



Merchant Best Practices for Recurring Transactions



Visa Tools in Brief

Address Verification Service (AVS)

Address Verification Service (AVS) allows card-not-present merchants to check a Visa cardholder's billing address with the Issuer. AVS provides merchants with a key indicator that helps verify whether or not a transaction is valid.

Card Verification Value 2 (CVV2)

Card Verification Value 2 (CVV2) is a three-digit number imprinted on or to the side of the signature panel of all Visa cards to help card-not-present merchants validate that the customer has a genuine card in his/her possession and that the card account is legitimate.

Verified by Visa

Verified by Visa allows e-commerce merchants to validate a cardholder's ownership of an account in real-time during an online Visa card transaction. The merchant server recognizes the registered Visa card and the cardholder is prompted to enter a password. The Issuer then confirms the cardholder's identity.

Information Exchange

The Visa Account Updater (VAU) service allows Visa merchants, Acquirers, and Issuers to electronically exchange the most current cardholder information, card expiration dates, account status, and more. It is a safety net designed to help merchants retain customers by reducing declined card transactions which interrupt the payment process.

Information Security

Visa's Cardholder Information Security Program (CISP) is designed to protect Visa cardholder data. The program requires compliance with the Payment Card Industry (PCI) Data Security Standard, which defines a standard of due care for protecting sensitive information. All Visa Members, merchants, and service providers who process or store cardholder data must comply with the PCI Data Security Standard.

For the First Recurring Transaction...

- Obtain a completed order form from the cardholder that contains a written request for the goods or services that will be charged to the cardholder's account. This form must include, but it is not limited to, the following:
 - Transaction amount, unless the recurring transactions are for varying amounts
 - Frequency of the recurring charges
 - Duration of time for which cardholder permission is granted
- Retain a copy of the order form for the duration of the recurring services and provide it if requested by the Issuer.
- Ask the cardholder for the billing address as it appears on the statement and, if different, the complete "ship to" name and address.
- Obtain all relevant card payment details to complete the transaction:
 - Cardholder Name
 - Card Type/Account Number
 - Card Expiration Date
 - Card Verification Value 2 (CVV2)
- Obtain an authorization and a valid approval.
 - Include the expiration date in the authorization request.
 - Use Visa® detection tools to verify the legitimacy of the Visa cardholder and card.

Interchange rates are set based on the authorization and processing methods used, whether or not additional information is provided in the transaction record, and the type of card used at the point of sale.

For security purposes, Visa U.S.A. Inc. Operating Regulations prohibit merchants from storing CVV2 data.

TO VERIFY:	THEN:
Cardholder billing address	Use the Visa Address Verification Service (AVS)
Card authenticity	Submit CVV2 as part of the authorization request
Cardholder authenticity online	Implement Verified by Visa

- Check the authorization response and take appropriate action. If you receive a decline response for any reason other than lost, stolen, or pick-up, you may re-try an authorization if it is cost-effective for your business to do so. You may retry an authorization up to a maximum of four times within 16 calendar days of the original request.

In determining the number and frequency of authorization re-tries, merchants should take into account, among other factors, the incremental cost of re-trying the authorization and the transaction amount. The Visa U.S.A. Inc. Operating Regulations prohibit depositing a declined transaction.

To Ensure Customer Satisfaction...

- Provide customers with a toll-free number, an e-mail address, and/or easy to find and use online procedures for recurring service cancellation.
- Train sales and customer service staff on the proper procedures for processing recurring transactions, as these transactions are particularly customer service sensitive.
- Fully disclose all necessary transaction terms and conditions.

IF THE TRANSACTION IS BEING PROCESSED VIA:	THEN:
Internet	Clearly display the disclosure statement on the screen. Require the cardholder to "click and accept" the disclosure statement to confirm that he or she has read it.
Telephone	Verbally disclose information to the cardholder. Mail a written confirmation that includes the disclosure details.

For All Recurring Transactions . . .

- Participate in Visa Account Updater (VAU) service to verify that on-file information, account number and/or expiration date, are correct.
- Keep expiration date on file and include the expiration date in all authorization requests.
- Use the Visa Address Verification Service (AVS) on every transaction to reduce possible fraud.
- Ensure that all recurring transactions have a Mail Order, Telephone Order/Electronic Commerce Indicator of 2 (Recurring).
- Notify the customer of the transaction before or at the time of billing.
- Put proper controls in place to protect account and transaction information. All merchants must meet the Visa USA Cardholder Information Security Program (CISP) basic requirements.
- Do not store CVV2 data.

To minimize chargebacks and transaction processing costs, submit transaction payment information to your processor in a timely manner.

For more information about CISP, visit www.visa.com/CISP



To Cancel Recurring Transactions . . .

- Check customer logs daily for cancellation or non-renewal requests related to recurring transactions. Take the appropriate action to comply in a timely manner. Notify the customer that his/her recurring payment account has been closed.
- Process all credits promptly. If a cancellation request is received too late to prevent the most recent recurring charge from posting to the customer's account, process the credit and notify the cardholder.
- Flag transactions that exceed pre-authorized amount ranges and notify customers at least ten days in advance of submitting a recurring transaction billing.
- Check customer logs daily for customer complaints, especially those relating to transaction amounts or failure to notify customers in advance of a recurring transaction that exceeds the pre-authorized amount range. Follow up with customer.
- Provide the cardholder with the recurring transaction cancellation number.

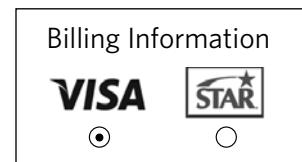
To Ensure the Proper Payment Choice . . .

Merchants who implement a PIN-less payment choice for alternative debit brands must work closely with their Acquirers and third-party agents to ensure that the following practices are adopted.

Offer the Customer a Clear Payment Choice

Confusion can often arise when customers believe they're paying using one payment brand, but the transaction is processed using another brand. For example, a customer who selects payment by Visa should always have that choice honored. Options such as "Debit" and "Credit" may be misleading and may have different meanings depending upon the customer's understanding. Selection of a payment brand provides a clear choice to the consumer. This is why it is best for merchants to provide their customers with a menu of acceptable brands.

- **For Internet merchants**, providing a menu or radio button that presents all of the payment brand options and allowing the customer to make an informed choice as shown in the example to the right.
- **For telephone merchants** who instruct customers to select their preferred payment method through a Voice Response Unit (VRU) or customer service agent, it means identifying specific payment brand options, rather than generic terms such as credit, debit, and ATM, and allowing the customer to make an informed choice.



Honor the Choice

If the customer indicates that he or she wants to pay with a Visa card, the merchant must make sure that choice is honored. A merchant is allowed to steer the customer to other forms of payment, but cannot confuse or mislead the customer or omit important information in the process. In other words, the choice is ultimately the customer's. A transaction can only be processed as something other than Visa if the customer has selected another form of payment. However, if a customer chooses Visa, it must be processed as a Visa transaction. If Visa has been chosen for the initial transaction when a recurring relationship is established, all recurring transactions must be processed as Visa.

Confirm the Choice

To avoid any kind of misunderstanding about the customer's choice of payment, merchants should include a confirmation page or voice confirmation that specifies the payment option selected (e.g., Visa, Mastercard, Star, etc).

