

Processing Split-Shipment Card-Absent Transactions

Merchant Best Practices



It All Comes Down to Greater Merchant Efficiencies and Cost Savings

For more information

For more information contact your merchant bank or visit www.visa.com/merchants for additional educational materials.

To foster growth in the card-absent environment and help merchants meet their evolving business needs, Visa continues to provide strategic merchant solutions that support greater processing efficiencies. With this focus in mind, Visa has expanded the use of multiple clearings for split-shipment card-absent transactions.

Enhanced Rules for Processing Split-Shipment Card-Absent Transactions *

Allow all card-absent merchants to submit multiple clearing transactions using a Multiple Clearing Sequence Number in connection with a single authorization request for split-shipment card-absent transactions.

Reverse an authorization for a card-absent transaction 7 calendar days from the date of the original authorization request, in instances where the final transaction amount is less than the authorized amount.

Allow the 15% variance between the authorized amount and the clearing amount to account for applicable taxes in addition to the currently permitted shipping costs.

You are encouraged to integrate these enhanced rules into your existing systems and apply the recommended best practices to optimize your multiple clearing transaction processing efforts.

* Merchant implementation of enhanced rules is optional.

Recommended Best Practices

Merchants are encouraged to employ the following best practices to better manage the processing of split-shipment card-absent transactions. The best practices are divided into segments, each addressing a typical multiple clearing transaction scenario.

MULTI-CLEARING TRANSACTION SCENARIO

RECOMMENDED BEST PRACTICES

Merchant is unable to determine the final transaction amount because sales tax and/or shipping cost is not known at the time of purchase

Authorization:

- Authorize for the anticipated transaction amount without sales tax and/or shipping cost.

Clearing:

- If the clearing amount (transaction amount + shipping + tax) is within 15% variance between the original authorization amount and the clearing amount, then clear the transaction amount plus sales tax and shipping amount.
- If the clearing amount (transaction amount + shipping + tax) is greater than 15% variance between the authorization amount and the clearing amount:
 - Clear original transaction amount as shipped.
 - Authorize and create a new transaction for the additional amount that is above the original authorization amount.

EXAMPLE

Situation:

Original transaction is \$100
Final amount is \$120

Visa Recommended Approach:

Clear \$100 and then authorize a new transaction for \$20.

DO NOT



- Clear a single final transaction amount that is greater than 15% of authorization amount due to tax and shipping. **This can result in a rules violation and chargeback exposure.**

Single purchase into multiple shipments

Authorization:

- Authorize for total purchase amount.

Clearing:


- For each shipment within 7 calendar days of authorization, clear each shipment amount as each item is shipped.
- Include the following fields in the clearing transactions:
 - Original Authorization Transaction ID
 - Original Authorization Code
 - Authorized Amount
 - Total Authorized Amount = Authorization less amount reversed
 - Multiple Clearing Sequence Number
 - Multiple Clearing Sequence Count

Note: The Multiple Clearing Sequence Number should be populated in ascending order. That is, the first clearing transaction must have the multiple sequence number set to 01.

DO NOT



- Clear multiple shipments using original authorization without the Multiple Clearing Sequence Number/Count and/or without the original authorization transaction ID and authorization code. **This can result in CPS downgrade, rules violation, Processing Integrity Fees, and global duplicate transaction ID fees.**
- Clear multiple shipments using the original authorization without including the Authorized Amount and Total Authorized Amount fields in the clearing transactions. **This can result in a CPS downgrade.**

MULTI-CLEARING TRANSACTION SCENARIO	RECOMMENDED BEST PRACTICES
<p>Customer or merchant cancels the order prior to shipment</p>	<p>Authorization:</p> <ul style="list-style-type: none"> • Authorize for total purchase amount. <p>Clearing:</p> <ul style="list-style-type: none"> • Reverse original authorization (within 72 hours).
<p>DO NOT </p>	<ul style="list-style-type: none"> • Authorize for total purchase amount, and not reverse original authorization. This can result in Processing Integrity Fees and/or a rules violation.
<p>Order amount is adjusted prior to final shipment</p>	<p>Authorization:</p> <ul style="list-style-type: none"> • Authorize for original purchase amount. <p>Clearing:</p> <p>For shipment amounts < original authorization:</p> <ul style="list-style-type: none"> • If a shipment is within 7 calendar days of authorization, partially reverse the difference between the authorized amount and the shipment amount, then clear shipment amount as shipped. • If a shipment is after 7 calendar days of authorization, first reverse the original authorization within 3 days. Then authorize for the new amount and clear the shipment amount as shipped.

The Advantages are Clear

The newly enhanced rules for split shipment card-absent transaction processing offer both merchants and customers a number of advantages.

FOR MERCHANTS	FOR CUSTOMERS
<ul style="list-style-type: none"> • Greater Flexibility. Merchants can optionally split card-absent transactions in a way that best fits their business structure. • Increased Efficiencies. For split shipment transactions, merchants only submit a single authorization for multiple shipped items. • Improved customer experience. Merchants can fulfill the order more efficiently. 	<ul style="list-style-type: none"> • Better shopping experience. Customers receive their items sooner as they become available for shipping. • Additional transaction opportunities. Holds can be released as transactions clear, making funds available for additional transactions.