

# Credit Card Authorization

## Chargebacks & Miscellaneous Fees

A credit card “chargeback” refers to the reversal of a credit card transaction by the institution that issued the credit card involved: disputed funds are removed from the merchant’s account and credited to the customer’s account. A chargeback typically occurs when a customer contacts the issuing bank to dispute a credit card charge.

Once a complaint has been made, a short investigation is conducted and the money is posted back to the cardholder’s account after the dispute resolution process has been completed. The card issuer then charges the refunded amount to the original merchant, along with a penalty fee.

For each chargeback the issuer assigns a numeric reason code. Reason codes vary by bank network, but fall into four basic categories:

- Technical:** Expired authorization, non-sufficient funds, or bank processing error;
- Clerical:** Duplicate billing, incorrect amount billed, or refund never issued;
- Quality:** Consumer claims to have never received the goods as promised at the time of purchase;
- Fraud:** Consumer claims they did not authorize the purchase or identity theft.

### Commons Reasons for Chargebacks

Chargebacks frequently happen if attempts to correct the problem with the merchant have been unsuccessful. The most common situations resulting in a chargeback include:

- A cardholder failing to recognize the transaction description on their credit card statement and disputing the charge;
- Being charged more than once for the same item or service;
- A charge being posted to the wrong person’s account (usually the result of entering the wrong account number while processing the transaction);
- Being overcharged;
- Dissatisfaction with the product or service that was charged;
- Not receiving the products ordered or receiving a product different from the ones that were ordered; or
- Charges that were not authorized by the cardholder (usually the result of theft or fraud). Other types of chargebacks are related to technical problems between the merchant and the issuing bank, for example when a customer was charged twice for a single transaction.

Chargebacks may also be related to the authorization process, for example, if a transaction is declined by its issuing bank but the account is still charged.

If you wish to discuss a chargeback with Bank of American Merchant Services [BAMS], please telephone their call center at 1-800-228-5882, Option 1. You’ll need your full Merchant ID available when you call to verify identification—it should begin with 496, followed by 8 digits. Cardholders have 120 days to dispute the transaction; Merchants have until day 38 from the chargeback received date to process a reversal

# Miscellaneous Payment Card Fees

**Note: These fees are charged by the payment card associations (VISA/MC/Discover) and passed through to the merchant. They are not processor (like BAMS) fees and are charged regardless of who the processor happens to be.**

## MasterCard Digital Enablement Fee

Fee Per Sales \$ 0.01%

Assessed on all MasterCard card not present sale transactions.

## MasterCard Network Access Auth Fee (NABU)

Fee Per Item: \$0.0195

Assessed on each authorization record except Return/Credit transactions.

## MasterCard Network Access Settlement Fee (NABU)

Fee Per Item: \$0.0195

Assessed on each Collection Only and Return/Credit settled transaction.

## MasterCard Account Status Inquiry Service Fee - Intraregional

Fee Per Item: \$0.025

"Applies to all Account Status Inquiry Service requests (including AVS, CVC2 or both) where the merchant and cardholder are in the same region."

## MasterCard Processing Integrity Fee

Fee Per Item: \$0.055

Applies to authorizations that are not cleared or reversed (full or partial) within MC time frames.

## Mastercard License Fee

Fee Per Sales \$ 0.0050%

Fee based on MC total settlements

## Visa Zero Floor Limit Fee

Fee Per Item: \$0.100

Fee assessed on all Visa settlec transactions that are not authorized. Billed on a one month lag.

## Visa Misuse Auth System Fee

Fee Per Item: \$0.045

Fee assessed on Visa authorized transactions which are not followed by a matching Visa settlement transaction. Billed on a one month lag.

## Visa Zero Dollar AVS

Fee Per Item: \$0.025

"Applies to Zero Dollar Verification messages (approved and declined) which include the verification of the card account number, address verification (AVS), Card Verification Value 2 (CWV2) . The Visa Misuse of Authorization Fee does not apply to these requests."

## Visa Debit Transaction Integrity Fee

Fee Per Item: \$0.10

Fee charged on each signature debit transaction (including Visa Consumer and Business debit cards and Visa Consumer and Commercial Prepaid cards) that does not meet the qualification criteria defined under the Visa U.S. Custom Payment Service (CPS) program

## Visa Fixed Acquirer Network Fee (FANF)

Fee Per Item: Varies

### Customer Present:

A monthly fee that will be assessed at the federal taxpayer identification number (TIN) level and is based on Client's number of locations, total monthly Gross Sales Volume (originating from Visa Credit, Visa Non-PIN Debit, and Visa Prepaid cards), Merchant Category Code (MCC), and whether the customer is present. This fee will be billed in the month after it is incurred.

### Customer Not Present:

A monthly fee that will be assessed at the federal taxpayer identification number (TIN) level and is based on Client's number of locations, total monthly Gross Sales Volume (originating from Visa Credit, Visa Non-PIN Debit, and Visa Prepaid cards), Merchant Category Code (MCC), and whether the customer is present. This fee will be billed in the month after it is incurred."

## Visa Acquirer Processor Fee Credit (APF)

Fee Per Item: \$0.0195

Applies to all Visa-branded credit authorizations acquired in the U.S. regardless of where the issuer or cardholder is located. This fee will not apply to Zero Dollar Verification messages or credit authorization reversals.

## Visa Acquirer Processor Fee Debit (APF)

Fee Per Item: \$0.0155

"Applies to all Visa-branded Non-PIN Debit (DB) and Prepaid (PP) authorizations acquired in the U.S. regardless of where the issuer or cardholder is located. This fee will not apply to Zero Dollar Verification messages or Non-PIN Debit and Prepaid authorization reversals."

## Discover Network Authorization Fee

Fee Per Item: \$0.0025

Fee assessed on all Discover, JCB, UnionPay, Diners Club International, and Korea BCCard authorizations

## Discover Data Usage Fee

Fee Per Item: \$0.0185

Fee assessed on all Discover, JCB, UnionPay, Diners Club International, and Korea BCCard sales and credit (return) transactions