

Updates to Visa Fraud Monitoring Program Standard Timeline and Dispute Condition 10.5 Liability Shift Rules

Global | Acquirers, Processors, Agents

Visa, Interlink Networks; V PAY



Overview: Visa will update the Visa Fraud Monitoring Program (VFMP) standard timeline and Dispute Condition 10.5 liability shift rules to improve the efficiency of the VFMP.

Visa operates a suite of monthly merchant and acquirer compliance programs to minimize the impact of excessive dispute and fraud activity on payment system participants. The objectives of the programs are to maintain trust in the Visa brand and protect the integrity of the Visa payment system for all participants.

Visa continuously strives to improve its compliance programs to reduce member operational expenses related to fraud and to improve the cardholder experience. As such, Visa is reinstating the non-compliance assessments (NCAs) for any acquirers with merchants in VFMP enforcement status. Benefits of the update include:

- Maintaining a globally aligned approach
- Promoting proactive acquirer / merchant remediation activities
- Improving merchant remediation time frames

Updated Program Timeline

Effective 1 April 2021, the new VFMP standard timeline will include NCA liabilities for the acquirer of a merchant outlet identified in the VFMP standard program timeline, as specified in the Visa Rules (ID#: 0029289).

NCAs for VFMP Standard Program Timeline, Effective 1 April 2021

Month	NCA (per month)	
	AP, Canada, CEMEA, LAC, U.S. Regions	Europe Region
Month 1 – 4	Not applicable	Not applicable
Month 5 – 6	USD 25,000	EUR 21,750
Month 7 – 9	USD 50,000	EUR 43,500
Month 10 – 12 (and subsequent months)	USD 75,000	EUR 62,250

There are no changes to the high-risk and excessive timelines of the VFMP, where acquirers are currently liable for NCAs as specified in the Visa Rules (ID#: 0029289).

Dispute Condition 10.5 Liability Shift

Dispute Condition 10.5—Visa Fraud Monitoring Program is currently applicable to the fraud transactions associated with merchants identified in the current program month as meeting / exceeding program thresholds, to allow issuers to recover some of their loss exposure.

Effective with the October 2020 Visa Rules update, Dispute Condition 10.5 will be extended to all months that a merchant is in the VFMP program, starting at the first month of enforcement and for all trailing fraud transactions for three program months after transaction processing has ceased.

The 120-day dispute time limit during which an issuer may initiate a dispute under Dispute Condition 10.5—Visa Fraud Monitoring Program is **not** impacted and remains as specified in the Visa Rules (ID#: 0030259).

Next Steps

Acquirers should notify their merchants and agents of these new changes and take steps to ensure they maintain adequate risk controls to stay below program thresholds. In order to avoid identification in Visa compliance programs, Visa also recommends that acquirers carefully review the business practices of any merchants that use free trial periods and/or recurring billing models to ensure their terms and conditions are properly disclosed to consumers and operate in compliance with the Visa Rules.

Visa reserves the right to update the risk compliance programs and to levy, waive or suspend any program fees or NCAs as it deems appropriate to protect the integrity of the payments system.

For More Information

Merchants and third party agents should contact their acquirer.

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