

---

# UPDATES TO VISA FRAUD & CHARGEBACK MONITORING

---

30/06/2016



**FIBONATIX**  
payment solutions driven by perfection

# INTRODUCTION

---

As part of Visa Europe's merger with Visa Inc. The following Visa programs are going to be renamed and revised as of the 1<sup>st</sup> of July 2016:

- φ The Global Merchant Chargeback Monitoring Program becomes the **Visa Chargeback Monitoring Program (VCMP)** -> merchant level
- φ The Merchant Fraud Performance Program becomes the **Visa Fraud Monitoring Program (VFMP)** -> merchant level
- φ The Global Merchant Chargeback Monitoring Program – Acquirer Level becomes the **Visa Acquirer Monitoring Program (VAMP)** -> Acquirer level

---

## **VISA FRAUD MONITORING PROGRAM (VFMP)**

---

# VISA FRAUD MONITORING PROGRAM (VFMP)

---

In order to enter the VFMP, a merchant must exceed **both** the following thresholds:

	<b>F2S RATIO</b>	<b>FRAUD AMOUNT</b>
<b>STANDARD THRESHOLD</b>	1%	75,000 USD (or equivalent)
<b>EXCESSIVE THRESHOLD</b>	2%	250,000 USD (or equivalent)

# VISA FRAUD MONITORING PROGRAM (VFMP)

A merchant who is in the VFMP is subject to the following penalty timeline:

## STANDARD FRAUD PROGRAM TIMELINE (F2S >1% & 75,000 USD)

	Notification	Workout Period			Enforcement Period							
Month	1	2	3	4	5	6	7	8	9	10	11	12
Penalty	Workout Period, No Penalties				Eligible for Chargeback RC 93							

# VISA FRAUD MONITORING PROGRAM (VFMP)

A merchant who is in the VFMP is subject to the following penalty timeline:

<b>EXCESSIVE FRAUD PROGRAM TIMELINE (F2S &gt;2% &amp; 250,000 USD)</b>												
<b>Month</b>	1	2	3	4	5	6	7	8	9	10	11	12
<b>Penalty (in €)</b>	8.75K	8.75K	8.75K	21.75K	21.75K	21.75K	43.5K	43.5K	43.5K	65.25K	65.25K	65.25K
<b>Eligible for Chargeback RC 93</b>												

# CHARGEBACK REASON CODE 93

---

- φ Visa notifies all of its members of any merchants that enter the VFMP.
- φ Any transactions performed during the period the merchant was in the VFMP can be flagged as fraud and charged back by the issuer without chance for dispute.
- φ **Even transactions done with 3D Secure can be flagged as fraud and charged back under this reason code.**

---

## **VISA CHARGEBACK MONITORING PROGRAM (VCMP)**

---



# VISA CHARGEBACK MONITORING PROGRAM (VCMP)

---

In order to enter the VCMP, a merchant must exceed **both** the following thresholds:

	CHARGEBACK RATIO	CHARGEBACK COUNT
STANDARD THRESHOLD	1%	100 CBs
EXCESSIVE THRESHOLD	2%	500 CBs

# VISA CHARGEBACK MONITORING PROGRAM (VCMP)

A merchant who is in the VCMP is subject to the following penalty timeline:

## STANDARD CHARGEBACK PROGRAM TIMELINE (CB RATIO >1% & 100 CB)

	Notification	Workout Period			Enforcement Period								
Month	1	2	3	4	5	6	7	8	9	10	11	12	
Penalty	No Penalty Fees				45€ per CB			85€ per CB		85€ per CB + 21,750€ Review Fee			

# VISA CHARGEBACK MONITORING PROGRAM (VCMP)

A merchant who is in the VCMP is subject to the following penalty timeline:

## EXCESSIVE CHARGEBACK PROGRAM TIMELINE (CB RATIO >2% & 500 CB)

Month	1	2	3	4	5	6	7	8	9	10	11	12
Penalty	85€ per CB						85€ per CB + 21,750€ Review Fee					

---

# **VISA ACQUIRER MONITORING PROGRAM (VAMP)**

---

# VISA ACQUIRER MONITORING PROGRAM (VAMP)

---

In addition to individual merchant monitoring, acquirers are measured based on their whole Visa portfolio and may enter the VAMP if they exceed the following thresholds:

	<b>RATIO</b>	<b>AMOUNT/COUNT</b>
<b>FRAUD THRESHOLD</b>	1%	500,000 USD (or equivalent)
<b>CHARGEBACK THRESHOLD</b>	1%	750 CBs

# VISA ACQUIRER MONITORING PROGRAM (VAMP)

---

An acquirer that enters the VAMP is subject to the following penalty timeline:

<b>MONTH</b>	<b>PENALTY</b>
<b>1-3</b>	21,750€ for every month the acquirer exceeds program thresholds
<b>4-6</b>	43,500€ for every month the acquirer exceeds program thresholds
<b>7-12</b>	87,500€ for every month the acquirer exceeds program thresholds

---

## **ADDITIONAL INFORMATION**

---

# ADDITIONAL INFORMATION

---

- ϕ Any merchant changing acquirer and/or PSP whilst in the VCMP or VFMP will be assigned the equivalent program status with the new acquirer.
- ϕ Visa will combine transaction data if, in its opinion, acquirers submit transactions where MIDs or Descriptors have been altered in order to disaggregate merchant activity. **Visa may also choose to combine transaction data for m merchants with the same UBO.**
- ϕ Any attempts to circumvent and/or manipulate data may be subject to a fine by Visa.
- ϕ For any of the new Visa programs, Visa reserves the right to accelerate a merchant to the excessive timeline **at its discretion.**



---

## **IMPACT AT THE ACQUIRER LEVEL**

---

# IMPACT AT THE ACQUIRER LEVEL

---

- φ Under the VAMP, Visa may **require an acquirer to terminate its merchant agreement** with any of its merchants that have caused the acquirer to meet or exceed the monthly fraud activity or chargeback activity thresholds, and may **disqualify that merchant from entering in to any further agreement with another Visa member.**
- φ The stricter limitations on acquirers are going to make it more difficult for smaller acquirers to balance their merchant portfolio.
- φ As a result, we expect to see changes to acceptance policies prohibiting certain industries where fraud/chargebacks are prominent (Gambling, Forex, Binary Options).

# IMPACT AT THE ACQUIRER LEVEL

---

- φ Acquirers will be pickier when accepting merchants with fraud/chargeback levels above the Visa thresholds (one or both parameters).
- φ Acquirers will be less tolerant and forgiving towards merchants that generate large amounts of fraud or large quantities of chargebacks regardless of volume and/or individual merchant ratios.
- φ Stricter risk management measures will be enforced across the board to lower overall fraud and chargeback levels.
- φ There will be a prominent shift (where possible) towards Alternative Payment Methods.

If you have any additional questions

---

Contact your account manager or you can submit  
Your questions to [events@fibonatix.com](mailto:events@fibonatix.com)

---

Thank You !