

VISA CHARGEBACK FRAUD MONITORING PROGRAMS GUIDE

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Visa has established two monitoring programs to identify merchants with excessively high chargebacks and/or fraud, and therefore promote the use of fraud controls and fair business practices.

Both the Visa Chargeback Monitoring Program (VCMP) and the Visa Fraud Monitoring Program (VFMP) run on a monthly cycle within a 12-month timeline. At the beginning of each month, Visa reviews the previous month's processing activity and identifies merchants that exceed the program thresholds.

Your business must exceed both thresholds to be identified in a program.

If your business is identified in a program, then you will be required to submit a monthly remediation plan starting in month two. The plan will state the root cause of the identification and outlines actions taken to restore compliance. The plan should include milestones and dates for all corrective actions. Non-compliance fines are assessed monthly based on timeline and month in the program. To exit the program, your business must remain below standard thresholds for three consecutive months.

If your business remains in the program for more than 12 months, you may be disqualified from accepting Visa payments.

VISA CHARGEBACK MONITORING PROGRAM (VCMP)

Chargeback ratio is calculated by comparing chargeback count to sales count in the same calendar month.

VCMP THRESHOLDS

TIMELINE	CHARGEBACK COUNT	CHARGEBACK COUNT TO SALES COUNT RATIO
Standard	100	100 BPS / 1%
Excessive	1000	200 BPS / 2%

VCMP NON-COMPLIANCE ASSESSMENTS

TIMELINE	MONTH	ASSESSMENT
Standard	1-4	N/A
Standard	5-9	US\$50 per Chargeback
Standard	10-12	US\$50 per Chargeback and \$25,000/Mo. Review Fee
Excessive	1-6	US\$50 per Chargeback
Excessive	7-12	US\$50 per Chargeback and \$25,000/Mo. Review Fee

VCMP STANDARD TIMELINE THRESHOLDS: ≥ 100 CHARGEBACKS AND $\geq 1.00\%$ CHARGEBACK-TO-SALES

Fines begin in month five at \$50 per chargeback. Beginning month ten, Visa will require a monthly \$25,000 review fee. Visa may also require a third-party review at the merchant's expense.

VCMP EXCESSIVE TIMELINE THRESHOLDS: ≥ 1000 CHARGEBACKS AND $\geq 2.00\%$ CHARGEBACK-TO-SALES

Fines begin immediately at \$50 per chargeback and a \$25,000 review fee will be applied beginning month seven. Once identified in the Excessive Timeline, the merchant is subject to fines until they fall below the Standard Timeline Threshold. Merchant may be subject to a third-party audit as determined by Visa.

VISA FRAUD MONITORING PROGRAM (VFMP)

Fraud transactions are reported by the issuers directly to Visa. Fraud ratio is calculated by comparing reported fraud amount to sales amount in the same calendar month. A spreadsheet detailing reported fraud transactions is supplied with the notification and should be used by the merchant to identify patterns of fraudulent activity.

VFMP THRESHOLDS

TIMELINE	FRAUD AMOUNT	FRAUD AMOUNT TO SALES AMOUNT RATIO
Standard	\$75,000	100 BPS / 1%
Excessive	\$250,000	200 BPS / 2%

VFMP NON-COMPLIANCE ASSESSMENTS

TIMELINE	MONTH	ASSESSMENT
Standard	1-12	N/A
Excessive	1-3	US\$10,000 per month
Excessive	4-6	US\$25,000 per month
Excessive	7-9	US\$50,000 per month
Excessive	10-12	US\$75,000 per month

VFMP STANDARD TIMELINE THRESHOLDS: $\geq \$75,000$ FRAUD AND $\geq 1.00\%$ FRAUD-TO-SALES

There are no fines associated with this timeline. Starting month five, your business is now liable for reason code 93 chargebacks. Reason Code 93 chargebacks help accelerate an issuer's efforts to recover fraud losses preventable by a merchant.

VFMP EXCESSIVE TIMELINE THRESHOLDS: \geq \$250,000 FRAUD AND \geq 2.00% FRAUD-TO-SALES

Fines begin immediately and are assessed monthly. Month 1 – 3: \$10,000, Month 4 – 6: \$25,000, Month 7 – 9: \$50,000, and Month 10 – 12: \$75,000. Visa may require a third-party review at merchant's expense. Merchants that fail to display positive results from the execution of their remediation plan may be asked to undergo an operational risk review. The merchant will select a firm from the list of Visa-approved review vendors that will conduct a review to help the merchant develop an effective remediation plan.¹

¹ Chase provides the compilations, summaries and other information contained herein to serve as general guidelines. While we strive to make sure this information is accurate, Chase does not warrant the completeness, timeliness or suitability of this information for your specific needs. Please refer to the Card Network Rules for additional information, which are part of your contract with Chase.