

June 2022

Evolution of Compelling Evidence – Client FAQs

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I. Acquirer/Merchant FAQs

1) How do I take advantage of this new rule change?

To utilize the new remedy criteria, the data elements of IP Address, Device ID or fingerprint, shipping address, and account log-in ID should be collected for all transactions so that they may be presented to evidence of the remedy for a fraud dispute. The Acquirer and Merchant must capture the data related to the customer/cardholder and ensure the IP Address is that of the consumer, not that of the merchant.

The Device ID is not always accessible for all merchants, thus the Device Fingerprint is allowed as the proxy for the assessment of the device and its connection to the consumer. A device fingerprint is the collection of a large amount of diverse and stable information such as (but not limited to) information about the device's operating system, type and version of web browser being used, and the device's IP address of the consumer transacting.

2) How do I share that a transaction meets these criteria for protection?

There are two potential ways to share the evidence of the criteria. Utilizing a dispute response (called a "Pre-Arbitration" for Fraud disputes) within VROL to respond to the dispute. There is also the opportunity to utilize Verifi's Order Insight to share the criteria pre-dispute and have VROL block the fraud dispute from being submitted. This creates the added benefit of the transaction not counting against the seller's chargeback ratio.

3) What are the benefits of using Verifi Order Insight?

Verifi offers dispute deflection services, and utilizing Order Insight to share the evidence of meeting the criteria will allow VROL to block the dispute from being submitted in the system. This proactive method eliminates the potential for a dispute and creates the ecosystem benefit of quicker resolution for all participants.



4) What differences exist between Verifi's pre-dispute Order Insight option and the pre-arbitration (post-dispute) process through the acquirer?

- Verifi's Order Insight option provides the data shared for the new remedy during the issuer's workflow of submitting a dispute. As such, the dispute can be deflected prior to its submission. This holds distinguishable benefits because the information is used to resolve issues before a chargeback/dispute has formally been raised. Therefore, it cannot be used to calculate a seller's chargeback/dispute ratio. Order Insight can also help issuers confirm the legitimacy of the purchase with the cardholder by providing order details.
- Unlike the Order Insight option, the Pre-Arbitration option takes place after the dispute has been raised. Therefore the chargeback/dispute has been recorded at Visa and its downstream systems. If the pre-arbitration response includes the new remedy details that confirm the cardholder participated in the transaction, the fraud record at Visa will be flagged and will not count against the seller. The dispute, however, will continue to be part of the chargeback/dispute ratio.

5) Is there a prerequisite for using the compelling evidence criteria for protection?

The core data elements must be collected, and there must be two transactions that have aged beyond the issuer dispute window and were not reported as fraud. The two transactions and the fraud transaction must have two of the data elements matching, one of which must be the IP address or Device ID/Fingerprint.

6) How do I know which two transactions to send if I have multiple to choose from that match the new remedy criteria?

Merchants and acquirers need to utilize fraud reporting information available from the Fraud Reporting System to know what transactions have been reported as fraud. If a merchant is unable to get this reporting from their acquirer, in that case, Visa has data solutions that provide fraud reporting, and Verifi's INFORM product can help merchants be aware of any Fraud reported on a transaction.

7) I don't meet these criteria, but I still have false fraud transactions where I believe the cardholder participated in the transaction. When will I receive protection?

Visa understands that the criteria for the remedy is not all-encompassing to first-party fraud transaction scenarios and will continue to evaluate opportunities to further identify and reduce this behavior.



8) Are there other ways to protect myself from first-party fraud?

Utilize the current compelling evidence options in the Visa Rules. For certain transaction types, ensure you follow current requirements to claw back digital goods or services after a fraud transaction is reported/disputed.

9) Does this protection apply to all disputes?

This criteria is to address 10.4 (Card Not Present) Fraud Disputes only.

10) How will this rule be enforced?

Visa will be monitoring client behavior to ensure proper implementation of the new rule.

11) If the seller cannot provide the CE 3.0 data elements, Does the dispute follow BAU processing?

Yes, sellers would follow the normal course.

12) There are compelling evidence remedies in airlines today. Are the Compelling Evidence 3.0 updates additive to airline dispute remedies or substitutes?

CE 3.0 is additive.

13) Visa has other solutions such as 3DS, Cloud Token, etc. How should sellers be using those solutions to provide compelling evidence?

There are multiple points in the transaction lifecycle where data can be exchanged. 3DS shares the data in advance of the authorization and provides upfront protection against potential fraud. The Digital Authentication Framework could pass the data in the token provisioning message and take advantage of more coverage across payment volume. CE3.0 was designed to work across these technologies to solve first-party misuse and does not provide as encompassing protections as solutions sharing data in authentication and authorization.

II. Issuer FAQs

1) How do I integrate this new response from the merchant into my processes?

You can review the current rebill process when a merchant exercises a remedy for 10.4 disputes and the cardholder is rebilled, to determine if the process is effective for the current rule changes. Consider updating call center scripts to utilize any data provided in VROL Order Insight details when fielding a cardholder fraud claim.

2) What are my options if the new remedy criteria is met?

Rebill the cardholder based on the remedy criteria presented, credit the cardholder to make them whole; if the cardholder provides evidence that it was not their transaction or that of an authorized user, gather evidence and share in arbitration.

3) How can I leverage Order Insight to improve my processes or customer engagement?

Order Insight is a pre-dispute solution that connects issuers to sellers pre-dispute in an attempt to confirm the details of a transaction. These order details are available near-real-time during the "Associated Transaction" portion of the dispute process.

Here the issuer would have access to receipt-level details from participating sellers. These details can be imperative to determine if the cardholder participated in the transaction. Issuers can incorporate Order Insight details into their cardholder interaction to confirm disputes, stifle things like cardholder remorse and misuse, and lower operational costs of dispute submissions.

4) What happens to the fraud record when the new remedy criteria is met by the merchant?

The fraud record will be flagged as first-party within the Visa systems and will NOT count against the seller's fraud ratio.

5) Should I close the cardholder's account if the new remedy is met by the merchant?

The decision to close an account is at the issuer's discretion; it is not required since the criteria show the cardholder or authorized user participated in the transaction.

6) Are there any best practices I should adopt to best ensure my transactions aren't improperly identified by the remedy criteria?

Report all fraud associated with an account prior to attempting any disputes.



7) What if a fraudster registered for a recurring service and the cardholder doesn't identify the fraud activity for more than five months?

All transactions related to the recurring service would and must be reported as fraud. Thus the more recent disputable transactions would not qualify for the new remedy protection as there would be no prior non-fraud transactions between the merchant and PAN.

8) How does Compelling Evidence 3.0 help improve the authorization rates?

Visa uses the Visa Advanced Authorization (VAA) Score to identify the risk of fraud. The risk model is fed by fraud records. A high amount of false frauds can result in higher risk scores, and therefore issuer could falsely decline the transaction. CE 3.0 will help provide more accurate fraud data in the model and improve VAA scores, lowering false-positive declines.

9) Are these transactions details required for all issuers and acquirers?

To use the new rule, merchants would have to supply at least two data elements - device ID and IP address; if that information is not supplied, issuers and acquirers cannot use this rule.

10) How would the issuers use the data most efficiently in an ideal world?

The best in class way is to have the Order Insight data go through the issuers' digital or online applications. That way, cardholders can utilize Order Insight Digital to assist in deflecting unrecognized transactions by providing additional clarity.

11) Why must the two transactions have to be greater than 120 days?

The transactions need to be past the full dispute window and to establish a clear historical footprint of transactions between the cardholder and merchant.

12) How does Compelling Evidence 3.0 affect Regulation E, if at all?

Compelling Evidence 3.0 does not impact Regulation E. Regulation E includes the requirement to capture an initial cardholder claim for an unauthorized transaction. An Issuer could utilize CE3.0 to enhance their investigation to determine if the transaction is unauthorized and whether the cardholder is to be rebilled.