



## Visa Merchant Purchase Inquiry Proactive Dispute Resolution (+ Alerts)



### For More Information

Please contact your Visa representative. Participation is subject to Visa's terms and conditions.

### The Problem

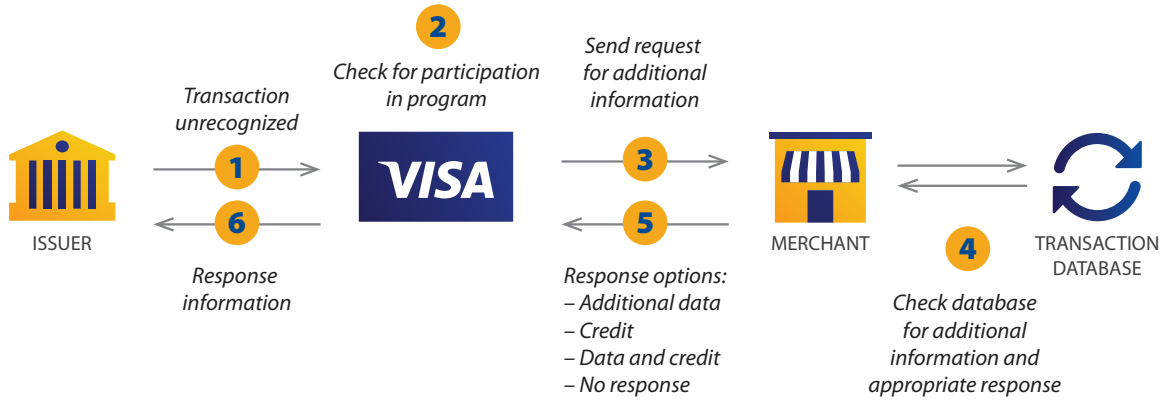
Detailed purchase information is not readily available when a cardholder disputes a transaction with their issuer. The cardholder may be calling simply because they do not recognize the transaction, they think it is fraud, or they didn't realize goods were shipped and received as perhaps a family member signed for the package. These details could be the difference between a dispute and a resolved situation. In 2016, Visa saw over 2.9 million disputes initiated because cardholders did not recognize the transactions, an increase of over 11%<sup>1</sup> from the prior year. In addition, 20% of all chargebacks were tied to purchases of digital goods, which included electronic downloads of movies, music, and phone application purchases. As the number of transactions related to digital goods continues to increase, so does the potential for an increased number of disputes. And this can be expensive, as the cost of working a dispute can be far greater than the purchase itself. Merchants and issuers need a more proactive way to prevent a dispute from occurring.

### The Solution

The Visa Merchant Purchase Inquiry is a plug-in to Visa's globally used Visa Resolve Online (VROL) platform. Using Application Programming Interface (API) technology, this solution allows merchants the capability to provide additional data elements to issuers at the beginning of the dispute process in an attempt to prevent disputes from occurring. Using the Visa Merchant Purchase Inquiry plug-in can significantly help with reducing costs related to disputes for both merchants and issuers.

<sup>1</sup> VisaNet clearing and settlement data for calendar year 2016.

## How it Works\*



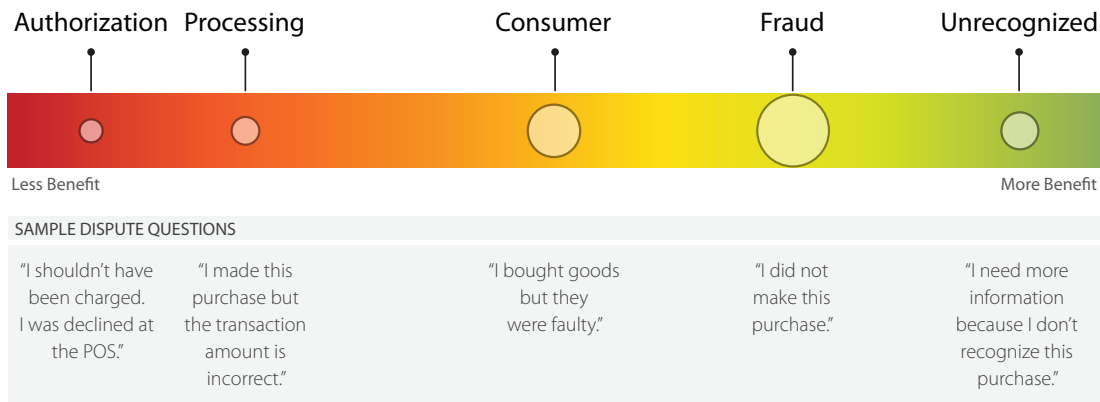
1. Issuer identifies the transaction in question and requests more information
2. Visa confirms merchant participation in the Visa Merchant Purchase Inquiry solution
3. Visa sends a request to the merchant for additional data
4. Merchant runs internal rules to determine the best response
5. Merchant sends one of the following responses:\*\*
  - Respond with additional data – provides transaction-specific data such as a description of goods purchased or device used
  - Respond with customer credit – allows merchants to credit the cardholder prior to receiving a chargeback
  - Respond with additional data and a credit
6. The response is forwarded to the issuer, who then passes the data along to the cardholder

\* Features, functionality, implementation details, schedules, and fees, may be subject to cancellation or change at Visa's discretion. Services may not be available | in all countries.

\*\* This is an optional service, you are not required to respond.

## The Opportunity

VMPI is used for disputes of all categories, including Fraud, Consumer Disputes, Processing Errors and Authorization. There are no restrictions for the type of dispute the merchants send data for, therefore, if participating, a merchant can send data prior to a dispute for any dispute that may be designated to them. This also means that issuers may receive VMPI data on any potential dispute as well. The following outlines the relative benefit of VMPI for the various dispute categories, while also highlighting (through the size of the circle) the volume of disputes for each category for a typical client portfolio:



With Consumer, Fraud and Unrecognized making up over 80% of a client's portfolio, the opportunity is great to achieve less disputes, and reduce write-offs for merchants and issuers alike.

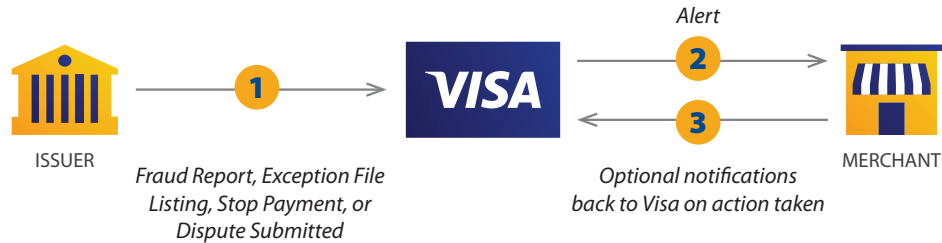
**Note:** "Unrecognized" dispute category will no longer be an option in April 2018 and is shown here for reference only. Circle size is relative dispute volume compared to the other categories.

## New in 2017

As of April 2017, VMPI includes a variety of notifications that merchants can subscribe to. By participating in VMPI and sharing data to stop disputes before they take place, merchants have access to a variety of alerts that Visa can send upon confirmation of a variety of activities. These notifications are sent through the same API connection, and allow merchants to be proactive to stop a shipment, suspend a customer account and prevent further losses. The alerts apply to the global set of issuers potentially sending a dispute, meaning merchants can receive comprehensive notifications on the following activities.

Alert Type	Merchants can get notified on confirmed events:			
	New	Update	Delete	Other
Fraud	X	X	X	X (Re-activate)
Dispute Initiation	X			X (Recalled)
Stop Payment	X	X	X	
Exception File Listing	X	X	X	

Using the existing API connection, any confirmed events subscribed to by merchants can be sent as soon as received by Visa, drastically reducing the time it takes for merchants to be made aware of events that may cause a change in their customer's account status:



## The Benefits

- One Connection**  
 By using Visa's global dispute platform, one connection is required to be able to provide data to issuers that may help them "talk off" disputes around the globe. The connection applies to either a single merchant connecting to multiple issuers or a single issuer connecting to multiple merchants.
- Reduce Chargebacks**  
 By providing data elements such as the specific good(s) purchased, merchants can give issuers the data necessary to help their cardholders recognize transactions before their claims become chargebacks.
- Merchants Can Voluntarily Issue Credit**  
 Merchants may choose to credit the cardholder's account when an inquiry is received, and may also provide information about the credit to the issuer through the Visa Merchant Purchase Inquiry. By eliminating potential disputes at the beginning, merchants can enhance the customer experience by providing faster resolution to their inquiries, thereby maintaining good standing with their customers. This feature would be optional and may be subject to additional terms and conditions.
- Respond to All Issues**  
 Today, merchants may manage large incoming chargeback volumes by having rules around which chargebacks they will address. Typically using data elements like the transaction dollar amount (which for digital goods purchases is usually under \$20<sup>2</sup>) and customer standing, these rules limit the responses made by merchants. With the Visa Merchant Purchase Inquiry, merchants can respond to all transactions that are questioned, using data that already exists within their internal systems.
- Increase Process Efficiency**  
 Creating and managing chargebacks for low dollar digital goods purchases often times is a lose-lose situation. The Visa Merchant Purchase Inquiry provides a mechanism for merchants and issuers to quickly resolve low-dollar, high volume disputes and create a positive impact on the cardholder experience by providing quicker resolution.
- Proactive Notification of Relevant Events**  
 With the new alert features, merchants can get visibility into issues much quicker than waiting for the dispute. With stop payment, fraud notifications, exception file listings and submitted disputes, merchants will be the first to know of upcoming events that may impact their accounts. With this information, merchants can become a lot more proactive, stop a pricey shipment, suspend an account or prevent further losses from taking place.

<sup>2</sup> VisaNet clearing and settlement data for calendar year 2016.