Visa Modifies Processing for Split-Shipment Card-Absent Transactions

A New Opportunity for Greater Efficiencies

Increasingly, merchants who process card-absent transactions containing multiple items for a single order find themselves shipping multiple goods at different times and/or from multiple vendors, distribution centers and store locations.

Currently, for purchases containing multiple items, Visa merchants have a choice with how they submit an authorization. Visa merchants can submit a single authorization request and process a transaction to the customer’s account for the entire order in a single shipment, or they can choose to split the order into multiple shipments and submit multiple authorization requests (i.e., one authorization per shipment). Either way, this can be an inefficient process.

In response to this, Visa has revised its existing rules and processes to help ensure:

- **Greater Flexibility.** Merchants can optionally split ship card-absent transactions in a way that best fits their business structure.
- **Increased Efficiencies.** For split shipment transactions merchants only submit a single authorization for multiple shipped items.
- **Improved Customer Experience.** Merchant customers can receive their ordered items sooner as they become available for shipping.

With these benefits in mind, the following changes will become **effective 12 April 2014:**

- Merchants who process split shipments for card-absent transactions will only need to submit one authorization request for the full order. Transactions post to the customer’s account for the amount of each shipment processed.
- Merchants will be able to include applicable taxes along with shipping costs in the 15 percent variance permitted between the authorization amount and the final transaction amount.
- If the authorized amount for the card-absent transaction is more than the final clearing amount, the amount of time required to process the reversal for the difference will be extended to seven calendar days (from 72 hours). However, an authorization reversal must be sent within 72 hours if the transaction is not completed. Authorizations for card-absent transactions will remain valid for a seven-day period.
- Split shipments of multiple transactions posted can still qualify for the applicable Custom Payment Service (CPS) programs.
A Split Shipment Transaction Example

A Visa cardholder ordered two sweaters online from a retail merchant. One of the sweaters costs $60.00 plus a $6.00 shipping fee and is available at a distribution center located in Texas. The other sweater costs $30.00 plus a $3.00 shipping fee and is available at a store located in California.

1. For both sweaters the merchant submits a single authorization for $99.00.

2. When the first sweater ships from the Texas distribution center, two days after the authorization was approved, a transaction is posted to the customer’s account for $66.00.

3. When the second sweater ships from the California store four days after the authorization was approved, a second, and final, transaction is posted. In this case, because of where the sweater was being shipped from (California), there is an additional sales tax of $2.40. The amount of the second transaction posted to the customer’s account will be for $35.40 which is within the 15% tolerance threshold so no additional authorization is required.

Merchants who elect to utilize multiple postings to a customer’s account for split-shipment transactions should work with their acquirer on the following best practices:

- Submit multiple clearing records with a multiple clearing sequence number in ascending order. The first clearing record must have a multiple clearing sequence number set to 01.
- Include the total authorized amount, authorization code and transaction ID from the approved authorization message in each multiple clearing record submitted.
- At the time of checkout disclose to the cardholder the possibility that multiple shipments may result in multiple postings to the cardholder’s monthly statement.
- Communicate with the cardholder during the fulfillment process the details (e.g. date, amount, etc.) when a split-shipment is being sent for a transaction and the amount that will be posted on their statement.

For More Information

For more information contact your merchant bank or visit [www.visa.com/merchants](http://www.visa.com/merchants) for additional educational materials.