



CARD-NOT-PRESENT TRANSACTIONS

MERCHANT GUIDE

About this guide	1
General procedures	2
Getting all transactions authorized	3
Being careful with delivery arrangements	4
Keeping all documentation	5
Processing transactions correctly.....	6



About this guide

At Visa we always want to be the preferred payment card – for you and your customers.

Whenever you are serving your customers in person, and you can check their card, processing a Visa or Visa Electron transaction is extremely straightforward.

But, if you are taking an order through the mail or over the telephone, there are some important procedures you need to follow.

These have recently been revised, and will help to protect you from the possibility of fraud or disputed transactions.

This guide tells you, step-by-step, how to accept Visa or Visa Electron cards when the card itself is not present.

Please take time to read through the guide – it should help you to get even more benefit from Visa.



General procedures

Whenever you are processing a card-not-present transaction, you should always ensure that, as a minimum, you collect the following details from your customer:

- The card account number
- The name as it appears on the card
- The card expiry date as it appears on the card
- The cardholder's statement address
- You should also check whether the card has an issue number or card start date and record these details.

It is also advisable that you take a note of:

- A contact phone number (not a mobile number)
- The name of the bank or building society that issued the card.

For additional security, you should also take a note of the CVV2 (Card Verification Value 2) number. This is represented by the last three digit numbers printed on the signature panel at the back of the card.

CVV2 was introduced to make card-not-present transactions more secure. It helps to ensure that your customer has physical possession of a valid card. It also indicates that the card's account number is valid.

If a Visa Electron card displays the full account number, CVV2 is mandatory.

Additional procedures for telephone orders

If you are taking an order over the telephone you should also:

- Record the time and date of your conversation
- Make a note of the details of the conversation.

In the event of a query, these details can then be verified with the cardholder.

Additional procedures for mail/fax orders:

If you are taking an order through the mail or via a fax, you should:

- Obtain a signature on the order form
- Always retain a copy of the written order
- Get proof of delivery.

Keeping account details secure

For mail, fax or telephone orders, ensure that the card account and CVV2 details are obtained in a secure manner and stored on a need-to-know basis only, for example:

- use of sealed envelopes
- transmission device (e.g., fax machine) is located in a secure area
- records of CVV2 to be destroyed immediately once approval is obtained.

Your bank may require you to record some additional information. You should find out what their requirements are and add these points to the checklist.

Getting all transactions authorized

Visa recommends the floor limit for all card-not-present transactions to be set at zero. This means that it is always necessary for you to seek authorization.

In most cases your terminal will obtain authorization automatically, or you can prompt it to do so. Otherwise you should always call for voice authorization.

Once a transaction has been authorized and an authorization code is issued, it means that the card has not been reported as lost or stolen, and that there are sufficient funds available at the time of authorization.

It is a useful safety measure, but does not guarantee payment. Nor does it guarantee that the address given to you by the cardholder is correct or that the genuine cardholder actually placed the order.

You should never allow a repeat delivery of goods without going through the authorization procedure again.

Getting a voice authorization

You should check whether your bank has a specific telephone number for card-not-present transactions. If it does not, you should always tell the authorization center straight away that you are performing a card-not-present transaction.

Additional checks

There are some other checks which you can make before delivery of the goods which may help to reduce the risk of problems.

- For business customers not known to you, you could check their details in your local business directory or register
- Personal customer address details can often be checked in the Electoral Register, or in the telephone directory
- Don't necessarily rely on a telephone number given to you by the customer. You could obtain the telephone number for the cardholder's address through directory enquiries, then telephone the customer back on that number to confirm the order. You could also consider a 'caller display' service whereby you can purchase a special phone or unit which indicates the number of the person calling
- Be wary if the contact phone number you have is a mobile number. Always ask for a permanent number and, if possible, use this to validate the subscriber's name and address
- Check your records to see whether you have had a number of transactions in a short period of time from a company, person or card account
- If the order is larger than your normal order, you could verify the purchase by checking the address. If you have a floor limit, seek an authorization for the transaction even if the amount is below your limit
- Check your records to see whether the same delivery address has been used before with different card details.

REMEMBER - IF IN DOUBT, CHECK IT OUT.

Being careful with delivery arrangements

Goods ordered through card-not-present transactions should always be delivered. If the cardholder insists on collecting the goods, they must produce the card unless your bank has agreed otherwise.

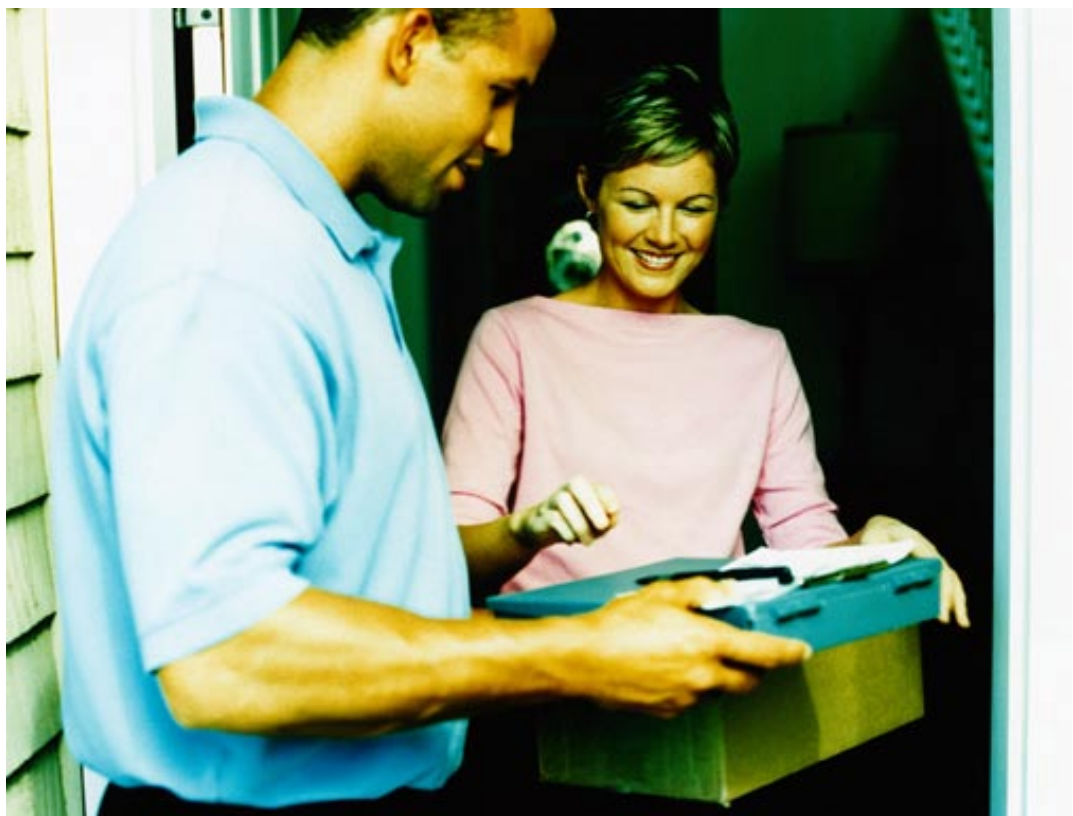
Such sales become 'cardholder present' and require a new voucher with the card details signed and checked in the usual manner. This means that the original card-not-present transaction will need to be reversed. For details on how to reverse transactions, please refer to your own bank's instructions. Goods should never be released to taxi drivers, chauffeurs, messengers or third parties such as 'friends' of the cardholder.

Be particularly wary of:

- The customer who demands next day delivery and shows no regard for any additional costs involved
- Alterations to the delivery address at short notice
- A phone call on the day of delivery asking what time the goods are due to be delivered.

You will help to reduce the risk if you:

- Insist that goods may only be delivered to the cardholder's permanent address. If you do agree to send goods to a different address, take extra care to obtain a detailed proof of delivery
- Do not send goods to hotel/guest houses
- Only send goods by registered post or a reputable security carrier and insist on a signed and dated delivery note.



Keeping all documentation

If a transaction is ever disputed, it will be useful for you to keep all related documentation.

This includes:

- All transaction details
- Documentary proof of delivery which, wherever possible, includes the cardholder's signature for the period stipulated by your bank (directly or through your Head Office).



Processing transactions correctly

Be sure that you are including all the relevant information, and following all the relevant steps when processing a card-not-present transaction.

For electronic systems

If your terminal has a key to show that a sale is by telephone or mail, press that key before you enter any information. You may be prompted to enter a PIN or password.

Then key enter all of the relevant transaction and card information. When the transaction is authorized, the information you have entered will appear on the sales draft.

For manual systems

Clearly write all the following information on the sales draft (or schedule if your bank has instructed you to use one):

- Cardholder name
- Card account number
- GOOD THRU or EXPIRES END date
- If possible, the issue number or start date
- Transaction date
- Value of sale
- Brief description of goods or services
- Merchant name and full address

Always get an authorization and write the authorization number on the sales draft.

On the signature line, in place of the customer's signature, always write "MO" for mail orders or "TO" for telephone orders.

Always use a metal or plastic tipped ball point pen.

Since the rules relating to the acceptance and processing of Visa cards may change from time to time, you should contact your bank regularly with regards to these rules.



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