

Issuers & Acquirers: Understanding Key Players in Dispute Resolution

In the financial realm, issuers and acquirers play distinct but interconnected roles in payment processing and dispute management. When fraud claims or disputes arise, understanding the responsibilities of these parties is crucial to navigating chargebacks, recoveries, and compliance. We break down the key differences between issuers and acquirers, their responsibilities in dispute resolution, and how their actions impact financial institutions and merchants alike.

What is an Issuer?

An issuer is the financial institution that provides payment cards (credit, debit, or prepaid) to consumers. When an accountholder places a transaction, the issuer is responsible for approving or declining the payment based on account balance, fraud risk, and security measures. In the event of a dispute, the issuer is the entity that initiates chargebacks or investigations on behalf of the accountholder.

Examples of Issuers

Issuers are diverse and can include:

- **Traditional banks** (e.g., Chase, Wells Fargo, Bank of America)
- **Credit unions** (e.g., Navy Federal Credit Union, Alliant Credit Union)
- **Fintech companies** offering banking services (e.g., Chime, SoFi)
- **Payment processors** with issuing capabilities (e.g., Stripe, Marqeta)

The Issuer's Role in Fraud and Disputes

Issuers are the first line of defense when an accountholder identifies unauthorized or disputed transactions. Their responsibilities include:

Investigating fraud claims: Reviewing transaction data, fraud patterns, and cardholder reports to determine legitimacy.

Handling chargebacks: Initiating chargebacks against acquirers when cardholders dispute charges.

Compliance with regulations: Ensuring disputes are resolved within regulatory timeframes (e.g., Reg E for debit cards, Reg Z for credit cards in the U.S.).

Protecting customers: Maintaining fair dispute resolution processes while minimizing financial losses.



What is an Acquirer?

An acquirer, also known as a merchant's bank, is responsible for processing card transactions on behalf of merchants. When a customer makes a purchase, the acquirer facilitates communication between the merchant and the card network (Visa, Mastercard, etc.) to authorize and settle the payment. If a chargeback is filed, the acquirer must defend the merchant's case or absorb the loss.

Examples of Acquirers

Acquirers have been around for a long time. They can include:

- **Traditional banks** offering merchant services (e.g., Wells Fargo Merchant Services, Chase Payment Solutions)
- **Independent payment processors** (e.g., Worldpay, Global Payments, FIS, Fiserv)
- **Fintech payment platforms** with acquiring capabilities (e.g., Square, Stripe, Adyen)



The Acquirer's Role in Fraud and Disputes

Acquirers play an important role in defending merchants against disputes and mitigating fraud-related losses. Their responsibilities include:

Processing transactions: Ensuring merchants receive funds from card purchases.

Defending against chargebacks: Providing supporting evidence to dispute claims initiated by issuers.

Managing merchant risk: Monitoring for excessive chargebacks and fraudulent activity to maintain compliance with card network regulations.

Educating merchants: Helping merchants implement fraud prevention strategies and dispute resolution best practices.

Wrap Up

While issuers and acquirers serve different purposes in the payment ecosystem, their roles converge when disputes arise. Issuers advocate for cardholders, ensuring fraudulent or erroneous transactions are properly addressed. Acquirers, on the other hand, work to protect merchants from unwarranted chargebacks while maintaining fair business practices.

For financial institutions looking to streamline dispute resolution, Quavo's automated dispute management platform offers AI-driven workflows, compliance support, and seamless integration for issuers. With proven technology that accelerates resolutions, reduces operational costs, and enhances fraud detection, Quavo empowers issuers to handle disputes with confidence. [Reach out today to learn more!](#)