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CE3.0: A First-party Misuse Case Study

Speakers



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Key Takeaways ●

1. Merchant and issuer perspective on CE 3.0
2. Visa and Verifi pre-dispute and post-dispute key CE3.0 impact metrics
3. Review deflection and representment best practices

Disputes Landscape



10%

Visa Payments Volume Growth (FY2022)¹

86.6M

CNP Disputes Processed in FY2022²

2023

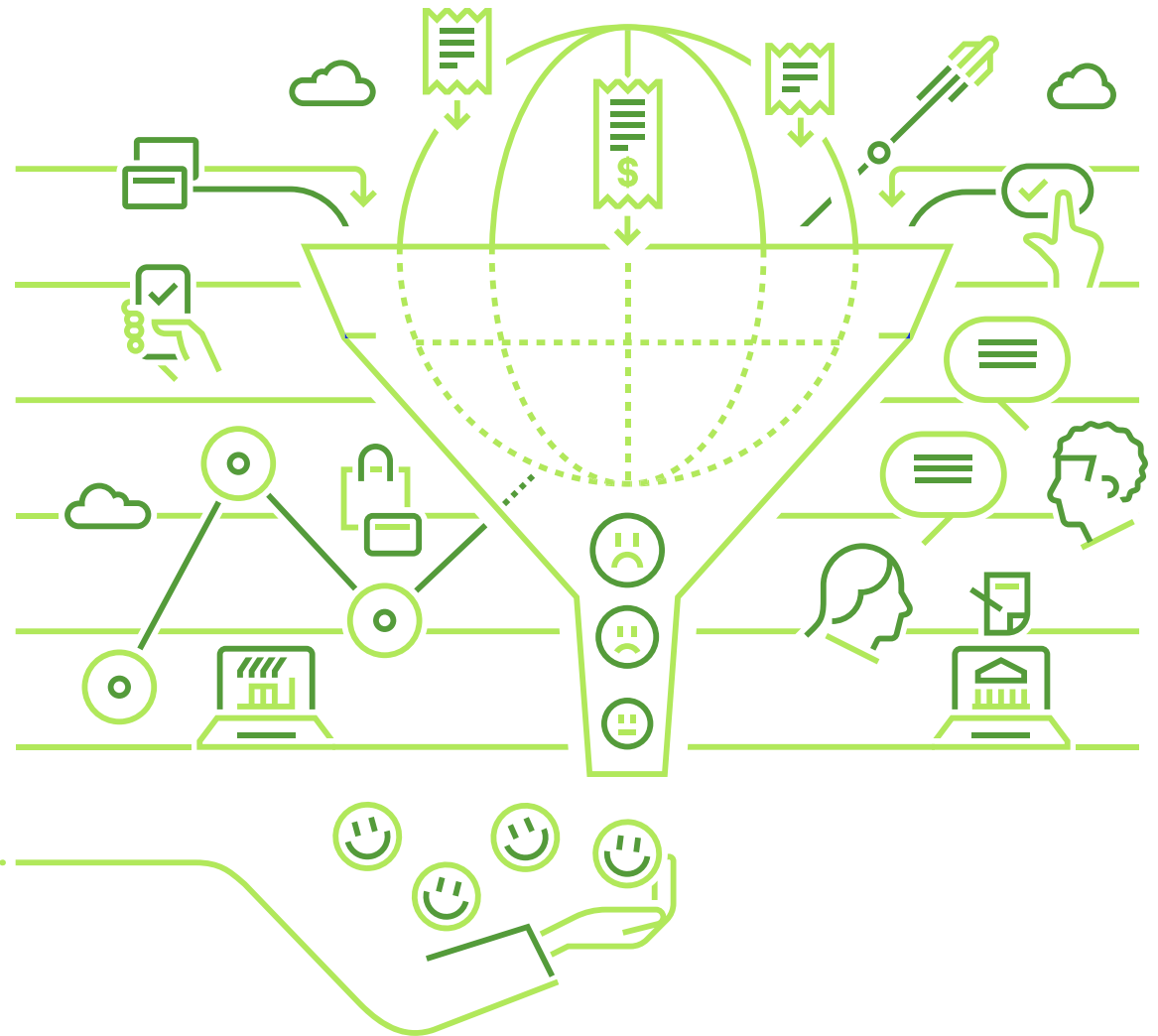
Third iteration of Compelling Evidence rules to assist merchants

Top 5

Friendly Fraud Is A Top Five Concern for Merchants³

Compelling Evidence 3.0

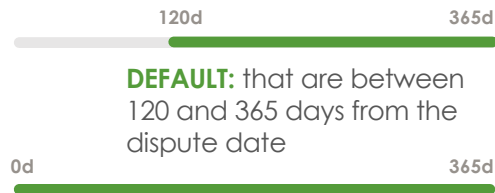
Visa rule change providing liability protection to merchants on reason code 10.4 disputes when they provide qualified evidence of cardholder participation in CNP transactions which they're disputing as fraud



To qualify for CE 3.0 liability shift, a disputed transaction must meet the following criteria:

Established Historical Footprint

- ✓ 2 transactions from the same PAN:



DEFAULT: that are between 120 and 365 days from the dispute date

VISA DIRECT: AFT Disputes may use OCTs between 0-365 days from dispute date to establish footprint.

- ✓ No fraud activity
- ✓ Transactions must be from same Merchant
 - Visa Direct
 - Payment Facilitator
 - Standard Merchant


Data Validation

- ✓ At least two of the Core data elements match between prior transactions and the disputed transaction and one of the two must be either IP address or Device ID / Fingerprint

- Account ID
- Shipping Address
- IP Address
- Device ID / Fingerprint

- ✓ Item Description must be provided for transactions

Pre-dispute Deflection ●



The pre-dispute flow enables merchants to supply **CE3.0 data** real-time in response to a pre-dispute inquiry



Merchant retains transaction revenue



Successful dispute deflection will not count against fraud and dispute ratios¹



Reduces dispute-related costs including acquirer dispute fees and monitoring program penalties



Lowers the operational cost of managing disputes

Post-dispute Pre-arbitration ●

Merchant manually selects historical transactions, providing **better control** on compelling evidence packages

Successful pre-arbitration will **remove fraud notice from Visa fraud ratio**

Historical and disputed transactions must be processed through **same acquirer**

No integration required



Pre-And Post-Dispute Differentiators

	Pre-dispute	Post-Dispute
Feature	Deflection	Pre-Arbitration
Benefits For Merchants	<ul style="list-style-type: none"> Automated Process Acquirer Agnostic Capability Immediate Confirmation of CE3.0 Protection Dispute Ratio Reduction Fraud Ratio Reduction Avoid Dispute Fees Lower Operational Costs Retain Revenue 	<ul style="list-style-type: none"> Fraud Ratio Reduction Recover Revenue Merchant Control of Historical Transactions No Integration Required

Merchant & Issuer Dispute Deflection Best Practices ●

Assess your business capabilities and priorities to decide on pre- or post-dispute path, or both



Data Storage

Capture and Store 365 Days of Data

Include ARN and Visa TranID with every transaction



IP Address

Must be the cardholders public IP Address

Must meet prevalent industry standards – IPV4 and IPV6



Device ID

Unique identifier such as IMEI

Must be at least 15 characters



Device Fingerprint

Combination of two hardware and software attributes (eg, OS and Model)

Must be at least 20 characters

CE3.0 In Action – JustAnswer and Capital One



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Thank You

Don't forget to submit your session evaluation!



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