

# Improve the Customer Return Process

## New Purchase Return Authorization Message



It is estimated that there are **2.3 billion** smartphone users globally today<sup>1</sup>



What are the most common mobile banking tasks performed?

Checking account balances and viewing recent transactions<sup>2</sup>

Today, cardholders have real-time, 24/7 access to their online banking through smartphone and other device apps. They are more aware than ever of how quickly purchase information is updated to their account. At the same time, they have become increasingly aware that a similar flow of information does not exist on purchase returns.

New return authorization messages will enable issuers to update cardholders' online banking statements in real time and provide text alerts to those cardholders that opt in to the service with their issuer. This new flow of information on returns is intended to enhance cardholder confidence in the payments system, because the information they receive on purchase returns will better align with what they see on purchases.

### Merchant Benefits

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

### How It Works

- **Effective with the April 2018 VisaNet Business Enhancements release**, acquirers and merchants must receive and pass purchase return authorizations to VisaNet. However, Visa recommends that acquirers consider enabling their systems by October 2017 to better support merchants that desire to use the new authorization message.
- **Authorization Message Change (0100 type)**  
VisaNet Integrated Payment V.I.P. System will use a value of 20 in positions 1–2 of Field 3 – Processing Code to identify purchase return messages.



Did you know customers want faster return processing??  
66% of consumers said it should take 0–2 days to credit their accounts<sup>3</sup>

## FAQs

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**Q: Must issuers always return an approval?**

**A:** Primarily, these are refunds that the cardholder is expecting; therefore it is unlikely that issuers would decline these transactions. However, in some cases—for instance, if the issuer suspects fraud—it would make sense for the issuer to decline the transaction. Additionally, if the account does not exist or has been closed, the issuer could decline the transaction. A merchant in these situations may default to store policy on purchase returns.

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**Q: In what other situations are merchants allowed to provide an alternate form of purchase return?**

**A:** U.S. merchants are permitted to provide an alternate form of purchase return in the following situations:

- Cash can be given for a Visa Easy Payment Service transaction.
- Cash or another form of credit can be given to the recipient of a gift (e.g., not the cardholder).
- Cash or store credit can be given for a Visa Prepaid Card transactions if the card has been discarded.

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**Q: Do issuers have to reflect the amount of the return in the customers balance or are they allowed to simply update the cardholder notification with the merchandise-return notification?**

**A:** Visa does not expect that most issuers would want to release funds based on the authorization but would simply provide the information to the cardholder. If an issuer can receive and process the authorization message and make the information available to a cardholder as a “pending” item, it would align the return process more closely to that of a purchase.

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**Q: Will authorization requirement on purchase returns apply to token-based purchase transactions as well?**

**A:** Yes. Purchase return authorizations apply to both token-based and PAN-based transactions. A merchant may not be able to differentiate between a PAN and a token. Therefore, a merchant would submit a credit voucher using the account number that was used on the original transaction.

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**Q: What are the authorization response codes acquirers/merchants will see from the issuers?**

**A:** Any valid value can be present in Field 39 – Response Code for these messages; however, the most likely values are:

- 00 Successful approval/completion
- 05 Do not honor
- 14 Invalid account number – no such number
- 59 Suspected fraud
- 57 Transaction not permitted to cardholder

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**Q: In what acceptance channels is this return process applicable?**

**A:** The new purchase return authorization process applies to all acceptance channels, including face-to-face and card-not-present.

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### Next Steps & Questions

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

### Additional Resources

*Visa Core Rules and Visa Product and Service Rules: “Merchant Credit Authorization on Purchase Returns,” and October 2017 VisaNet Business Enhancements.*

### Available on Visa.com:

- Visa Merchant Resource Library
- Processing Refunds to Cardholders in a Merchant Store Location
- Card Acceptance Guidelines for Visa Merchants

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<sup>1</sup> Newzoo, “2016 Global Mobile Market Report,” October 5 2016. “Estimated Smartphone Users”

<sup>2</sup> Juniper Research, “Deep Dive Data & Forecasting 2016–2021,” “Mobile Banking Users”

<sup>3</sup> Source: Visa Performance Solutions Survey of 267 Consumers, January 2016