



# Quavo's Best Practices Regarding Provisional Credit

Quavo's experts teamed up to put together a guide to navigating the often-complicated arena of providing provisional credit. Balancing Regulation E laws, preventing losses to fraud and disputes, and maintaining positive customer experience is a difficult balancing act, here are some tips to streamline the dispute management process.

## Regulation E

Regulation E mandates that provisional credit be offered within 10 days of a disputed charge and while offering a timely provisional credit to account holders is crucial to improving customer experience, not all situations call for immediate provisional credit. Quavo recommends provisional credit be given only when issuers can be sure that the credit can truly be provisional, because it requires additional investigation.



## Debit Card Issuers

Quavo recommends that credit unions and banks issue immediate provisional credit whenever possible. For debit card issuers the risk exposure for issuing provisional credit is significantly lower than for prepaid issuers. A best practice for immediate provisional credit is telling the customer upfront that they are getting immediate provisional credit-

this is a member friendly, customer friendly way to improve account holder experience. Once an issuer provides provisional credit, they have 90 days to complete a full fraud and dispute investigation until the credit needs to be finalized.

## Prepaid Card Issuers

For prepaid card issuers, offering immediate provisional credit is not recommended because it exposes issuers to loss. A customer could file a dispute, use provisional credit to immediately make a purchase, and then close their account. Quavo recommends that prepaid card issuers use the 10-day period allotted by Reg E to try to complete the fraud and dispute investigation. This may seem like a daunting task, but by leveraging automated dispute management platforms to immediately access account information and merchant collaboration software like Ethoca and Verifi - prepaid issuers can be closer to determining true fraud or determining whether a merchant refund is possible.

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## Optimizing Workflows

Managing provisional credit and full credit deadlines requires a streamlined process. Quavo experts recommend issuers leverage automated workflows to not only streamline the dispute process but also integrate with core banking platforms for a seamless exchange of account information data. [Integrating your dispute management process](#) with merchant collaboration software like Verifi and Ethoca also helps investigators more quickly reach a resolution prior to provisional credit deadlines.

## Disputes Software for Automatic Compliance

Quavo experts developed an automated dispute management software that keeps issuers compliant with Reg E no matter what. This allows issuers to take the full ten days to complete a dispute investigation, without the risk of accidentally missing the provisional credit deadline. Quavo's [QFD software](#) issues provisional credit if no action is taken within the Reg E timeline, to protect the issuer. After provisional credit is issued QFD ensures that a decision is final within the 90-day period, even if the investigation is incomplete. With QFD your team can complete investigations knowing that regulation deadlines are being met.

## Tailored Provisional Credit Rules

Finding a dispute management software that lets teams customize the conditions in which provisional credit can be issued immediately is extremely beneficial for issuers. QFD software allows issuers to set parameters and data points that determine whether accounts are in good enough standing to automatically receive provisional credit.

## AI that Automatically Conducts Investigations

For issuers experiencing a high volume of disputed claims that do not feel comfortable issuing provisional credit without investigating the claim first, we recommend the [ARIA dispute management AI](#). ARIA conducts investigations as a human would, in a matter of seconds, and then presents an AutoPay or AutoDeny decision immediately, or she refers the decision to an agent for review. The information ARIA collects is easily accessible and fully auditable. ARIA can be applied to any dispute management system and is customizable to your specific business rules.

## Summary

Provisional credit rules and regulations are different from country to country, so deadlines for crediting accounts often vary. As a result of so much nuance, financial institutions often find themselves struggling to pass Reg E audits, specifically because of provisional credit rules. Quavo [dispute management solutions](#) allow financial institutions to work any dispute confidently, in the most account holder-friendly way possible. In cases where timing for provisional credit is critical, Quavo fraud and disputes portfolio drives compliance and removes human error in areas of complexity and importance.

To learn more best practices for managing disputes, contact our experts at [experts@quavo.com](mailto:experts@quavo.com).

We're happy to help!