Pega Smart Dispute for Issuers

PRODUCT OVERVIEW GUIDE

Version 7.48

PEGA

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Overview of Pega Smart Dispute for Issuers

This overview provides a high-level description of the latest version of the Pega Smart Dispute for Issuers application. It describes the features, high-level functionality, and the various pre-configured roles and portals that are built into the application. The application provides value by helping issuers:

- Manage the customer conversation to provide exceptional customer service
- Improve the productivity of their customer-facing and back office operators
- Ensure compliance with bank policies, government regulations, and card scheme rules

Pega Smart Dispute for Issuers manages credit and debit card billing and fraud dispute processes throughout their lifecycle, aligning day-to-day work to strategic goals and customer expectations. Using Pega, retail banks and lending institutions can simplify dispute and payment exception operations to increase efficiency, profitability, and the quality of the customer experience.

Pega's application is the industry's most intelligent, agile solution for rapidly resolving customer disputes and payment exception inquiries. The solution provides managers, service representatives, and operational teams with dynamic case management and rapid integration capabilities to personalize each customer interaction, keeping profitable customers satisfied, while safely managing high-risk clients.

Leveraging Pega's Build for Change® technology, Pega Smart Dispute for Issuers enables retail banks and lending institutions to serve and retain customers across all channels and devices. The result is substantial increase in first contact resolution, and higher customer loyalty, with corresponding reductions in onboarding time and costs, staffing, and training.

Scale and simplify processes efficiently

Mitigate the complexity and errors associated with manual dispute and exception handling, resolve cases faster, and reduce costs using end-to-end automated processes that dynamically change based on conditions.

Increase compliance

Ensure critical tasks occur within allowed time frames using rules-driven processes that dynamically manage service levels based on bank policies, government regulations, and network scheme rules.

Maximize business agility

Immediately respond to new opportunities and changing regulations with Pega's Build for Change® technology, empowering business users to create and modify rules and processes without any coding.

High-level functionality

Pega Smart Dispute for Issuers includes functionality related to:

- Claim processing
- Fraud Reporting & Exception file listing
- Association compliance rules for Visa, Mastercard, Maestro, and AMEX
- Regulatory processing
- Accounting processing
- Post-Chargeback processing
- Third party processing (Ethoca / Verifi)

Claim processing

Pega Smart Dispute for Issuers includes intent-led processes to guide users through end-to end case management–including transaction details, attachments, cardholder, merchant, and acquirer information–for transparency into every dispute and payment exception across lines of business and geographies. The application covers consumer billing errors and bank or customer-identified fraud.

Credit and debit card disputes

Pega Smart Dispute for Issuers includes a data model and dispute processing rules for debit and credit card disputes of both PIN and signature transactions.

ATM disputes

Pega Smart Dispute for Issuers includes dispute reasons and flows for ATM disputes, for both debit and credit cards.

ACH disputes

Pega Smart Dispute for Issuers includes dispute reasons, WSUD documentation, investigation requirements, and current NACHA return reason rules.

Manual case creation

Dispute operators can create new disputes manually when transaction data has been archived or is unavailable due to systems issues, allowing the customer's information to be gathered for further processing once the transaction data is available.

Qualify and talk-off processing

Dispute reason selection drives the appropriate questions, so all pertinent information is collected from the customer at the first point of contact. All answers are captured for use in

downstream recovery channels, and are available for subsequent case review, minimizing call-backs or transfers.

Duplicate processing

Pega Smart Dispute for Issuers includes a standard duplicate scoring rule and options for indicating whether a new dispute is a duplicate of another, should be linked to another, is a reassertion of a prior dispute, or is a new dispute. Warnings appear if the total disputes resolved in a customer's favor exceed the transaction amount of a posted transaction.

Authorization disputes

Pega Smart Dispute for Issuers allows the creation of a dispute on an authorization record (pending transaction) prior to the transaction posting. This feature supports increased customer diligence with mobile alerts and online statements. Decision rules search for the matching posted transaction and resume dispute processing, or auto-close when no transaction posts.

Multi-transaction claims

Pega Smart Dispute for Issuers provides parent/child case management, where one claim can contain one or more disputes. This architecture allows multiple transactions to be disputed in one claim, with the flexibility for claim level actions, such as issuing one provisional credit amount for the sum of all disputes; and bulk actions, such as charging back multiple disputes for the same reason code. Delayed dispute creation for the largest number of disputed transactions improves users' ability to capture consumer's claim information efficiently.

Fraud processing

Pega Smart Dispute for Issuers parent/child case management is critical for processing fraud claims, where typically more than one transaction is affected. This architecture allows the user to communicate with the customer, perform accounting, and access all recovery channels, including schedule chargeback or dispute processing, third-party disputes processing integrations, or simple write- offs.

Card association compliance

Pegasystems provides, on a subscription basis, the compliance rules for various payment networks. Customers who subscribe to these rules receive the "as is" rules at the time of software delivery, as well as bi-annual updates based on the schemes' rules and schedules.

Visa

The Visa rules include all international and regional rules (US, CEMEA, Europe, LAC, AP, and Canada) as well as Interlink, based on the recent Visa cutover to their Visa Claims Resolution (VCR) disputes process as of October 2019 (19.2 Compliance). The application includes configuration of all required VCR messages using SOAP or REST, inbound processing of Visa and Acquirer responses via batch queues, and accounting steps

configured per Visa's guidelines. Validation rules evaluate disputes per Visa's rules and warn users of invalid disputes to minimize Visa charges. Customers can input their Visa-supplied credentials into the Pega connector rule, request Visa to set up test data, and begin testing with Visa's test system very quickly.

Dispute Categories

There are 4 dispute categories in VCR for dispute processing and each dispute category has sub-categories as below. All the dispute categories and sub-categories in VCR are supported in Smart dispute for Issuers application. Dispute categories are grouped by Visa into 2 major flows based on the liability allocation at the time of dispute submission.

Flow	Dispute Category	Dispute Sub-category
Allocation Flow	10 - Fraud	10.1 - EMV Liability Shift Counterfeit
		10.2 - EMV Liability Shift Non-Counterfeit
		10.3 - Card Present Environment
		10.4 - Card Absent Environment
		10.5 - Visa Fraud Monitoring Program
	11 - Authorization	11.1 - Card Recovery Bulletin
		11.2 - Declined Authorization
		11.3 - No Authorization
Collaboration Flow	12 - Processing Errors	12.1 - Late Presentment
		12.2 - Incorrect Transaction Code
		12.3 - Incorrect Currency
		12.4 - Incorrect Account Number
		12.5 - Incorrect Amount
		12.6.1 - Duplicate Processing
		12.6.2 - Paid by Other Means
		12.7 - Invalid Data
	13 - Consumer Disputes	13.1 - Merchandise/Services Not Received
		13.2 - Cancelled Recurring Transaction
		13.3 - Not as Described/Defective
		13.4 - Counterfeit Merchandise
		13.5 - Misrepresentation
		13.6 - Credit Not Processed
		13.7 - Cancelled Merchandise/Services
		13.8 - Original Credit Not Accepted
		13.9 - Non-Receipt of Cash/Load

For more details on VCR and Smart Dispute integration capabilities with Visa, refer ***VCR Overview*** document on Pega community.

Mastercard

This release includes the processing rules and end-to-end interface for Mastercard's new MasterCom interface. Validation rules ensure chargebacks meet Mastercard's disputes

rules. Smart dispute for Issuers supports MCOM API's (SDK version 6) for new MCOM processing. Maestro chargebacks are still processed on legacy Chargeback processing as Maestro association has not switched onto MCOM interface yet. This release also includes the latest MasterCom related change i.e., the MCOM Collaboration Layer

Reason codes in Mastercard

List of reason codes supported by Smart Dispute for Issuers in MCOM are as below:

Reason Code	Description
4837	No Cardholder Authorization
4849	Questionable Merchant Activity
4854	Cardholder Dispute - Not Elsewhere Classified (U.S Region only)
4863	Cardholder Does Not Recognize - Potential Fraud (this reason code will be retired as a part of the 20.1 compliance release)
4870	Chip Liability Shift
4871	Chip/PIN Liability Shift - Lost/Stolen/Never Received Issue
4808	Authorization related Chargeback
4834	Point of Interaction Error
4853	Cardholder Dispute.
4850	Instalment Billing Dispute

Reason codes in Maestro

List of reason codes supported by Smart Dispute for Issuers in Maestro are as below:

Reason Code	Description
17	Cash Dispute-ATM Only
30	Cardholder Disputed Amount (U.S. Shared Deposits Only)
70	Chip Liability Shift
71	Transaction Amount Differs
73	Duplicate Transaction
74	No Cardholder Authorization
75	Credit Not Received
79	Goods or Services Not Provided
80	Late Presentment
95	Invalid Adjustment: Account Closed
96	Invalid Adjustment: Insufficient Funds

For more details on MCOM and Smart Dispute integration capabilities with Mastercard, refer *Mastercard Claims Manager overview* document on Pega community.

Dispute Timeframes and Wait Period

Smart Disputes for Issuers application provides users the capability to manage dispute timeframes based on association guidelines. Application automatically evaluates each dispute and if the time period to initiate the dispute with Visa expires, application routes the user to process the dispute by other means like good faith, write-off or making the cardholder as liable. This feature is available for all associations supported in Smart dispute i.e., Visa, Mastercard, Maestro, and AMEX.

Supporting Documents

Smart Disputes for Issuers application provides user a pre-configured list of documents required for each dispute reason per association guidelines. Issuers will also have an option to configure documents per their own bank policies and have options mark them mandatory / optional for each dispute reason. Application evaluates the required documents and ensures all the necessary documents are submitted before submitting the dispute to the association. This feature is available for all associations supported in Smart dispute i.e. Visa, Mastercard, Maestro, and AMEX.

Dispute Validations

Smart Disputes for Issuers application evaluates each dispute prior to submission to the association to ensure it complies with association requirements. Issuers can also configure / extend these validations per their bank policies. If a dispute does not comply with association requirements, application routes the dispute for further review and users will have options to then continue with the dispute or process the liability by write-off or making the cardholder liable.

Queues Processing

Smart Disputes for Issuers application supports the queues for Visa and Mastercard schemes. Queues contain the list of all cases which the Acquirer has processed and waiting for review by the Issuers for their further action. Smart dispute application monitors all necessary queues for dispute processing within the application.

American Express

Pega Smart Dispute for Issuers includes the American Express dispute processing rules and reason code rules.

Government regulatory compliance

Pega Smart Dispute for Issuers includes eligibility rules, SLAs and processing rules for various government consumer regulations.

Regulation Z (Truth in Lending)

The application stores notification SLAs for US Regulation Z and holds cases open after chargeback/dispute submission until the Regulation Z finality date as specified by the regulation. Once finality has been reached, cases can automatically close with appropriate

customer notification. If a case has post-chargeback processing in flight, Pega Smart Dispute for Issuers prevents further customer accounting entries per the regulation.

Regulation E (Electronic Funds Transfer Act)

Pega Smart Dispute for Issuers supports eligibility and notification requirements for Regulation E, including provisional credit, finality SLAs and rules to reverse provisional credit.

Section 75 (Applicable for UK credit cards)

Section 75 is a regulatory rule in the United Kingdom that requires issuers to review certain disputed transactions and ensure that the cardholder receives full credit for the actual purchase cost of merchandise or services in certain scenarios. For more information on Section 75 implementation within Smart dispute, refer to ***Section 75 Implementation guide***.

Accounting

Pega Smart Dispute for Issuers includes standard accounting entries within specific steps in the processing flows. Customers update the entries with their chart of accounts and can customize them for policies or processing requirements.

Provisional credit processing

The provisional credit decision tree evaluates a work object based on product type, such as Gold or VIP, value, and dispute history, to determine whether provisional credit should be given to the cardholder. You can modify this decision tree if your business rules change. Different provisional credit rules are available for product type (debit, credit, ATM, and so on) as well as for reversing provisional credit. Pega Smart Dispute for Issuers includes the timeframes and notification requirements specified by US Regulation E when reversing provisional credit on a deposit account.

Write-off processing

You can set write-off thresholds for automatic debit and credit write-offs.

Suspense accounting

Full suspense accounting with appropriate reports allow management of aging suspense entries, as well as accounting steps to automatically clear suspense entries during processing.

Chargeback accounting

The chargeback/dispute submission flows include accounting steps to automate the accounting entries and notifications during chargeback processing. The specific accounting step invoked will be different based on whether provisional credit had been granted or not, and which association's clearing account is appropriate.

Calendars and cut-off rules

Pega Smart Dispute for Issuers can store and access multiple calendars so that nonbusiness days are not counted with SLAs. Cut off times can be set to determine the point at which postings occur on the following day.

Post-chargeback processing

Pega Smart Dispute for Issuers includes flow rules and scheme requirements for post-chargeback/dispute submission processing, as indicated by the payment networks.

Chargeback representment/dispute response

The application includes the association schemes' rules for processing the acquirer's chargeback representment (MasterCard) or dispute response or pre-arbitration filing (Visa.) Pega Smart Dispute for Issuers also maintains chargeback representment reasons based on the original chargeback reason code, as well as standard notices and automated accounting entries.

Pre-compliance and compliance

Operators can choose to file pre-compliance and, depending on the response, compliance, based on the specific issues raised in the case. Pega Smart Dispute for Issuers includes all forms, reasons for filing, edits, and interface messages. Subsequent processing options are based on the response to the filing from the acquirer and you can manage them in particular work queues or by operator privileges.

Pre-arbitration and arbitration

Issuers can file pre-arbitration and arbitration when the response from the acquirer is not deemed adequate. Pega Smart Dispute for Issuers includes screens, forms, interface messages, and arbitration reasons, as well as response options based on Visa's decision.

Third-party processing

Pega has formal relationships with two third-party dispute-avoidance firms, namely Verifi and Ethoca. The application provides end-to-end integration through Pega 7 connectors,

as well as flow rules, and audit information for issuers who partner with these organizations. For an issuer who has contracted with both companies, there is a configuration panel to decide which service's merchant list to check first. We expect to continue adding new functionality to future releases.

Verifi

Pega's integration to Verifi's CDRN and Order Insight products include audit trail and footer tab with full status information; locally stored merchant file with extensible match criteria; and an *auto-creditmatch* rule for positive responses (merchant has issued credit) from the Verifi merchant.

Pega Smart Dispute for Issuers includes integration to Verifi's new real-time merchant data interface called Order Insight. The configuration is included to turn on this real-time call for additional merchant data within the "do not recognize" flow.

Ethoca

Integration to Ethoca's platform includes audit trail and footer tab with full status information; locally stored merchant file with extensible match criteria, or API lookup for merchant match; auto-credit-match rule for resolved and refunded outcomes; responses to authorization disputes prior to actual transaction posting.

Pega Smart Dispute for Issuers includes integration to Ethoca's Eliminator real-time merchant data, also configured within the "do not recognize" flow.

Data model

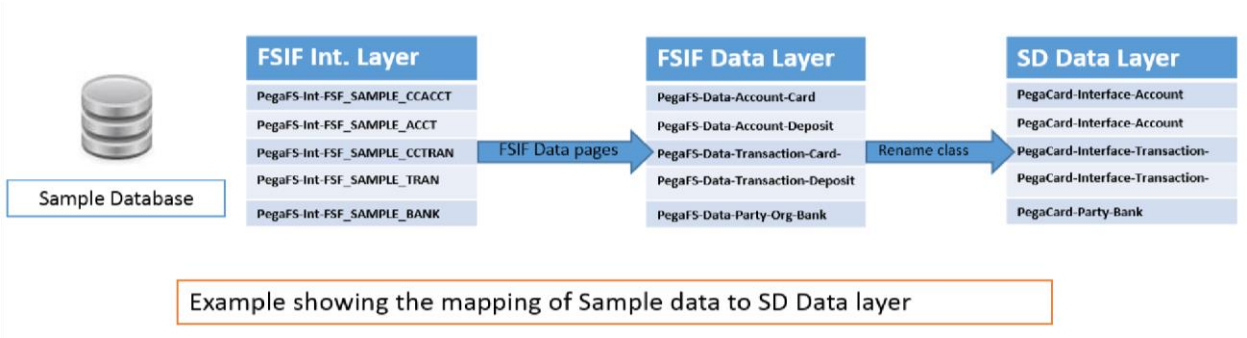
The Pega Smart Dispute for Issuers data model is a set of classes that represents data directly used by the application. The details related to how the data is stored and retrieved from storage is handled by an integration layer that works behind the scenes to manage the data. The intent of this guide is to provide an overview of the major areas described in the data model. Not every class contained in the data model is called out. Emphasis has been placed on the major functional areas and how the classes that represent them are grouped and related. You can browse the full set of classes and properties from Data or Application Explorer.

The following matrix provides the key objects used in Pega Smart Dispute for Issuers. You can use the Data Explorer in the Dev Studio to review all data pages.

Note: Please contact the Product Team for the most current version of the data dictionary.

In use in Pega Smart Dispute for Issuers 7.48?	Object type	Object class	Description
Yes	Account	PegaCard-Interface-Account	A consumer or business legal entity that has financial obligations with the business. An account generally has one-to-many contacts, each with different authorized roles. This object type requires data from an external system of record.
Yes	Admin	PegaCard-Interface-Admin	Supports the administrative configurations for VCR, MasterCom, Ethoca, Verifi services and low dollar write-off functionalities
Yes	Approvals	PegaCard-Interface-Approve	Supports the business team for approval configurations for Chargeback, Write-off and other functionalities
Yes	MasterCard	PegaCard-Interface-MC	Supporting data model for MCOM services and associated functionality including Maestro.
Yes	Customer Questionnaire	PegaCard-Interface-Questionnaire	Supporting data model for CSR Pending Auth and Manual case functionalities

In use in Pega Smart Dispute for Issuers 7.48?	Object type	Object class	Description
Yes	Reject Reason	PegaCard-Interface-RejectReason	Supporting data model for VCR services and associated functionality
Yes	Third Party	PegaCard-Interface-ThirdParty	Supporting data model for third party services - Ethoca and Verifi
Yes	Transaction	PegaCard-Interface-Transaction	Data model for transaction entity. A set of data that represents movement of funds between the bank and another entity 9often another bank). This object type requires data from an external system of record.
Yes	Bank	PegaCard-Party-Bank	Holds the BIN information
Yes	Card Holder	PegaCard-Party-CardHolder	Supporting data model for cardholder information
Yes	Merchant	PegaCard-Party-Merchant	Supporting data model for merchant information



Example showing the mapping of Sample data to SD Data layer

Roles, portals, and dashboards

Roles

Pega Smart Dispute for Issuers supports key user functions associated with disputes processing. The following table describes the functions supported by roles shipped with the application. You can combine various roles within an access group profile to provide additional user flexibility as needed within a company's organizational structure.

User function	Role used by	Description
Disputes operator	Analysts trained in card dispute processing.	This user represents a standard disputes operator who can create and process claims.
"Claim Level" user	Analysts who needs to retrieve and work all multi-dispute transactions associated with a single claim.	This user has access to additional flexibility in routing and managing multi-dispute transaction processing assignments at a centralized claim level.
CSR user	Customer service or phone center representatives.	This user has access to additional functionality as a "front office". A user who interacts with bank customers.
Disputes manager	Supervisors and managers.	This user has additional privileges as a supervisor or manager to assist in claim processing, approve certain processes based on business parameters, and manage work.
Security administrator	Data and user security administration personnel.	This user can create and update operators, access profiles and user privileges.
System administrator	System administrators and development personnel.	This user has access to perform developer and system administration related tasks.

Portals

Each of the pre-configured roles has access to portals designed to present information and help drive their decisions.

Developer portal

You can use the developer portal to access the Designer Studio to create and update rules. This portal is typically used by system administrators, security administrators, developers and other development resources such as business analysts.

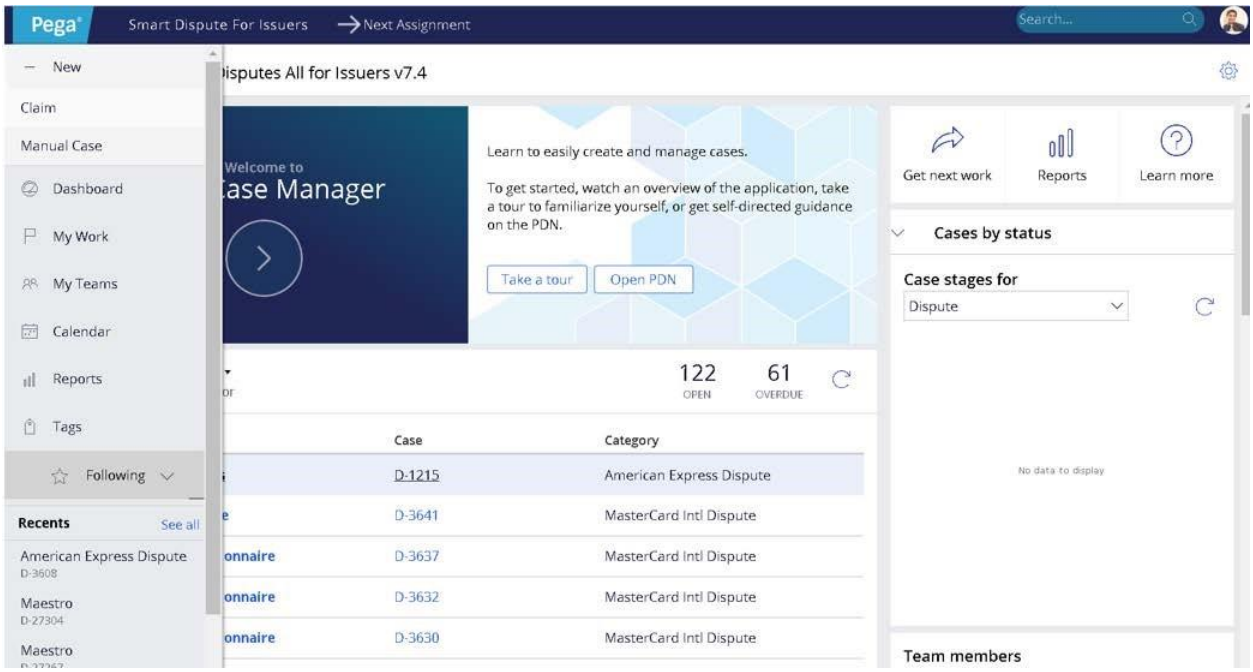
This portal is available to all operators who are members of the DisputeSysAdminIssuer access group.



CaseUser7 portal

You can use the CaseUser7 portal to create and manage work related to disputes. This portal is typically used by dispute operators and claim level users.

This portal is available to all operators who are members of the DisputesIssuerOperator access group.

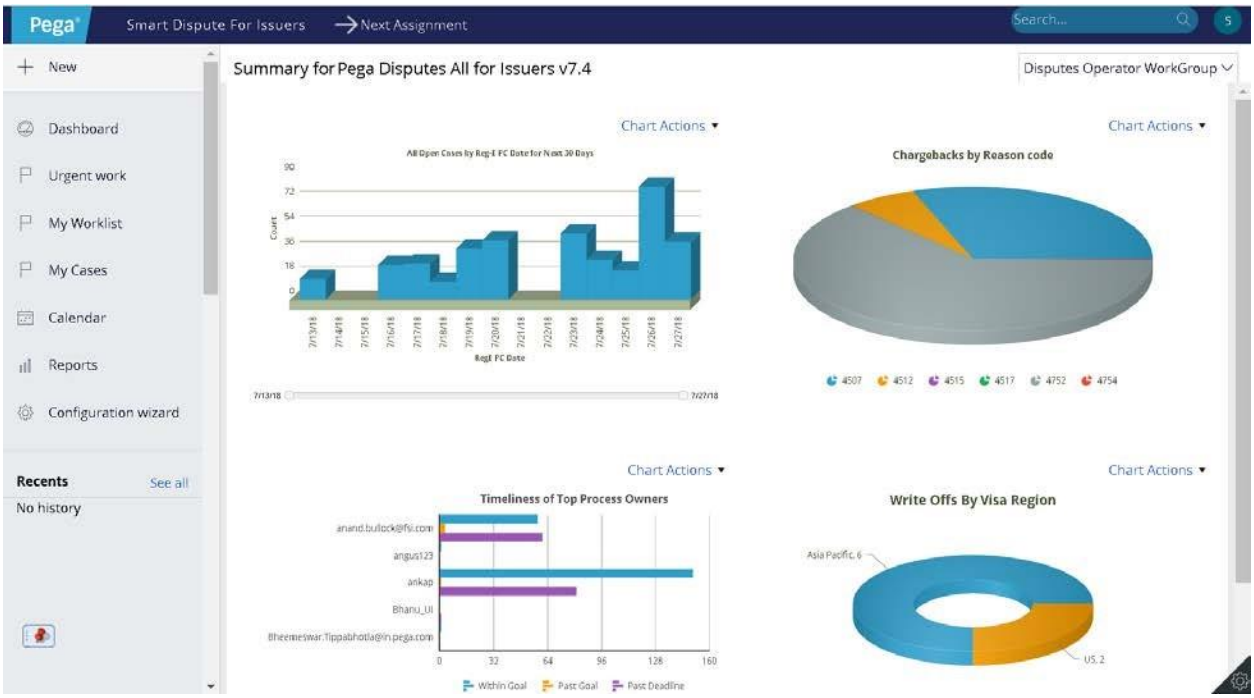


Disputes manager portal

The Disputes manager portal is designed for supervisory personnel to create and manage the daily disputes work. The charts configured on the home screen provide a near real time view of disputes related work coming into the organization, with an emphasis on identifying specific dispute cases that need immediate attention. You can access additional reports through the **Reports** link available on the home screen.

This portal is typically used by disputes managers and supervisors, or any personnel responsible for the management of work within a disputes group.

This portal is available to all operators who are members of the DisputesManager access group.



Additional resources

Visit the Pega Community

For release notes and product guides go to:

https://community.pega.com/knowledgebase/products/smart-dispute-issuers

For details of the features which have changed or are newly added post this release, go to:

https://my.pega.com/mypegaprd/PRAuth/SSO/MyPega/DOC-1536