search for a transaction to initiate a dispute is performed in the Inquiry – Transaction Inquiry tab, as shown in the figure below, where the query parameters are specified based on the available information for the transaction. In practical use, the most convenient approach is search by the unique transaction identifier ARN with indication of a period, generally not exceeding one calendar month, after which the request is generated using the Submit command, as shown in the figure below.

* Please enter one of the following:

Card/Account Number:

Transaction ID:

ARN: ✓

Consumer Account Number:

Transaction Search Period

This date/time range is the transaction system processing date/time. Start Date must be within 120 days of the End Date.

✓ Start Date: mmddyy or mmdd

✓ End Date: mmddyy or mmdd

TransactionTypes to Include:

Standard List ✓ Expanded List Single Transaction Type: ▼

Stored Credential Transactions ✓

Fig. 12. Search by the unique transaction identifier ARN

The Mastercard system imposes a limitation on the age of transactions available for search and subsequent dispute: a transaction can be found and processed in the payment system interface if no more than 730 days have elapsed since the date it was carried out, which is explicitly indicated in the message "Date should not be older than 730 days". By analogy with the Visa payment system, in practice the most frequently used method is to search by the unique ARN number, combined with a date range, which ensures high accuracy and speed in selecting the required transaction.

Navigation across the Pre-arbitration and Arbitration stages in Mastercom is of key importance to the issuer, as the correct timing and conditions for escalating a dispute determine both the probability of a favourable outcome and the magnitude of potential operational costs. At the interface level, separate sections and statuses are provided for transitioning to Pre-arbitration and, subsequently, to Arbitration. At the same time, each escalation decision requires consideration of strategic factors: the strength of the evidentiary base, the prospects of the dispute outcome, potential financial implications, and reputational risks. This is shown in the figure below.

Compliance with time limits is a binary success factor: missing a deadline by a single day results in automatic loss of funds. Table 3 illustrates the critical deadlines of the dispute cycle.

Table 3. Critical deadlines of the dispute cycle

Process Stage	Respons. Party	Regulated Action	Standard Timeframe (days)	Nuances and Exceptions
Filing	Issuer	Initiation of the initial chargeback	120	Counted from the Transaction Date or Delivery Date. Absolute maximum, 540 days.
Representation	Acquirer / Merchant	Response to the chargeback with supporting evidence	20-30 (U.S./ Canada), 18 (Global)	The timeframe is being reduced as part of the modernization of Visa rules. Mastercard maintains a 45-day cycle for specific codes.
Pre-Arbitration	Issuer	Review of the response and dispute escalation	30	The countdown begins upon receipt of the Representation documents.
Arbitration	Issuer / Acquirer	Submission of the arbitration case	10	Initiated after completion of Pre-Arbitration cycles or if the acquirer refuses liability.

A key change announced by Visa is the reduction of the merchant's representation timeframe. Whereas previously the standard was 30 days (and 45 days before VCR), starting from July 2025 for certain regions outside the United States and Canada, this period is being shortened to 18 days (Adyen Docs, 2025). This change creates a mirror effect for issuers: a faster merchant response means the issuer receives the Representation package earlier and has less time to decide whether to escalate to Pre-Arbitration.

CHAPTER 3. HANDLING SPECIFIC DISPUTE TYPES: ATM AND FRAUD

Whereas disputes concerning goods and services often reduce to analyzing delivery timelines and return conditions, ATM and fraud disputes are technically more complex. They require the issuer to interpret technical transaction logs, understand EMV chip cryptography, and analyze user behavioral patterns.

Fraudulent Transactions

Fraud remains the dominant category in the dispute structure; however, its nature has undergone a fundamental transformation. While a decade ago the primary threat was carding (the use of stolen card data by third parties), in 2024-2025 the industry is facing an epidemic of First-Party Misuse or friendly fraud.

According to the annual FTC Consumer Sentinel Network reports for 2023-2024, the structure of fraud in the United States by payment method is as follows: the total volume of reported losses from fraud increased from more than USD 10 billion in 2023 to USD 12.5 billion in 2024 (an increase of approximately 25% with a comparable number of

complaints, around 2.6 million), while only a subset of cases contains information on the method of payment (FTC, 2025). In the breakdown by payment system, in both years the largest aggregate losses are associated with bank transfers and payments (bank transfer or payment), followed by cryptocurrency: in 2024, consumers reported losses of approximately USD 2.09 billion via bank transfers and about USD 1.42 billion via cryptocurrency, whereas total losses on cards (credit and debit) are substantially lower, even though credit cards are the most frequently mentioned method of payment in complaints.

The next most important category comprises payment applications and services (payment app or service, including P2P services and digital wallets), for which a marked increase is observed in both the number of complaints and the total amount of losses over 2023-2024; these are followed by gift and prepaid cards (gift/reload cards), which are frequently used by scammers for cash-out but account for a smaller share of overall losses due to a lower average transaction amount (FTC, 2025). Cash, checks, and money orders constitute a relatively small volume of cases.

Therefore, when assessing the period 2023-2025, it is typically assumed that the risk structure across payment systems in 2025 generally follows the 2023-2024 trends in an inertial manner: maximum aggregate losses are concentrated in bank transfers and cryptocurrency, the highest number of incidents occurs on cards and payment apps, the share of mobile P2P payments continues to grow, and gift cards retain their role as a convenient instrument for cashing out funds by fraudsters. Several fraud scenarios and attack vectors can be distinguished. In the case of a large Belarusian bank, 59 disputes were contested in 2023, 87

in 2024, and 217 in 2025. Facebook is the leader in fraud among acquirers.

The first is Card-Not-Present (CNP) transactions. These are e-commerce transactions conducted without the card's physical presence. This is the primary vector for friendly fraud. Protection here is built around 3D Secure (EMV 3DS) protocols. The Liability Shift principle is a cornerstone: if the transaction has undergone successful 3DS authentication (Verified by Visa, Mastercard Identity Check), liability for fraud shifts to the issuer. Filing a fraud dispute for such a transaction constitutes a serious rule breach, except in rare cases involving proven compromise of the bank's application.

The second is Card-Present (CP) transactions at physical terminals. With the widespread adoption of EMV chips, traditional skimming (magnetic stripe copying) has become less common. The main risks relate to lost/stolen cards and PIN usage. If a transaction is confirmed by PIN, liability almost always remains with the issuer, as PIN is treated as the equivalent of a handwritten signature and should not be known to third parties.

Fraud Reason Codes and Time Limits

The landscape of fraud disputes is shaped by two primary reason codes, knowledge of which is essential for any analyst: Visa 10.4 (Other Fraud – Card-Absent Environment), the universal CNP fraud code in the Visa system, and Mastercard

4837 (No Cardholder Authorization), the Mastercard analogue covering the absence of cardholder authorization.

In April 2023, Visa introduced the Compelling Evidence 3.0 rules, arguably the most significant dispute-related change of the past decade (Chargebacks911, 2023). These rules are aimed directly at combating friendly fraud. Their essence lies in algorithmic evidence of the link between the cardholder and the transaction.

If the merchant can demonstrate that the disputed transaction shares the same identifying attributes as two previous undisputed transactions (historical footprint) conducted within 120–365 days before the dispute date, liability automatically shifts back to the issuer (Chargebacks911, 2023).

Key data elements for matching (at least two elements from the list must coincide) include IP address, device identifier (Device ID/Fingerprint), account identifier (User ID/Login Name), and shipping address.

For the issuer, this implies the need to revise investigative scripts radically. When receiving a fraud claim, the analyst must review the client's transaction history with the merchant in question. If such a history exists and meets CE 3.0 criteria, initiating a 10.4 dispute is pointless and will result in automatic loss. Table 4 depicts fraud codes and the impact of CE 3.0 mechanisms. Figure 14 illustrates the logic of CE 3.0 implementation.

Table 4. Fraud codes and the impact of CE 3.0 mechanisms

Reason Code (Visa/MC)	Environment Type	Standard Filing Timeframe	Liability Shift Condition (Issuer Pays)	Impact of Compelling Evidence 3.0 (Merchant Protection Algorithm)
10.4 / 4837	Card-Not-Present (Online)	120 days	Transaction authenticated with 3D Secure (full authentication).	If the merchant identifies 2+ historical transactions (120–365 days old) with matching IP/Device ID/User ID, the dispute is blocked at intake or rejected at Pre-Arbitration.
10.3 / 4871	Card-Present (Terminal)	120 days	Transaction completed using Chip (EMV) with PIN entry.	CE 3.0 rules are less applicable; focus is on terminal technical data (fallback indicators).

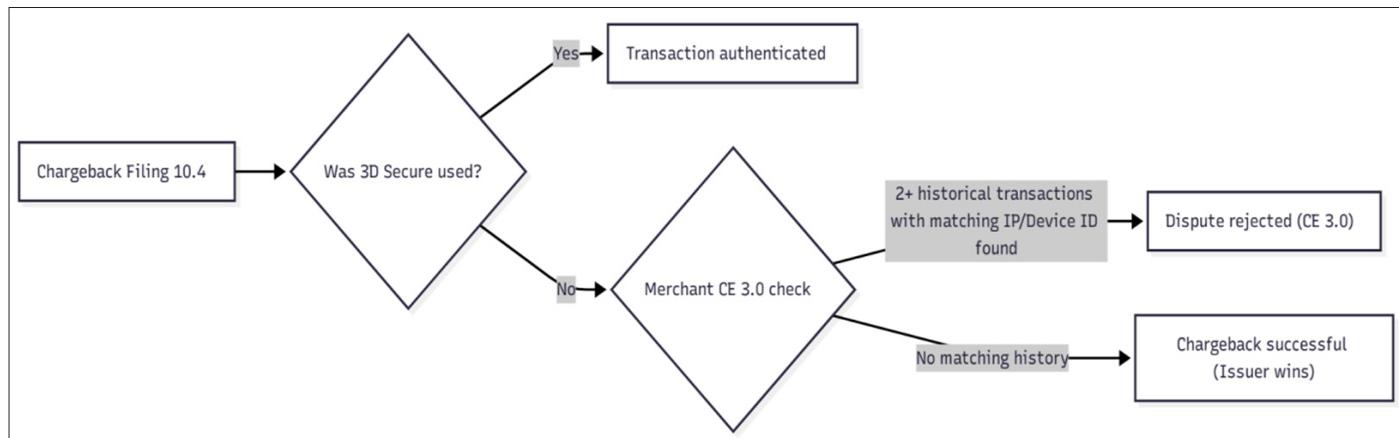


Fig. 14. Visualization of the CE 3.0 application logic

Errors in Fraud Disputes

Fraud dispute handling does not tolerate negligence. An analysis of banks' practices in 2023-2025 reveals several systemic errors leading to unjustified losses.

The first is ignoring Liability Shift (3D Secure). Filing a fraud chargeback for a transaction that has passed full authentication (ECI 05 or 02 indicators in Visa, SLI values in Mastercard) is the most common and expensive mistake. Card schemes automatically block such disputes; if blocking fails, the merchant will easily prevail at Representment by providing the authentication log. In this case, the issuer incurs unproductive administrative costs.

The second is the incorrect treatment of the Notification Date. In some scenarios, the 120-day timeframe for filing a fraud dispute runs not from the transaction date but from the date the issuer became aware of the fraud (for example, the card block date). Misidentification of this date can lead to missed deadlines and rejection due to Late Presentment. It is therefore essential to document the date of the client's first contact.

The third is blindness to Family Fraud. This refers to analysts' inability to identify obvious links between the recipient and the cardholder. It is often revealed through tools such as Ethoca that the goods were delivered to the cardholder's address, but in the name of a spouse or child. If such cases are submitted as fraud disputes without prior analysis, the result is a loss and further accusations of incompetence. The use of Consumer Clarity-type services enables retrieving order details (recipient's name, address) before filing a dispute and classifying the incident as a family conflict not subject to chargeback resolution. In parallel, the analysis of customer complaints about alleged fraudulent transactions shows that it is not uncommon for cardholders to conceal or distort key details, insisting that they did not authorize the operation. A qualified dispute analyst must therefore go far beyond a superficial review of transaction logs: they examine the merchant's website, terms and conditions, refund and cancellation policies, communication history, device and channel patterns, as well as the overall consistency and repeatability of the customer's behavior. Suppose the multi-layered review does not support a finding that the cardholder did not genuinely perform the transaction(s). In that case, the specialist then denies the fraud claim and processes the transaction as a customer dispute or misuse rather than a fraud perpetrated by an outside party. While parts of this review process can be automated, the final decision cannot be, because no matter how advanced AI tools are, they cannot process contextual, contradictory factors and behavioral signals unequivocally. For dispute professionals, their experience, their ethical obligations, and their ability to read complex events and human behavior are a critical bulwark against actual fraud and unfounded allegations of fraud.

CONCLUSION

Tectonic shifts in the payment dispute industry have marked the period 2023-2025. The transition from a litigation-driven model to a data-based liability assignment model, marked by the introduction of Visa Compelling Evidence 3.0 and the mandatory Collaboration stage in Mastercom, has irreversibly transformed the landscape. The issuing bank can no longer operate as a passive relay for client complaints; it must evolve into a technologically advanced data center of expertise.

A practical methodology for transaction dispute management today rests on a triad of legal and regulatory literacy, technological integration, and analytical maturity. A deep understanding of Regulation E, PSD2, and card scheme rules enables navigation through complex legal conflicts. The use of APIs for direct data exchange with VROL and Mastercom, as well as integration with pre-dispute resolution services (Verifi, Ethoca), is becoming the *de facto* hygiene standard. The ability to apply sophisticated models for win-rate prediction and to automate write-off decisions for low-value disputes (threshold management) is equally critical.

Banks that continue to ignore the new CE 3.0 rules or neglect the preliminary communication stage with the merchant (GFL) are structurally exposed to increasing operational losses, rising chargeback ratios, and deteriorating scores in card scheme monitoring programs, which may ultimately result in sanctions and even processing restrictions.

The future of the dispute landscape lies in deep automation and the extensive use of artificial intelligence, but not in the elimination of human judgment. Employment for financial examiners is expected to grow by about 19% between 2024 and 2034, a pace well above the average across all occupations. At the same time, demand for key future-facing skills already exceeds supply by roughly 20%, and around two thirds of financial institutions anticipate shortages of specialists with these capabilities in the coming years. This methodological guide is intended to serve as a foundation for issuing banks to build a resilient, hybrid human-machine system capable of protecting their interests in the emerging era of highly automated digital payments.

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