

# Processing Split-Shipment Card-Absent Transactions

## Merchant Best Practices



### It all comes down to greater merchant efficiencies and cost savings

#### For More Information

For more information contact your merchant bank or visit [www.visa.com](http://www.visa.com) for additional educational materials.

To foster growth in the card-absent environment and help merchants meet their evolving business needs, Visa continues to provide strategic merchant solutions that support greater processing efficiencies. With this focus in mind, Visa has expanded the use of multiple clearings for split-shipment card-absent transactions.

#### Rules for Processing Split-Shipment Card-Absent Transactions\*

Allow all card-absent merchants to submit multiple clearing transactions using a Multiple Clearing Sequence Number in connection with a single authorization request for split-shipment card-absent transactions.

Reverse an authorization for a card-absent transaction 7 calendar days from the date of the original authorization request, in instances where the final transaction amount is less than the authorized amount.

Allow the 15% variance between the authorized amount and the clearing amount to account for applicable taxes in addition to the currently permitted shipping costs.

You are encouraged to integrate these rules into your existing systems and apply the recommended best practices to optimize your multiple clearing transaction processing efforts.

\* Merchant implementation of enhanced rules is optional.

## The Advantages are Clear

The rules for split shipment card-absent transaction processing offer both merchants and customers a number of advantages.

FOR MERCHANTS	FOR CUSTOMERS
<ul style="list-style-type: none"><li>• <b>Greater Flexibility.</b> Merchants can optionally split card-absent transactions in a way that best fits their business structure.</li><li>• <b>Increased Efficiencies.</b> For split shipment transactions, merchants only submit a single authorization for multiple shipped items.</li><li>• <b>Improved customer experience.</b> Merchants can fulfill the order more efficiently.</li></ul>	<ul style="list-style-type: none"><li>• <b>Better shopping experience.</b> Customers receive their items sooner as they become available for shipping.</li><li>• <b>Additional transaction opportunities.</b> Holds can be released as transactions clear, making funds available for additional transactions.</li></ul>

## Recommended Best Practices

Merchants are encouraged to employ the following best practices to better manage the processing of split-shipment card-absent transactions.

- ✓ Submit multiple clearing records with a multiple clearing sequence number in ascending order. The first clearing record must have a multiple clearing sequence number set to 01.
- ✓ Include the total authorized amount, authorization code and transaction ID from the approved authorization message in each multiple clearing record submitted.
- ✓ At the time of check-out, disclose to the cardholder the possibility that multiple shipments may result in multiple postings to the cardholder's monthly statement.
- ✓ Communicate with the cardholder during the fulfillment process the details (e.g. date, amount, etc.) when a split-shipment is being sent for a transaction and the amount that will be posted on their statement.

The authorization and clearing best practices are divided into segments, each addressing a typical multiple-clearing transaction scenario.

## Scenario 1: Merchant is unable to determine the final transaction amount because sales tax and/or shipping cost is not known at the time of purchase.

### Authorization

- Authorize for the anticipated transaction amount without sales tax and/or shipping cost.

### Clearing

- If the clearing amount (transaction amount + shipping + tax) is within 15% variance between the original authorization amount and the clearing amount, then clear the transaction amount plus sales tax and shipping amount.
- If the clearing amount (transaction amount + shipping + tax) is greater than 15% variance between the authorization amount and the clearing amount:
  - Clear original transaction amount as shipped
  - Authorize and clear for the additional amount

### EXAMPLE



- DO NOT:** Clear a single final transaction amount that is greater than 15% of authorization amount due to tax and shipping. This can result in a rules violation and dispute exposure.

## Scenario 2: Single purchase into multiple shipments.

### Authorization

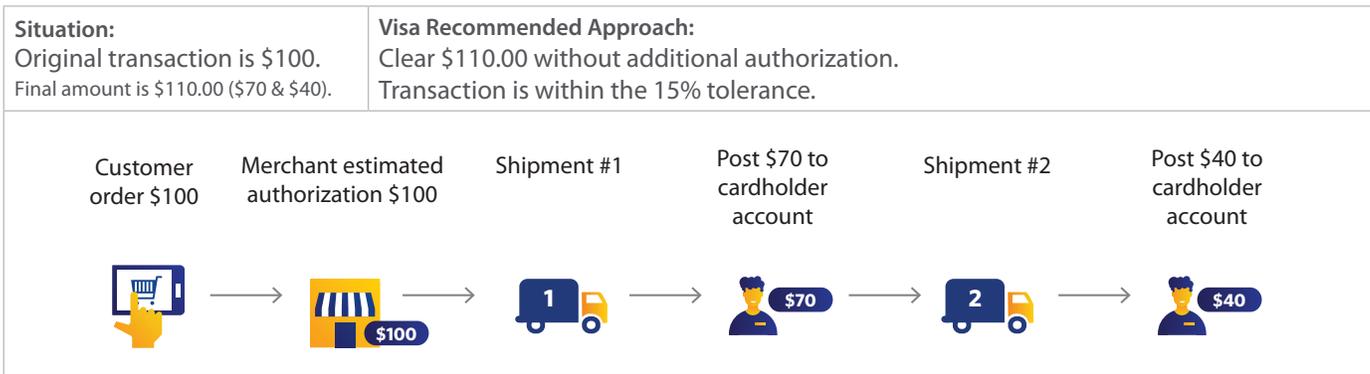
- Authorize for total purchase amount.

### Clearing

- For each shipment within 7 calendar days of authorization, clear each shipment amount as each item is shipped.
- Include the following fields in the clearing transactions.
  - Original Authorization Transaction ID
  - Original Authorization Code
  - Authorized Amount
  - Total Authorized Amount = Authorization less amount reversed (if applicable)
  - For items not shipped within 7 calendar days, submit an auth reversal
  - Multiple Clearing Sequence Number
  - Multiple Clearing Sequence Count

**Note:** The Multiple Clearing Sequence Number should be populated in ascending order. That is, the first clearing transaction must have the multiple sequence number set to 01.

**EXAMPLE**



- DO NOT:**
- Clear multiple shipments using original authorization without the Multiple Clearing Sequence Number/Count and/or without the original authorization transaction ID and authorization code. This can result in CPS downgrade, rules violation, Processing Integrity Fees, and global duplicate transaction ID fees.
  - Clear multiple shipments using the original authorization without including the Authorized Amount and Total Authorized Amount fields in the clearing transactions. This can result in a CPS downgrade.

**Scenario 3: Customer or merchant cancels the order prior to shipment.**

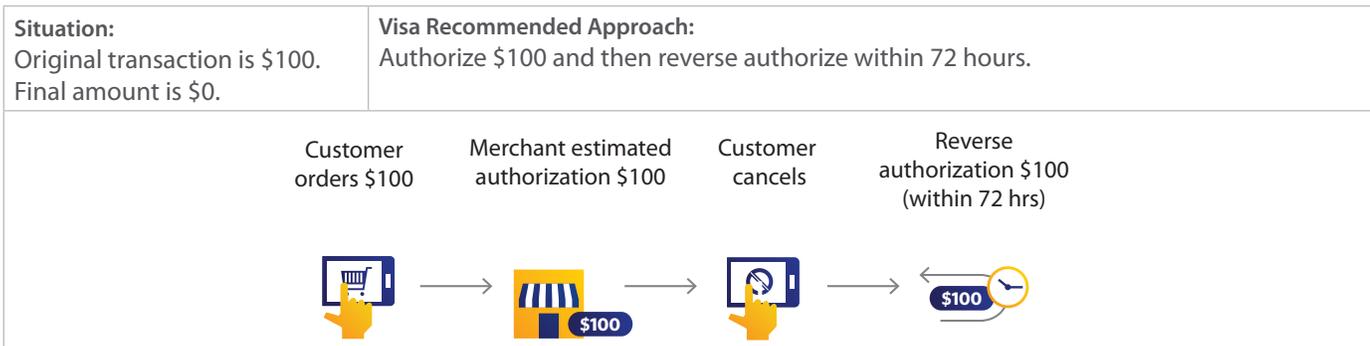
**Authorization**

- Authorize for total purchase amount.

**Clearing**

- Reverse original authorization (within 72 hours).

**EXAMPLE**



- DO NOT:** Authorize for total purchase amount, and not reverse original authorization. This can result in Processing Integrity Fees and/or a rules violation.

## Scenario 4: Order amount is adjusted prior to final shipment.

### Authorization

- Authorize for original purchase amount.

### Clearing

For shipment amounts < original authorization

- If a shipment is within 7 calendar days of authorization, partially reverse the difference between the authorized amount and the shipment amount, then clear shipment amount as shipped.
- If a shipment is after 7 calendar days of authorization, first reverse the original authorization within 3 days. Then authorize for the new amount and clear the shipment amount as shipped

### EXAMPLE

