

Visa Prepayment Transactions

Pay Now and Get Later



Enabling solutions to facilitate commerce

Know Your Terms

Prepayment Transaction¹

Payment for merchandise or services paid in advance which are to be provided at an agreed time that is later than the time of the transaction.

- **Partial Prepayment** is less than cost of merchandise or services purchased and must be applied to total obligation.
- **Full Prepayment** must be equal to cost of merchandise or service purchased.

Effective for transactions processed on or after October 16, 2015, merchants will be permitted to receive partial or full prepayment² when items in a store are not immediately available or when the customer cannot take items at the time, but will be delivered or provided at a later date.

Typical Scenarios

Here are some examples when a Visa cardholder may have to make a partial or full prepayment.

A cardholder:

- Purchases a big screen TV in a store but is unable to take it at the time of purchase and requests that it be delivered.
- Wants to purchase a shoe that the store does not have in stock. The merchant offers to obtain it from another store and have it delivered to the customer.
- Purchases clothes at a retail store, but would like the pants altered. The store offers to alter the pants and make it available for pick-up or delivery to the customer at a later date.

Disclosure to Cardholder and Cardholder Consent

The merchant must provide, and the cardholder must consent to, all³ of the following in writing at the time of the first, or only, partial prepayment,⁴ or at the time of the full prepayment:

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|---|---|-----------------------------------|
| • Description of promised merchandise or services | • Transaction amount | • Total purchase price |
| • Terms of service | • Cancellation and refund policies | • Any other charges (e.g., taxes) |
| • Timing of delivery to cardholder | • Date and time that any refund privileges expire without prepayment forfeiture | |

¹ Effective for transactions processed on or after 16 October, the terms Partial or Full Prepayment transactions replace the terms Delayed Delivery, Advance Payment Service (US only) and Advanced Deposit transactions.

² For merchants in a face-to-face environment.

³ Where required by applicable laws or regulations, the merchant must also provide to the cardholder a record of the cardholder's consent.

⁴ Also requires terms of final payment including the amount and currency.

Merchant Requirements

	Partial Prepayment	Full Prepayment
Eligible Purchases	Any	Any of the following: <ul style="list-style-type: none"> • T&E • Custom merchandise or services • In a face-to-face environment, where not all items purchased in the transaction are immediately available or when the customer cannot take some items at the time, but will be delivered or provided at a later date. • Recreational services or activities related to tourism and travel
Transaction processing requirements	Zero floor limit for each transaction. The amount authorized must be no more than the amount of the individual transaction. If an authorization request for a subsequent payment is declined, the merchant must notify the cardholder in writing and allow the cardholder at least 7 days to pay by other means.	The merchant must comply with all requirements applicable to the transaction type.
Cancellation procedure	If the cardholder cancels the purchase within the terms of the merchant's properly disclosed cancellation policy, the merchant must provide to the cardholder both of the following within 3 business days: <ul style="list-style-type: none"> • Cancellation or refund confirmation in writing • Credit transaction receipt for the amount specified in the cancellation policy. In case of a prepaid card, the merchant can return the transaction amount in cash. 	
Retention of payment	If the cardholder does not pay the balance and does not cancel within the terms of the cancellation policy, the merchant may retain the partial prepayment only if the merchant has disclosed on the transaction receipt that the prepayment is non-refundable.	If the cardholder does not cancel within the terms of the cancellation policy, the merchant may retain a full prepayment only if the merchant has properly disclosed on the transaction receipt that the prepayment is nonrefundable.
Merchant responsibility to refund an amount and provide a comparable substitute	The merchant must refund the full amount paid if the merchant has not adhered to the terms of the sale or service. If the cardholder claims a reservation, and the merchant has not held the reservation, the merchant must provide at no additional cost to the cardholder, comparable merchandise or services and pay any associated costs for the remainder of the reserved time.	

Transaction Receipt Requirements

The transaction receipt must include all required receipt elements⁵ plus the following prepayment content.

- Prepayment amount.
- For cancellations, the cancellation confirmation.
- Full cancellation and refund policy including date and time that any cancellation privileges expire (partial) or refund (full prepayment) without prepayment forfeiture.
- For partial payments, the word "Deposit" or "Partial Payment."
- For balance payments, the word "Balance."
- For full prepayment, the word "Prepayment" and the scheduled start date or delivery date of merchandise or services.

For More Information

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

⁵ Visa Rules- Section 5.10: Transaction Receipt Requirements.