

Improve the Customer Return Process

New Purchase Return Authorization Message



2.3B

estimated smartphone users globally¹



Checking account balances and viewing recent transactions are the most common mobile banking tasks performed²

Overview

Starting in October 2018, merchants that meet specific volume thresholds for purchase returns on Visa accounts will be required to process a purchase return authorization for each return. All other merchants are required to process purchase return authorizations beginning in April 2019.

The thresholds and applicable region information is provided below:

Effective October 2018

U.S. Merchants with annual purchase return volume of at least \$10M USD

Canadian Merchants with annual purchase return volume of at least \$5M USD

Visa is making this change as cardholders have become aware of how quickly their online banking account is updated with new purchase information. This is possible as an authorization message passes from the merchant to the cardholder's financial institution in real-time. Today, purchase return information can take two to five days to make its way back to the cardholder's online banking transaction history. With this new authorization message, cardholders will be able to quickly view similar updates about pending purchase returns, as they do today for purchases.

Merchant Benefits

- ✓ Improves customer experience and satisfaction
- ✓ Reduces customer service inquiries related to lack of real-time information about a refund status
- ✓ Provides real-time issuer account validation
- ✓ Minimizes related chargebacks

¹ Newzoo, "2016 Global Mobile Market Report," October 5 2016. "Estimated Smartphone Users"

² Juniper Research, "Deep Dive Data & Forecasting 2016–2021," "Mobile Banking Users"

FAQs

Q. Is it necessary to match the merchandise return transaction to the original purchase request?

A. No. Merchandise return transactions are SEPARATE transaction from the original purchase request. No reference to the original authorization or clearing record is required in the purchase return authorization request.

Q. What are valid responses to a purchase return authorization request?

A. Valid responses to a purchase return authorization request are "Approval", "No reason to decline" and "Decline" with various decline reasons. "No reason to decline" must be actioned as an approval response from the card issuer by the merchant.

Q. Are merchants required to ask the cardholder to re-present their card/device used for the original purchase?

A. No. Although a merchant must first validate that the original purchase transaction took place using a Visa account, the merchant may scan a receipt to capture the original purchase transaction information and process the refund to the original cardholder's account, without asking the cardholder to re-present their card/device. A POS Entry Mode of key-entered (01) is recommended in this scenario when a card is not swiped/dipped, or device not tapped, to ensure PAN and expiry date are the minimum requirements for issuers to approve.

Please note: If the cardholder is asked to swipe/dip their card, or tap their device, at the time of refund (after the merchant scans the original receipt) then the normal transaction data applicable for these POS transactions applies.

Q. How to proceed with a purchase return credit authorization on a chip card?

A. In processing a return when a chip card is present, the data sent should coincide with the method of capture at the time of the return/refund (regardless of the original authorization/purchase). Chip data is optional and authentication is not required for EMV credit voucher and merchandise return authorization transactions. Merchants/Acquirers should only send chip data if the cardholder is asked to dip their card at the time of the return.

Q. Why would issuers decline a credit voucher authorization? What can a merchant do when the purchase return authorization request is declined?

A. There are a couple of reasons issuers may decline a credit voucher authorization. The most common scenario is that the account used for the original purchase is no longer available or valid (for example, the original card has been replaced due to expiration or being reported lost or stolen, or was a Visa Prepaid card that has since been discarded). When the authorization request for the refund transaction was declined by the issuer, a merchant may process the refund onto a different (alternate) Visa account.

Q. What can a merchant do if the cardholder does not have a receipt or other proof of purchase from the original sale, or the refund is requested on a gift the cardholder received from another person (rather than the cardholder who purchased the gift)?

A. Refunds to a Visa account are permitted only when a Visa account was used to make the original purchase. If the purchase method cannot be validated, the merchant should not credit a Visa account, unless it is submitted as an 'original credit' transaction. After confirming that the original purchase transaction took place using a Visa account, a merchant may process the refund onto a different (alternate) Visa account. When a refund cannot be processed to the original Visa account or to an alternate Visa account, a merchant is permitted to offer an alternate form of credit (cash, check, in-store credit, prepaid card, etc.).

Please note that none of these requirements affect a merchant's ability to establish its own refund/return policy, which includes the ability to refuse or restrict refunds, returns, cancellations or exchanges, provided the policy complies with applicable law and is disclosed to the customer at the point and time of purchase.

Resources and More Information

Available on [Visa.com](https://www.visa.com):

- [Visa Merchant Resource Library](#)
- [Card Acceptance Guidelines for Visa Merchants](#)

Available on [Visa Online](#):

- [Visa Core Rules and Visa Product and Service Rules: Merchant Credit Authorization on Purchase Returns](#), and October 2018 [VisaNet Business Enhancements](#).
- [Credit Voucher and Merchandise Return Authorization Messages – Global Implementation Guide](#)

For more information, contact your acquiring bank, processor Visa representative today.

