

Bringing Refunds to Light

Visa Purchase Return Authorization

Webinar Hosts

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Agenda

- Why Visa Is Implementing New Rules
- Refund Authorization Flow
- Optimizing Refund Authorizations
- Acting on Declined Refunds
- Additional Considerations



Visa Purchase Return Authorization

October 19, 2019

Visa's Intention with New Rules

- ✓ Increase Cardholder Visibility on Pending Refunds
- ✓ Reduce Unnecessary Inquiries and Disputes
- ✓ Improve Cardholder Experience





Important Dates

19 Oct 2019

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18 Apr 2020

REGIONS

AP, Canada, CEMEA,
LAC, USA

REGIONS

Europe

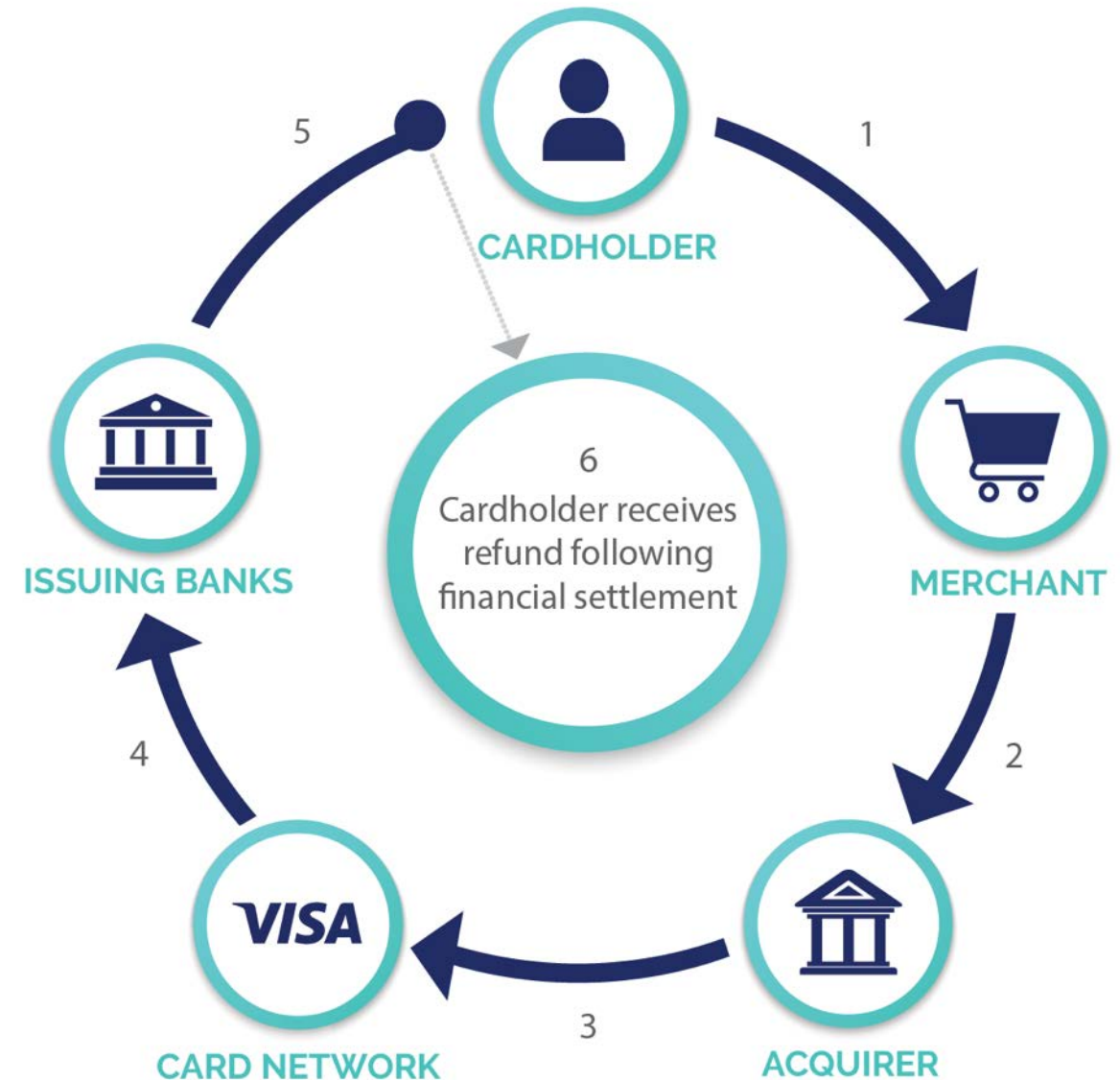
REQUIREMENTS

Merchants must be prepared to receive and respond to
authorizations on credit vouchers / purchase returns



Approved Refund Authorization Flow

1. Cardholder contacts merchant to request a refund
2. Merchant sends purchase refund authorization request to acquirer
3. Acquirer forwards request to Visa Network
4. Visa relays request to issuer
5. Issuer displays refund "Pending" language
6. Cardholder receives refund following financial settlement





Optimizing Refund Authorizations

Acquirer



Confirm your acquirer or provider is equipped to send refund authorization requests to Visa

Merchant



Initiate refund authorization on same Visa account used for purchase

Ensure quick issuer response by referencing original sale on refund transaction



Acting on Declined Refunds

Possible Reasons for Declines

- Card expired
- Card reported lost or stolen
- Invalid account number or type
- Invalid PIN
- Authorization for original transaction was declined

Not all acquirers will map to Visa decline codes – declines may be returned to merchant as different responses.

Confirm with your acquirer how their defined values correspond to Visa's decline codes.



When Your Refund Authorization Request Declines

Document all communications for best response to cardholder inquiries or disputes

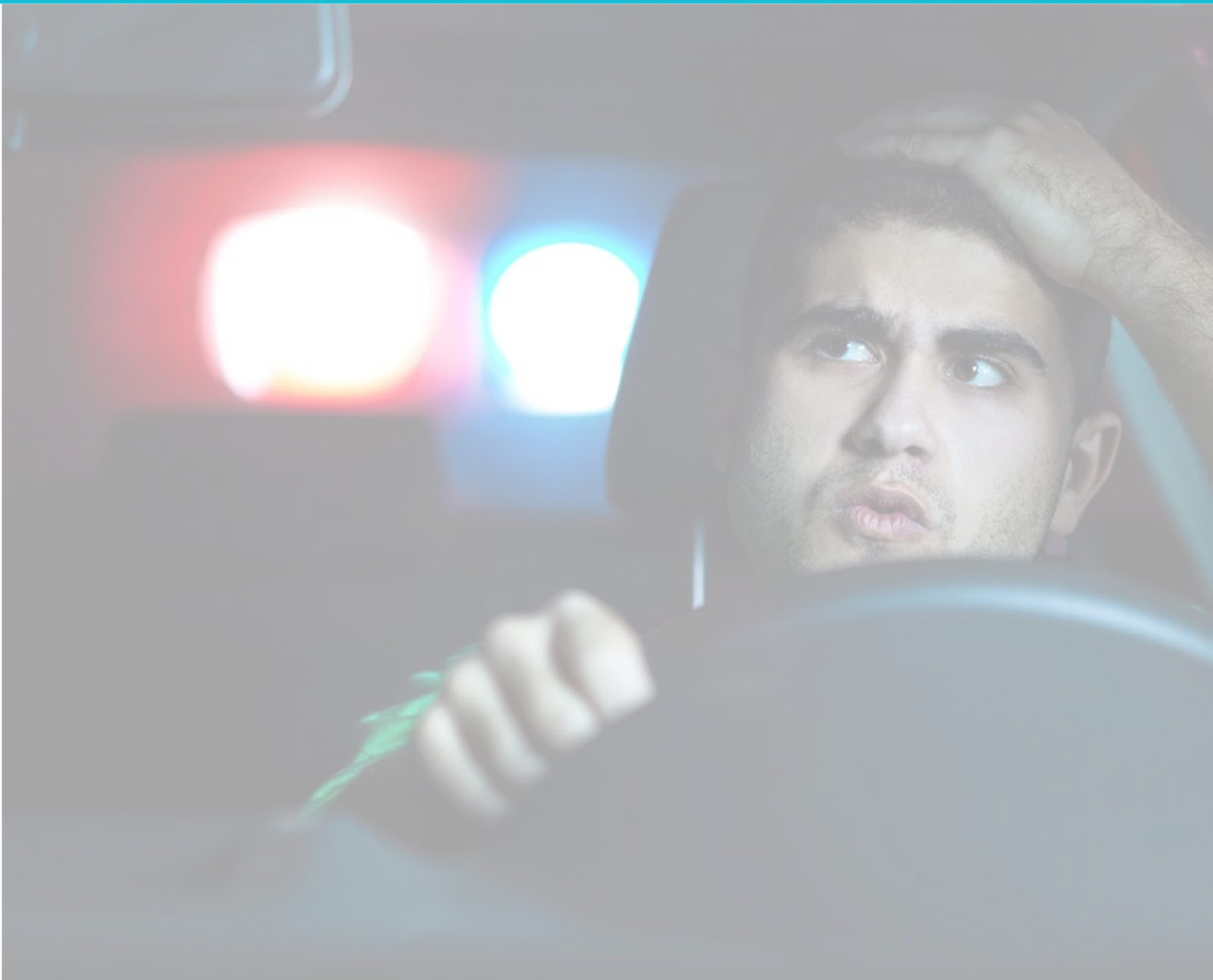
- Review the decline reason code and evaluate what actions to take
- Review information on the decline with the cardholder
- If necessary, request alternative payment method to complete refund
- If no alternative method, provide refund in cash, check, store credit, etc.



Direct to Settlement

If unable to obtain an authorization, some merchants might go direct to settlement if supported by their acquirer.

This could result in added fees and risk of dispute on the original transaction.





Dispute Response



A Break in the Payment Chain

If the original transaction is disputed ***after*** a refund to an alternative payment method, the merchant must provide ***clear proof of the refund*** in the dispute response.



Additional Considerations

April 2020

Visa will allow issuers to file a dispute if a refund transaction is processed without an authorization.

Will help ensure all parties are collaborating on refunds.

July 1, 2020

Visa will implement “*Visa Misuse and Zero Floor Limit Fees*” for non-compliance.

Fees will be applied to settled refunds with no authorization.





Total Dispute Management Suite

PREVENT



Order Insight[®]

Deflect customer disputes and friendly fraud in near real-time

Merchant-Hosted or Verifi-Hosted

ELIMINATE



CDRN[®]

Inform Issuers of refunds issued using some other method of payment

Managed Service or Self-Service

RECOVER



Dispute Representment

Recover at-risk sales revenue by fighting disputes with the right compelling evidence

Managed Service or Self-Service



Verifi Partners



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