

Visa/MasterCard Fraud & Chargeback Program Thresholds Guidelines

<u>Programs</u>	<u>Thresholds</u>	<u>Program Fees & Fines</u>
Visa Chargeback Monitoring Program (VCMP)	<p>Standard threshold</p> <ul style="list-style-type: none"> • 100 chargebacks, and • 1% ratio of chargeback to sales transaction <p>Excessive threshold</p> <ul style="list-style-type: none"> • 500 chargebacks, and • 2% ratio of chargeback to sales transaction <p>High Risk threshold</p> <ul style="list-style-type: none"> • 100 chargebacks, and • 1% ratio of chargeback to sales transaction <p>OR Merchant outlet moved from Visa standard threshold to High Risk threshold based on a review of merchant performance and inappropriate business practices (e.g., use of abusive free trial policies, negative renewal options etc.)</p> <p>OR Meet or exceed the program Excessive threshold</p> <p>Early Warning thresholds</p> <ul style="list-style-type: none"> • 75 or more chargebacks, and • 0.75% ratio of chargeback to sales transaction 	<p>Standard</p> <ul style="list-style-type: none"> • Mth 1-4: no non-compliance assessments or program fees • Mth 5-6: US \$50 per chargeback • Mth 7: US \$50 per chargeback • Mth 8-9: US \$100 per chargeback • Mth 10-12: US \$100 per chargeback plus US \$25,000 review fee <p>High Risk</p> <ul style="list-style-type: none"> • Mth 1-4: US \$100 per chargeback • Mth 5-6: US \$100 per chargeback • Mth 7: US \$100 per chargeback plus US \$25,000 review fee • Mth 8-9: US \$100 per chargeback plus US \$25,000 review fee • Mth 10-12: US \$100 per chargeback plus US \$25,000 review fee
Visa Fraud Monitoring Program (VFMP)	<p>Standard threshold</p> <ul style="list-style-type: none"> • US \$75,000 in fraud amount, and • 1% ratio of fraud to sales dollar amount <p>Excessive threshold</p> <ul style="list-style-type: none"> • US \$250,000 in fraud amount, and • 2% ratio of fraud to sales dollar amount <p>High Risk threshold</p> <ul style="list-style-type: none"> • US \$75,000 in fraud dollar amount, and • 1% ratio of fraud to sales dollar amount <p>OR Merchant outlet moved from Visa standard threshold to High Risk threshold based on a review of merchant performance and inappropriate business practices (e.g., use of abusive free trial policies, negative renewal options etc.)</p> <p>OR Meet or exceed the program Excessive threshold</p> <p>Early Warning thresholds</p> <ul style="list-style-type: none"> • US \$50,000 or more in fraud dollar amount, and • 0.75% or higher ratio of fraud to sales dollar amount 	<p>Standard</p> <ul style="list-style-type: none"> • Mth 1-3: no non-compliance assessments or program fees • Mth 4-6: no non-compliance assessment; reason code 93 chargeback liability applies from Month 5 onward • Mth 7-9: no non-compliance assessment; Reason Code 93 chargeback liability applies • Mth 10-12: no non-compliance assessment; Reason Code 93 chargeback liability applies <p>High Risk</p> <ul style="list-style-type: none"> • Mth 1-3: US \$10,000 per merchant case per month; Reason code 93 chargeback liability applies from Month 1 onward • Mth 4-6: US \$25,000 per merchant case per month; Reason code 93 chargeback liability applies • Mth 7-9: US \$50,000 per merchant case per month; Reason code 93 chargeback liability applies • Mth 10-12: US \$75,000 per merchant case per month; Reason code 93 chargeback liability applies
MasterCard Global Merchant Audit Program (GMAP)	<p>Tier 1 – Informational Fraud Alert</p> <ul style="list-style-type: none"> • 3 fraudulent transactions • Minimum of \$3,000USD • A fraud to sales ratio of 3% and not exceeding 4.99% • All of the above, in any one month 	<p>Fraud awareness training Correct any identified deficiencies</p>

	<p>Tier 2 – Suggested Training Fraud Alert</p> <ul style="list-style-type: none"> • 4 fraudulent transactions • Minimum of \$4,000USD • A fraud to sales ratio of 5% and not exceeding 7.99% • All of the above, in any one month <p>Tier 3 – High Fraud Alert</p> <ul style="list-style-type: none"> • 5 fraudulent transactions • Minimum of \$5,000USD • A fraud to sales ratio minimum of 8% • All of the above, in any one month 	
MasterCard Excessive Chargeback Program (CMM)	<p>Chargeback Monitored Merchant (CMM)</p> <ul style="list-style-type: none"> • A count of at least 100 chargebacks and • A chargeback to transaction ratio (CTR) = > 1% 	<p>No issuer re-imburement, violation nor reporting fees applicable</p> <p>Late reporting submission fees US \$5,000 per month for each month that a specific monthly CMM report is overdue</p>
MasterCard Excessive Chargeback Program (ECM)	<p>Excessive Chargeback Merchant (ECM)</p> <ul style="list-style-type: none"> • A count of at least 100 chargebacks and • A chargeback to transaction ratio (CTR) = > 1.5% <p>Tier 1 ECM – a merchant is Tier 1 ECM during the first to sixth months, whether consecutive or non-consecutive calendar months</p> <p>Tier 2 ECM – a merchant is Tier 2 ECM during the seventh to twelfth month whether consecutive or non-consecutive calendar months</p>	<p>Tier 1 ECM: USD\$25 per chargeback</p> <p>USD\$100 reporting fee for each ECM report submitted</p> <p>Large issuer re-imburement & violation assessment fees based on CTR percentage above the accepted threshold for <u>each</u> calendar month that a merchant exceeds ECM threshold</p> <p>Late ECM report submission fee USD\$500 per day for each day of the first 15 days that the report is overdue and USD\$1000 per day thereafter until the report is submitted</p> <p>Tier 2 ECM: In addition to the assessment noted above, a merchant may be subject to non-compliance fees US \$50,000 per month after the 12 month, if it remains as an ECM</p>

For more information on the Visa/MasterCard Fraud & Chargeback programs please visit:

Merchant Operating Manual: <https://www.moneris.com/support/downloadable-guides/merchant-manuals>

Visa: <https://usa.visa.com/support/small-business/regulations-fees.html#3>

MasterCard: http://www.mastercard.com/us/merchant/pdf/SPME-Entire_Manual_public.pdf