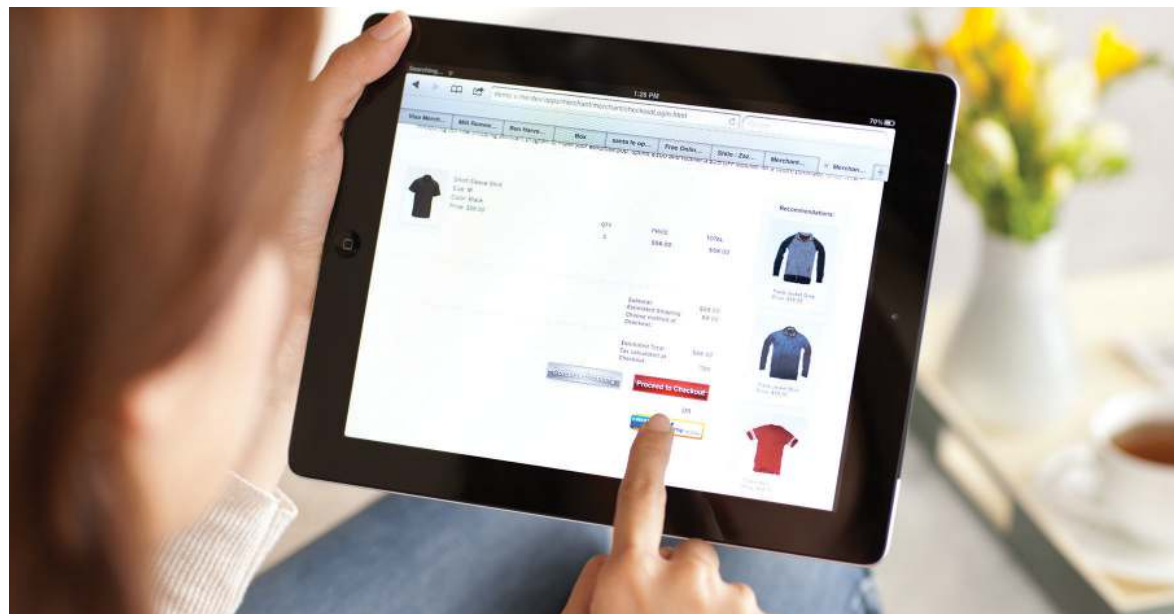


Visa Optimizes Dispute Rules

New Avenues for Card Not Present Merchants



Visa is evolving our partnership with merchants and is focused on the needs of the acceptance ecology. It is important for merchants to grow their business and, as the market changes, Visa will look to refine the rules associated with how merchants conduct their business.

For More Information

Visit www.visa.com/merchants or contact your merchant bank.

Effective 17 October 2015, Visa will implement changes to the dispute rules related to compelling evidence. These changes will allow different merchant types greater flexibility in providing documentation to prove the cardholder participated in the transaction and make the process more efficient while managing customer disputes.

Digital Industry Changes Everything

Consumers are turning to digital devices to initiate purchases leading to explosive year-over-year growth in eCommerce. Online purchases provide greater flexibility for consumers to shop. The data analytics allow consumers to compare products, features and pricing, and in some cases have instant or same day product delivery. This level of convenience is becoming more mainstream migrating consumers from traditional brick and mortar retail. As eCommerce transactions rise, the number of disputes related to online purchases are also on the rise.

The eCommerce industry needs a way to help differentiate legitimate spend from fraudulent transactions, so as to reduce unnecessary friction and disputes.

New Rules Greater Flexibility

Visa is always looking to better align and simplify the dispute resolution process while also keeping pace with the needs of the payment industry. In recent years, Visa has made many significant changes in chargeback rules. In April 2013, Visa introduced the first phase of dispute rules optimization related to compelling evidence by expanding the types of documentation a merchant could provide to prove the cardholder participated in the transaction, received the goods, or benefited from the transaction. In October 2015 the second phase will allow new rights and options for merchants.

Effective for representments processed on or after 17 October 2015, Visa will introduce new types of compelling evidence, two new representment rights for disputes involving airline and digital goods merchants and require additional pre-arbitration certification requirements.

The following is an overview of the rule changes:

CHARGEBACK REASON CODE DESCRIPTIONS

30 – Services Not Provided or Merchandise Not Received	53 – Not As Described or Defective Merchandise
81 – Fraud – Card Present Environment	83 – Fraud – Card Not Present Environment

Applicable Chargeback Reason Codes	Effective for Representments Processed On or After 17 October 2015
30, 53, 81, 83	Evidence, such as photographs or emails, to prove a link between the person receiving the merchandise or services and the cardholder, or to prove that the cardholder disputing the transaction is in possession of the merchandise and/or is using the services.
30, 81, 83	For an eCommerce transaction representing the sale of digital goods downloaded from a merchant's website or application, description of the goods or services successfully downloaded, the date and time such goods or services were downloaded, and two or more of the following types of evidence: <ul style="list-style-type: none"> • Purchaser's IP address and the device's geographical location at the date and time of the transaction • Device ID number and name (if available) • Purchaser's name and email address linked to the customer profile on record with the merchant • Evidence that the account set up on the merchant's website or application was accessed by the cardholder and successfully verified by the merchant before the transaction date • Proof that the merchant's website or application was accessed by the cardholder for goods or services on or after the transaction date • Evidence that the device and card used in the disputed transaction were the same as in any previous, undisputed transactions
30, 81, 83	For a transaction in which merchandise was delivered to a business address, evidence that the merchandise was delivered and that, at the time of delivery, the cardholder was employed or is working for the company at the address. A signature is not required as evidence of delivery.
81, 83	For airline transactions involving issuers or acquirers in the Visa Europe territory only , evidence that the name included in the flight manifest for the departed flight and matches the name provided on the purchased itinerary.
30, 81, 83	For a travel and entertainment (T&E) transaction, either of the following: <ul style="list-style-type: none"> • Details of loyalty program rewards earned and/or redeemed, including an address and telephone number that establish a link to the cardholder • Evidence of additional, undisputed transactions related to the original transaction, such as the purchase of T&E service upgrades or subsequent purchases made throughout the T&E service period
30	Evidence that the person who signed for the merchandise was authorized to sign for the cardholder or is known by the cardholder.
81, 83	Evidence of one or more undisputed payments for the same merchandise or service.
81, 83	For a recurring transaction, all of the following: <ul style="list-style-type: none"> • Evidence of a legally binding contract held between the merchant and the cardholder • Proof the cardholder is using the merchandise or services • Evidence of a previous, undisputed transaction

Note: Compelling evidence does not mandate that Visa, the issuer or any other party conclude, as a matter of fact or law, that the cardholder participated in the transaction, received goods or services, or benefited from the transaction.

New Representment Rights for Airline and Digital Goods Merchants

Effective for representments processed on or after 17 October 2015, Visa will provide representment rights for airline and digital goods transactions, which will remedy disputes involving those merchants and shift the liability from the acquirer to the issuer. The following table contains the applicable chargeback reason codes and the new representment rights:

Applicable Chargeback Reason Codes	Supporting Documentation/Certification
30	For an airline transaction, evidence that the name included in the flight manifest for the departed flight matches the name provided on the purchased itinerary.
81, 83	For an airline transaction, evidence that the cardholder name is included in the flight manifest for the departed flight and matches the cardholder name provided on the purchased itinerary.
81, 83	<p>For a merchant using Merchant Category Codes (MCCs) 5815—Digital Goods: Media, Books, Movies, Music, 5816—Digital Goods: Games, 5817—Digital Goods: Applications (Excludes Games) and 5818—Digital Goods: Large Digital Goods Merchant, all of the following:</p> <ul style="list-style-type: none"> • Evidence that the merchant is the owner of the operating system for the subject electronic device • Evidence that the merchant has been successfully registered into the Visa Digital Commerce Program • Evidence that the account set up on the merchant’s website or application was accessed by the cardholder and successfully verified by the merchant before or on the transaction date • Evidence that the disputed transaction used the same device and card as any previous, undisputed transactions • Proof that the device ID number, IP address and geographic location and name of device (if available) are linked to the cardholder profile on record with the merchant • Description of the goods or services and the date and time they were purchased and successfully downloaded • Customer name linked to the customer profile on record at the merchant • Evidence that the customer password was re-entered on the merchant’s website or application at the time of purchase • Evidence the merchant validated the card when the cardholder first linked the card to the customer profile on record at the merchant

Updated Pre-arbitration Conditions and Certification Requirements

Effective for representments processed on or after 17 October 2015, issuers must update their process in responding to compelling evidence. When compelling evidence is provided, issuers are now required to both:¹

- Certify that they have contacted the cardholder and reviewed the compelling evidence
- Provide an explanation of why the cardholder continues to dispute the transaction

Note: There is no change if no compelling evidence is provided. The issuer can either process a pre-arbitration or file the case directly with Visa.

¹ **Exception:** For chargebacks under Reason Codes 81 and 83, if the cardholder name and address provided by the acquirer do not match the issuer’s records, the issuer may either follow the process outlined above, **or** certify that the cardholder name and address do not match its cardholder details.