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# A New Pat for Chargeback and Disputes Processing... Deadline April 2018

by Mukesh Gidwani (<http://paymentsjournal.com/author/mukesh-gidwani/>) © April 3, 2018 1:20 pm



Rising e-commerce transactions, though definitely a boon for issuers and merchants is also turning out to be a cause of great anxiety, due to the increasing number of chargebacks and online fraud incidences. Global Card Fraud losses have been skyrocketing and is expected to reach \$50 billion by 2025 with 'Friendly Fraud' or 'Chargeback Fraud' accounting for the largest category of fraud losses (*Source: The Nilson Report*)

Chargebacks have always been a time consuming and costly affair for Merchant Acquirers and Issuers, and significantly affects the bottom line negatively, if not resolved in time.

Come April 2018, a rescuer, in the form of Visa Claims Resolution Rule (VCR), comes into effect with the aim of simplifying the dispute resolution processes and improving the efficiency of the Chargeback process.

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One major change is the use of Visa's dispute platform Visa Resolve Online (VROL) to upfront categorize and submit disputes. VCR will definitely bring down the number of disputes but Acquirers and Merchants will need to start preparing to adapt to some of the new changes that VCR brings along with it.

Acquirers and Merchants will need to focus on improving the efficiency of their chargeback resolution process to meet the new reduced turn time of 30 days for dispute resolution than the 45 days' timeframe currently set.

#### Don't press the panic button yet.

- All you need is a clear understanding of the new dispute reason codes to generate quicker response. Visa will be reducing the whole process involved in dispute resolution and all disputes will now follow one of two new workflows namely Allocation and Collaboration. With VCR, the 22 legacy reason codes will be consolidated into four dispute categories. So one thing that you will need to do is to train your resources in house ... Start now
- Customize existing technology to incorporate the new reason codes. However this may not be easily achievable for small and mid-sized acquirers
- Partner with an experienced third party firm to manage all disputes and chargebacks, with in-built Service Level Agreements to meet your requirements.

#### So start gearing up for April 13, 2018, when VCR comes into play

Backed by over 17+ years of experience, SLK Global Solutions is a provider of business process transformation solutions to the Financial Services industry including the Cards and Payments industry. SLK Global's Card capabilities span across Card Origination, Servicing and Disputes processing for Issuers, Acquirers and Payment Service Providers. SLK Global's Dispute Center of Excellence has helped its customers, both issuers and acquirers reduce chargeback processing turn times by around 50% through its comprehensive dispute management capabilities.

**Tags:** Chargeback (<http://paymentsjournal.com/tag/chargeback/>)

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Figure 1: Prepaid accounts subject to Reg E, Reg Z.



<ul style="list-style-type: none"> <li>Cash Access</li> <li>Travel</li> <li>Money/Financial Services</li> <li>Open-loop Gift</li> <li>Remittance/P2P/Mobile Wallets</li> <li>Hybrid Prepaid-Credit Cards</li> <li>Business Time &amp; Expense</li> <li>Events &amp; Meetings</li> <li>Employee/Partner Incentives</li> <li>Consumer Incentives</li> <li>Campus</li> <li>Digital Content</li> <li>Gift</li> <li>In-Store Gift</li> <li>Store Credit&gt;Returns</li> </ul>	<ul style="list-style-type: none"> <li>Government</li> <li>Social Security</li> <li>Nutritional Assistance</li> <li>Temporary Assistance for Needy Families (TANF)</li> <li>Court Ordered Payments</li> <li>Transit</li> <li>Tolls</li> <li>State Unemployment</li> <li>Insurance Casualty Claims</li> <li>Payroll &amp; Benefits</li> <li>Payroll</li> <li>Benefits</li> <li>FSA/HSA</li> <li>Petroleum</li> <li>Utilities</li> <li>Telecom</li> <li>Prepaid Mobile Minutes &amp; Data</li> <li>Prepaid Long Distance</li> </ul>
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Note: Underscore indicates account types that are subject to Reg E. Hybrid Prepaid-Credit Cards are also subject to Reg. Z.  
Source: Mercator Advisory Group © 2018 Mercator Advisory Group

(<https://www.mercatoradvisorygroup.com/CFPB-Final-Prepaid-Rule-Is-This-Really-It/>)



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