

Visa Dispute & Fraud Monitoring Programs Guide

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

Both the Visa Dispute Monitoring Program (VDMP) 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 DISPUTE MONITORING PROGRAM (VDMP)

Dispute ratio is calculated by comparing dispute count to sales count in the same calendar month.

VDMP Thresholds

TIMELINE	DISPUTE COUNT	DISPUTE TO SALES RATIO
Standard	100	90 BPS (0.90%)
Excessive	1000	180 BPS (1.80%)

VDMP Non-Compliance Assessments

TIMELINE	MONTH	MONTHLY ASSESSMENT
Standard	1 - 4	N/A
Standard	5 - 9	\$50/€45 per Dispute
Standard	10 - 12	\$50/€45 per Dispute AND \$25,000/€21,750 Review Fee
Excessive	1 - 6	\$50/€45 per Dispute
Excessive	7 - 12	\$50/€45 per Dispute AND \$25,000/€21,750 Review Fee

VDMP Standard Timeline Thresholds: ≥ 100 disputes AND $\geq 0.90\%$ dispute-to-sales

Fines begin in month five at \$50/€45 per dispute. Beginning month 10, Visa will include a monthly \$25,000/€21,750 review fee. Visa may also require a third-party review at the merchant’s expense.

VDMP Excessive Timeline Thresholds ≥ 1000 disputes AND $\geq 1.80\%$ dispute-to-sales

Fines begin immediately at \$50/€45 per dispute and a \$25,000/€21,750 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 Dispute & Fraud Monitoring Programs Guide, cont'd

VISA FRAUD MONITORING PROGRAM (VFMP)

Fraud transactions are reported by the issuers directly to Visa. Visa then aggregates the fraudulent transactions to identify merchants over threshold. 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. At Visa's discretion a merchant can be placed in the Excessive Timeline if they fail to make progress in the VFMP Standard Timeline.

VFMP Thresholds

TIMELINE	FRAUD AMOUNT	FRAUD TO SALES RATIO
Standard	USD 75,000	90 BPS (0.90%)
Excessive	USD 250,000	180 BPS (1.80%)

VFMP Non-Compliance Assessments

TIMELINE	MONTH	MONTHLY ASSESSMENT
Standard	1 - 4	N/A
Standard	5 - 6	\$25,000/€21,750
Standard	7 - 9	\$50,000/€43,500
Standard	10 - 12	\$75,000/€62,250
Excessive	1 - 3	\$10,000/€8,750
Excessive	4 - 6	\$25,000/€21,750
Excessive	7 - 9	\$50,000/€43,500
Excessive	10 - 12	\$75,000/€62,250

VFMP Standard Timeline Thresholds: \geq USD 75,000 fraud AND \geq 0.90% fraud-to-sales

Fines will begin month five and your business is now liable for reason code 10.5 for chargebacks. Reason Code 10.5 chargebacks help accelerate an issuer's efforts to recover fraud losses preventable by a merchant. The liability shift continues while you track below threshold for the three consecutive months before the case is closed.

VFMP Excessive Timeline Thresholds \geq USD 250,000 fraud AND \geq 1.80% fraud-to-sales

Fines begin immediately and are assessed monthly:

- Month 1 - 3: \$10,000/€8,750
- Month 4 - 6: \$25,000/€21,750
- Month 7 - 9: \$50,000/€43,500
- Month 10 - 12: \$75,000/€62,250

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

¹Chase 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. In addition, the compilations, summaries and information contained within this document do not substitute for the Payment Brand Rules, which are part of your contract with Chase.