
Excessive Chargebacks

A Merchant User Guide



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Revision History

Date	Revision Summary	Page(s)
08/25/08	Manual Creation	All
03/21/11	Updated the following programs per Card Association Guidelines: MasterCard ECP VISA CMP VISA MCMP VISA HRCMP VISA GMCMP NACHA Returns	1-3 4-5 6 7 8 18
8.15.12	Updated per MasterCard's Revised Standards	
10.27.12	Updated per MasterCard's Revised Standards: <ul style="list-style-type: none"> • MasterCard ECP • Merchant • MasterCard ECM Fees • Assessments • Tiered Structure for ECMs 	1 1 2-3 3 4

Disclaimer

This document contains compilations and summaries of Visa and MasterCard rules and release materials prepared by Chase Paymentech to serve as general guidelines.

While we strive to make sure this information is accurate, Chase Paymentech 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 full Payment Brand Rules, which are subject to change at any time. In the event of any inconsistency between the Payment Brand Rules and this summary document, the Payment Brand Rules will govern.

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Excessive Chargebacks

Introduction

Both Visa and MasterCard have programs regarding excessive chargebacks that will result in fees passed to the merchants if the numbers of chargebacks exceed certain thresholds. These programs include reporting requirements to acquirers to list all merchants that qualify in their program. Chase Paymentech has created reports to help those merchants who qualify for one of the Excessive Chargeback Programs to help manage the chargebacks according to the terms and conditions of the program. These programs are described below.

MasterCard ECP

The MasterCard Excessive Chargeback Program (ECP) has a tiered approach for both the fee structure and the reporting requirements.

Program Tiers:

Tier One: Chargeback Monitored Merchant (**CMM**)

- A minimum of 100 chargebacks in a calendar month
- A monthly ratio of the number of chargebacks to total sale transactions (**CTR**) equal to or in excess of 1.00%

Tier 2: Excessive Chargeback Merchant (**ECM**)

- Exceeds MasterCard's chargeback threshold for two consecutive months
- A minimum of 100 chargebacks in a calendar month
- A monthly ratio of the number of chargebacks to total sales transactions (**CTR**) of equal to or greater than 1.5%
- Reporting fee = \$100 per calendar month
- Fines assessed beginning in second consecutive month

CTR is calculated by determining the number of chargebacks received for a merchant location in a calendar month. Divide that number by the number of sales transactions received from that merchant location in the preceding month.

Once a merchant has been added to the program, the merchant remains in the program until they obtain a non-reportable threshold for two consecutive months.

Merchant

The term "merchant" is used in the MasterCard ECP as defined below:

Merchant—A Merchant is defined as any distinct Merchant location, whether a Merchant's physical location or a Merchant's Internet site or uniform resource locator (URL) that is uniquely identified by a distinct billing descriptor by the Acquirer in the Transaction record.

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Excessive Chargebacks, Continued

MasterCard ECM Fees

MasterCard will also assess fines for each month that a merchant is ECM status. These will be based on the previous month's sales and the current month's chargeback volume and calculated as follows:

- The CTR = current month chargebacks/previous month sales = the basis points (rounded)
- The number of chargebacks in excess of the 150 basis points is determined by subtracting 1.5% of the transactions from the number of the previous month sales transactions from the current month chargebacks.
- The Issuer Reimbursement fee is the number of excess chargebacks multiplied by \$25.
- The Violation Assessment is the Issuer Reimbursement Fee multiplied by the total basis points divided by 100.

Here is an example:

Month	January	February	March	April	May	June	July
Sale Transaction	95,665	95,460	95,561	95,867	95,255	95,889	95,758
# of chargebacks	1050	1467	1635	1556	1495	1052	985
CTR in basis points		153	171	163	156	110	103

February and March are the trigger months. These are two consecutive months where the CTR exceeded 150 basis points. Fines are assessed for the 2nd consecutive month and for each consecutive month at or over 150 basis points.

For example, the Assessment for April will use March's sales transactions and April's Chargeback volume.

[The CTR = current month chargebacks/previous month sales = the basis points (rounded)]

$1556 / 95561 = 0.01628$ or **163** basis points.

[The number of chargebacks in excess of the 150 basis points is determined by subtracting 1.5 % of the transactions from the number of the previous month sales transactions from the current month chargebacks.]

1.5 % of 95561= 1433
 $1556 - 1433 =$ **123 chargebacks**

[The Issuer Reimbursement fee is the number of excess chargebacks multiplied by \$25.]

$123 \times \$25 =$ **\$ 3,075**

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Excessive Chargebacks, Continued

MasterCard ECM Fees, continued

[The Violation Assessment is the Issuer Reimbursement Fee multiplied by the total basis points divided by 100.]

$$(\$3,075 \times 163) = \$ 501,225/100 = \mathbf{\$5,012.25}$$

Using this same method for each ECM month, the fees would be as follows:

Month	Reporting Fee	Issuer Reimbursement	Assessment	Total
January	0	0	0	0
February	\$0	\$0	\$0	\$0
March	\$100	\$5,075.00	\$8,678.25	\$13,853.25
April	\$100	\$3,075.00	\$5,012.25	\$8,187.25
May	\$100	\$1425.00	\$2,223.00	\$3,748.00
June	\$0	0	0	\$0
July	\$0	0	0	\$0

Assessments

For the first 12 months of a merchant's identification as an ECM, MasterCard will consider the merchant's actual chargeback volume as a factor in its determination of acquirer liability. During this period, MasterCard will assess the acquirer the lesser of:

- The total of the issuer reimbursement plus the violation assessment amounts for a given month

OR

- The merchant's chargeback dollar volume reported by the acquirer for that month

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Excessive Chargebacks, Continued

Tiered Structure for ECMs

MasterCard will establish a tiered structure for merchants identified as ECMs as described below.

Tier 1 ECM

MasterCard will deem a merchant as a Tier 1 ECM during the first through sixth month (whether consecutive or non-consecutive) that the merchant is identified as an ECM.

Tier 2 ECM

MasterCard will deem a merchant as a Tier 2 ECM during the seventh through twelfth month (whether consecutive or non-consecutive) that the merchant is identified as an ECM.

Additional Tier 2 ECM Requirements

With respect to a Tier 2 ECM, MasterCard may:

- Advise the acquirer with regard to the action plan and other measures that the acquirer should take or consider taking to reduce the merchant's chargeback levels; and/or
- Require the acquirer to undergo a Fraud Management Program (FMP) Level 3 Customer review, at the acquirer's expense.

After a merchant has been ECM for 12 months (whether consecutive or non-consecutive), the acquirer may be deemed to be in violation of MasterCard Rules. In addition to the standard ECM issuer reimbursement and violation assessments, the acquirer may be subject to a noncompliance assessment of up to 50,000 per month for each month after the twelfth month that the merchant remains an ECM.

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Excessive Chargebacks, Continued

VISA CMP

Visa has several separate monitoring programs:

Merchant Chargeback Monitoring Program (MCMP)

Acquirer: US and Issuers: All

The MCMP monitors the Chargeback rates on a monthly basis. If a merchant meets or exceeds the thresholds, its merchant bank is notified in writing. If actions are not taken in an appropriate period of time to return the chargeback rates to normal, VISA may impose financial penalties.

High-Risk Chargeback Monitoring Program (HRCMP)

Acquirer :US and Issuers: All

The HRCMP is targeted at reducing excessive chargebacks by high-risk merchants. Visa defines high-risk merchants as direct marketers for: travel services (MCC 5962), outbound telemarketers (MCC 5966), inbound teleservices (MCC 5967), betting establishments (MCC 7995), drug stores and Pharmacies (MCC 5912), and drugs, drug proprietaries, and druggist sundries (MCC 5122).. There is no warning period and fees may be assessed. Visa may at any time add to this program other business models that present high risk.

For these two programs, merchants are identified as those that experience ALL of the following activity levels during any month:

- 100 or more Interchange Transactions
- 100 or more Chargebacks
- A 1.00% or higher ratio of overall Chargeback to interchange volume.

Global Merchant Chargeback Monitoring Program (GMCMP)

Acquirer: US and Issuers: Non-US

Acquirer: Canadian and Issuers: Non-Canadian

Visa Europe: Merchant: Domicile Country within Visa Europe Region and Issuers: Not in Merchant Domicile Country

The GMCMP is operated by Visa International. The program augments the MCMP and is intended to encourage merchants to reduce their chargebacks through the use of sound best practices. The GMCMP applies when a merchant meets or exceeds International chargeback thresholds. There is a three month workout period. After the workout period, fees of \$100 or \$200 per chargeback may be assessed.

For the GMCMP program, merchants are identified as those that experience ALL of the following activity levels during any month:

- 200 or more Interchange Transactions
- 200 or more Chargebacks
- A 2.00% or higher ratio of overall Chargeback to interchange volume.

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Excessive Chargebacks, Continued

VIS CMP, continued

The VISA volume percentage is calculated by determining the number of chargebacks received for a merchant descriptor in a calendar month. Divide that number by the number of sales transactions received from that merchant descriptor in the same month.

For more information on VISA guidelines, please review the VISA International Operating Guidelines which can be found at www.visa.com

VISA MCMP Assessments

Please see the below table for the **Merchant Chargeback Monitoring Program (MCMP)**:

Status	Merchant Action	Visa Fees & Actions
First Notification	Merchant must analyze the chargeback activity, determine the reasons for the chargebacks and implement changes to reduce the ratio.	No response required
Month 1	Complete the questionnaire by the date indicated. Begin developing Chargeback Reduction Plan according to the Guideline provided. Continue analysis and implementation of measures to reduce the chargebacks	\$5,000 + \$1,000 per day for not providing the requested information.
Month 2	Submit Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis	\$10,000 + \$1,000 per day for not providing or unacceptable plan.
Month 3	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis.	\$50 Fee per Chargeback
Month 4	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis.	\$50 Fee per Chargeback

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Excessive Chargebacks, Continued

VISA MCMP Assessments, continued

Status	Merchant Action	Visa Fees & Actions
Month 5	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis.	\$50 Fee per Chargeback
Month 6	Participate in a meeting with VISA and Chase Paymentech. VISA may disqualify merchant for non-compliance in Month 10. Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis.	\$100 Fee per Chargeback. VISA, Merchant, and Chase Paymentech may participate in a meeting
Month 7	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis.	\$100 Fee per Chargeback.
Month 8	Determine why chargeback ratio has failed to reduce below thresholds. Update Chargeback Reduction Plan by date indicated. Insure implementation of chargeback reduction initiatives according to plan. Continue analysis.	\$100 Fee per Chargeback. \$25,000 Review Fee
Month 9	Determine why chargeback ratio has failed to reduce below thresholds. Provide a final action plan for bringing chargeback ratio into compliance. Facing disqualification in Month 10.	\$100 Fee per Chargeback. \$25,000 Review Fee
Month 10	Facing disqualification for processing VISA transactions. Provide written recap of actions taken to reduce ratio and explain why actions have not achieved compliance. Provide written plan for immediate resolution	Revocation/Fees on an Exception Basis

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Excessive Chargebacks, Continued

VISA HRCMP Assessments Please see the below table for the **High-Risk Merchant Chargeback Monitoring Program (HRMCMP)**:

Status	Merchant Action	Visa Fees & Actions
Month 1	Complete the Questionnaire and Chargeback Reduction Plan by the date indicated. Format for plan must follow Guideline provided. Continue analysis and implementation of measures to reduce the chargebacks	\$100 fee per Chargeback \$5,000 review fee.
Month 2	Provide written update on progress to date and implementation of chargeback reduction initiatives. Follow plan guidelines and indicate dates completed or projected to be completed	\$100 Fee per Chargeback
Month 3	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis. VISA may disqualify merchant for non-compliance in Month 6.	\$100 Fee per Chargeback
Month 4	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis.	\$100 Fee per Chargeback Visa may increase to \$150 Visa, Merchant and Chase Paymentech may participate in a meeting.
Month 5	Determine why chargeback ratio has failed to reduce below thresholds. Provide a final action plan for bringing chargeback ratio into compliance. Facing disqualification in Month 6	\$100 fee per Chargeback Visa may increase to \$150
Month 6	Pending disqualification for processing VISA transactions. Provide written recap of actions taken to reduce ratio and explain why actions have not achieved compliance. Provide written plan for the immediate resolution	\$100 fee per Chargeback Visa may increase to \$150 \$25,000 review fee Revocation

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Excessive Chargebacks, Continued

VISA GMCMP Assessments Please see the below table for the **Global Merchant Chargeback Monitoring Program (GMCMP)**:

Status	Merchant Action	Visa Fees & Actions
Months 1	Complete the Questionnaire and Chargeback Reduction Plan by the date indicated. Format for plan must follow Guideline provided. Continue analysis and implementation of measures to reduce the chargebacks	Workout Month 1
Month 2	Provide written update on progress to date and implementation of chargeback reduction initiatives. Follow plan guidelines and indicate dates completed or projected to be completed	Workout Month 2
Month 3	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis.	Workout Month 3
** VISA may, at its discretion, revoke the Workout Period if the Merchant's activities may cause undue harm to the goodwill of the Visa payment system. **		
Month 4	Update Chargeback Reduction Plan by date indicated. Continue implementation of chargeback reduction initiatives according to plan. Continue analysis. VISA may disqualify merchant for non-compliance in Month 10.	\$100 Fee per Chargeback Visa may increase to \$200. Visa, Merchant and Chase Paymentech may participate in a meeting.
Month 5	Determine why chargeback ratio has failed to reduce below thresholds. Provide a final action plan for bringing chargeback ratio into compliance. Facing disqualification in Month 10.	\$100 Fee per Chargeback Visa may increase to \$200 per chargeback.
Month 6	Determine why chargeback ratio has failed to reduce below thresholds. Continue implementation of chargeback reduction initiatives according to plan. Facing disqualification in Month 10.	\$100 Fee per Chargeback Visa may increase to \$200 per chargeback.
Month 7	Determine why chargeback ratio has failed to reduce below thresholds. Continue implementation of chargeback reduction initiatives according to plan. Facing disqualification in Month 10.	\$100 Fee per Chargeback Visa may increase to \$200 per chargeback.
Month 8	Determine why chargeback ratio has failed to reduce below thresholds. Continue implementation of chargeback reduction initiatives according to plan. Facing disqualification in Month 10.	\$100 Fee per Chargeback Visa may increase to \$200 per chargeback.

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Excessive Chargebacks, Continued

VISA GMCMP Assessments, continued

Status	Merchant Action	Visa Fees & Actions
Month 9	Determine why chargeback ratio has failed to reduce below thresholds. Continue implementation of chargeback reduction initiatives according to plan. Facing disqualification in Month 10.	\$100 Fee per Chargeback Visa may increase to \$200 per chargeback.
Beyond Month 9	Pending disqualification for processing VISA transactions. Provide written recap of actions taken to reduce ratio and explain why actions have not achieved compliance. Provide written plan for the immediate resolution	\$100 per Chargeback. Visa may increase fee to \$200 per chargeback. A Review fee of \$25,000 will be assessed and merchant may be disqualified

Reports

Chase Paymentech has created two reports to help those that have been identified for these programs to monitor their activity and to assist in preventing reporting fees and penalties assessed.

MasterCard Excessive Chargeback (RSK-0030) Report
Chargeback History to Sales Detail – Visa (RSK-0002) Report


Please note that due to the manner in which the MasterCard CTR is calculated, the MasterCard Excessive Chargeback Report will not be available until the 5th day of the next month.

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Excessive Chargebacks, Continued

MC Excessive Chargeback (RSK-0030) Report – Card Not Present Section

The MasterCard Excessive Chargeback Report is separated into Card Not Present and Retail Transactions. If your business does not perform one of these types of transactions, the section will not appear on the report.

		4 Northeastern Boulevard, Salem, NH 03079-1952 Tel (603) 896-8333. Email: Merchant_Services@Chasepaymentech.com	
MC Excessive Chargeback (RSK-0030) ABC Company, INC - CO# 123456			
Settlement Currency: USD - U.S. Dollars			
Reporting Period: From 05/01/XXXX through 05/31/XXXX		CB Count Threshold: >= 20	CTR Threshold: >= 0.25
June Card Not Present			
Previous Month CNP Sales Count:	68,321	CNP CB Count:	888
MTD CTR %:	1.30%		
Descriptor	Previous Month Descriptor Sales Count	June Descriptor Chargeback Count	June MTD CTR %
Division A	67,380	663	0.98%
Division B	223	21	9.42%

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Excessive Chargebacks, Continued

RSK-0030 Card Not Present Field Descriptions

CNP Section Title	The month you are viewing reportable data on for MasterCard Card Not Present transactions completed
Previous Month CNP Sales Count	Amount of MasterCard sale transactions which occurred in the card not present environment for the previous month.
CNP CB Count	Amount of MasterCard chargebacks which occurred in the card not present environment
MTD CTR%	Month to Date ratio of the number of MasterCard chargebacks to total sales transactions (CTR) percentage
Descriptor	Company Division reportable data is coming from
Previous Month Descriptor Sales Count	The breakdown by Descriptor of amount of MasterCard sale transactions for the previous month
<current month> Descriptor Chargeback Count	The breakdown by descriptor of the amount of MasterCard chargebacks for the month listed
<current month> MTD CTR%	Month to Date ratio of the number of MasterCard chargebacks to total MasterCard sale transactions (CTR) percentage for the month listed

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Excessive Chargebacks, Continued

MC Excessive Chargeback (RSK-0030) Report – Retail Section

Settlement Currency: USD - U.S. Dollars											
Reporting Period: From 01/01/XXXX through 01/31/XXXX											
CB Count Threshold: >= 20 CTR Threshold: >= 0.25											
June Retail Detail											
Descriptor:ABC CO. LOCATION 1			City:WEST PALM BEA			State:FL					
Sequence #	TD #	Merchant Order #	Account #	Reason	MCC	MOP	Original Transaction Date	Chargeback Initiated Date	Activity Date	Received Amount	Paymentech Reversal
000000001	424242420	3#####	5#####	37	5542	MC	11/02/xx	01/02/xx	01/02/xx	74.83	
000000002	424242420	3#####	5#####	37	5542	MC	11/25/xx	01/08/xx	01/08/xx	75.00	
000000003	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/08/xx	01/08/xx	75.00	
000000004	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/08/xx	01/08/xx	75.00	
000000005	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/08/xx	01/08/xx	75.00	
000000006	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/08/xx	01/08/xx	75.00	
000000007	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/08/xx	01/08/xx	75.00	
000000008	424242420	3#####	5#####	37	5542	MC	12/09/xx	01/10/xx	01/10/xx	28.70	
000000009	424242420	3#####	5#####	37	5542	MC	12/15/xx	01/11/xx	01/11/xx	75.00	
000000010	424242420	3#####	5#####	37	5542	MC	12/15/xx	01/11/xx	01/11/xx	75.00	
000000011	424242420	3#####	5#####	37	5542	MC	11/22/xx	01/15/xx	01/15/xx	75.00	
000000012	424242420	3#####	5#####	37	5542	MC	11/25/xx	01/15/xx	01/15/xx	75.00	
145501313	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/15/xx	01/15/xx	75.00	
000000014	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/15/xx	01/15/xx	75.00	
000000015	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/15/xx	01/15/xx	75.00	
000000016	424242420	3#####	5#####	37	5542	MC	11/27/xx	01/18/xx	01/18/xx	74.57	
000000017	424242420	3#####	5#####	37	5542	MC	11/27/xx	01/18/xx	01/18/xx	75.00	
000000018	424242420	3#####	5#####	37	5542	MC	12/09/xx	01/19/xx	01/19/xx	75.00	
000000019	424242420	3#####	5#####	37	5542	MC	12/09/xx	01/19/xx	01/19/xx	75.00	
000000020	424242420	3#####	5#####	37	5542	MC	12/16/xx	01/22/xx	01/22/xx	75.00	
000000021	424242420	3#####	5#####	37	5542	MC	12/17/xx	01/22/xx	01/22/xx	44.34	
000000022	424242420	3#####	5#####	37	5542	MC	12/18/xx	01/22/xx	01/22/xx	52.23	
000000023	424242420	3#####	5#####	37	5542	MC	12/18/xx	01/22/xx	01/22/xx	75.00	
000000024	424242420	3#####	5#####	37	5542	MC	12/18/xx	01/22/xx	01/22/xx	75.00	
000000025	424242420	3#####	5#####	37	5542	MC	12/15/xx	01/26/xx	01/26/xx	75.00	
000000026	424242420	3#####	5#####	37	5542	MC	01/04/xx	01/26/xx	01/26/xx	75.00	

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Excessive Chargebacks, Continued


RSK-0030 Retail Field Descriptions

Retail Section Title	The month you are viewing reportable data on for MasterCard Retail transactions completed
MTD CTR%	Month to Date ratio of the number of MasterCard chargebacks to total sales transactions (CTR) percentage
Descriptor	Company Division reportable data is coming from
City	City where the retail division listed in the descriptor is coming from
State	State where the retail division listed in the descriptor is coming from
Sequence #	Number assigned by Chase Paymentech to the chargeback
TD #	Transaction Division number
Merchant Order #	Order number assigned by the merchant and submitted to Chase Paymentech with the original sale transaction
Account #	Credit card number associated with the chargeback
Reason	3-digit code indicating the reason for the chargeback A hyperlink to a HELP guide defining all Reason Codes
MCC	Merchant Category Code
MOP	Method of Payment
Original Transaction Date	Date the original sale transaction was deposited with Chase Paymentech
Chargeback Initiated Date	Date the first chargeback was initiated
Activity Date	Date that action was taken on the item
Received Amount	Amount of the transaction
Paymentech Reversal	This field will display an "R" to indicate that the chargeback has been reversed

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Excessive Chargebacks, Continued

CB History to Sales Detail – Visa (RSK-0002) Report

 4 Northeastern Boulevard, Salem, NH 03079-1952 Tel: (603) 896-8333, Email: Merchant_Services@Paymentech.com										
Chargeback History To Sales Detail - VISA (RSK-0002) ABC Company, Inc. - C0# 123456 Currency: ALL/All Currencies Reporting Period: From 06/01/xxxx through 06/30/xxxx										
Summary of Chargebacks to Sales										
MCC	Cardholder Descriptor / Prefix	Acquirer	Issuer Group	# of VISA Sales	# of First VISA Chargebacks	% of First VISA Chargebacks to Sales	# of Consumer Dispute Chargebacks	% of Consumer Dispute Chargebacks to Sales	Link to Detail	
1234	XYZ*	FUS	Non-US Issuers	90	1	1.11%	0	0.00%	Reason Code Breakdown	
1234	XYZ*	FUS	All Issuers	69,527	308	0.44%	124	0.18%	Reason Code Breakdown	
	ABC*	FUS	Non-US Issuers	34	1	2.94%	0	0.00%	Reason Code Breakdown	
	ABC*	FUS	All Issuers	16,189	1,078	6.66%	427	2.64%	Reason Code Breakdown	
	XYZ*	FUS	Non-US Issuers	1	0	0.00%	0	0.00%	Reason Code Breakdown	
	XYZ*	FUS	All Issuers	2,385	24	1.01%	13	0.55%	Reason Code Breakdown	

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Excessive Chargebacks, Continued


RSK-0002 Field Descriptions

MCC	Merchant Category Code. This code will appear only when the merchant has qualified for the HRCMP
Cardholder Descriptor/Prefix	The Prefix or Descriptor for the division or unit of the company that has the reportable data associated
Acquirer	This field describes the settled currency.
Issuer Group	This describes the jurisdiction of the card issuers related to the transactions that are identified in the results set of the report.
# of VISA Sales	The number of VISA sales deposited during the reporting period for the entity* being reported on.
# of First VISA Chargebacks	The number of VISA first time chargebacks received during the reporting period based on the date VISA processed (received from VISA) for the entity* being reported on.
# of First Visa Chargebacks to Sales	Total First time chargebacks divided by # of Deposited Visa Sales displayed as a percentage.
# of Consumer Dispute Chargebacks	The subset of Total First Chargebacks that have specific Consumer Dispute Reason Codes. <i>This column is no longer used by VISA and is for informational purposes only.</i>
# of Consumer Dispute Chargebacks to Sales	The # of Consumer Dispute Chargebacks divided by the # of Deposited Visa Sales displayed as a percentage. <i>This column is no longer used by VISA and is for informational purposes only.</i>
Link to Detail	Links to the sections in the same report that show a detail breakdown of this line item

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Excessive Chargebacks, Continued

CB History to Sales Detail – Visa (RSK-0002) Report, Detail Screens

 4 Northeastern Boulevard, Salem, NH 03079-1952 Tel: (603) 896-8333, Email: Merchant_Services@Paymentech.com							
Chargeback History To Sales Detail - VISA (RSK-0002) ABC Company, LLC. - CO# 123456							
Currency: ALL/All Currencies Reporting Period: From 06/01/xxxx through 06/30/xxxx							
Breakdown of Chargebacks by Reason							
MCC	Cardholder Descriptor / Prefix	Acquirer	Issuer Group	Reason Code	Reason Code Description	# of First Chargebacks	% of First VISA Chargebacks to Sales
1234	XYZ*	FUS	All Issuers	30	*Services Not Provided/Merchandise Not	3	0.00%
				41	*Canceled Recurring Transaction	27	0.04%
				75	*Cardholder Does Not Recognize Trans	88	0.13%
				83	*Fraudulent Transaction - Card Not Present	184	0.26%
				85	*Credit Not Processed	6	0.01%

Continued on next page

Excessive Chargebacks, Continued

RSK-0002 Field Descriptions, Detail Screens

MCC	Merchant Category Code. This code will appear only when the merchant has qualified for the HRCMP
Cardholder Descriptor/Prefix	The Prefix or Descriptor for the division or unit of the company that has the reportable data associated
Acquirer	This field describes the acquirer that processed the transactions.
Issuer Group	This describes the jurisdiction of the card issuers related to the transactions that are identified in the results set of the report.
Reason Code	Reason Code for the Chargeback
Reason Code Description	Description of the Reason Code listed
# of First Chargebacks	The amount of Chargebacks listed as being received for the Reason Code for this Descriptor
% of First Visa Chargebacks to Sales	The percentage of Chargebacks for this Reason Code to the VISA sales amount for this descriptor.

Continued on next page

Excessive Chargebacks, Continued

NACHA Returns (US Merchants Only)

NACHA, the Electronic Payments Network, requires a 10-day response time for all requests of additional information from merchants.

NACHA also requires that all merchants maintain a return rate, for unauthorized transactions, of below one percent ($\leq 1\%$) for a rolling 60 day time period. If a merchant goes over this percentage, they will be required to reduce the rate back below one percent within 60 days after receipt of NACHA's written request for information and maintain that return rate below one percent for an additional 180 days. NACHA will also require a detailed plan and timeline for reducing the return rate to be submitted.

NACHA states that if a merchant exceeds a 1% threshold for ECP unauthorized returns in a 60 day window, the merchant is then subject to a "detail process" that NACHA has outlined they must follow to then prove that the return rate will be reduced in the future via steps and timelines outlined by NACHA.

Non-compliance will result in fees starting at \$1,000 for the first offense up to \$500,000 in monthly fines for repeat offenses and potential suspension of privileges.
