VISA

Authorization   19 October 2023

Authorization Framework Will Be Updated To Simplify Authorization Processing Time Frames: Information for U.S. Acquirers

U.S. | *Acquirers*
Visa, Interlink Networks

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> **Overview:** Effective 13 April 2024, Visa will make changes to its authorization framework to modernize the existing structure for authorization validity and clearing time frames. Acquirers will need to support the new requirements.

Visa is continuing its endeavor to create a modern, flexible framework for authorizations that is better suited to evolving business needs and processing practices, providing merchants and acquirers with more options for authorizing transactions while balancing support to issuers by helping to make their open-to-buy strategies more efficient.

The authorization validity (or approval response validity) time frame defines the maximum amount of time a merchant has to complete the transaction once an authorization request has received an approval response. Existing requirements for maximum permitted authorization validity vary due to several factors such as product type, environment (e.g., card-present [CP] or card-not-present [CNP]) and merchant segment.

The clearing (or acquirer processing) time frame defines the maximum amount of time an acquirer has to process completed transactions from the transaction date. Existing requirements for maximum permitted clearing time frames can also vary by several factors, such as product type and country regulations.

The existing structure is complex and has many variables, which has driven demand to simplify processing time frames for issuers. At the same time, there is also demand for certain merchants to retain an approved authorization for an extended period. To address both the needs of issuers and merchants, **effective 13 April 2024**, Visa will make several updates to authorization and clearing time frames.

> **Mark Your Calendar:**
> **13 April 2024**
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> - New authorization-to-clearing time frames implemented
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> - Dispute rules updated to align with new time frames

Simplifying Authorization and Clearing Time Frames

Visa will simplify and optimize the existing structure by:

- Combining authorization validity and clearing and creating a new, single authorization-to-clearing time frame

- Creating a new set of standard time frames

- Introducing a new field in VisaNet that will populate an expected clearing date of an authorization. This date will be populated by VisaNet prior to sending it to the issuer, and will be returned to the acquirer in the authorization response

New Authorization-to-Clearing Time Frames

Transaction Type	New Maximum Time Frame[1]
CNP (cardholder-initiated) transactions	10 calendar days
Transactions with an estimated authorization indicator for any of the following merchants: • Cruise line • Lodging • Vehicle rental	30 calendar days
Transactions with an estimated authorization indicator for any of the following merchants: • Aircraft rental • Bicycle rental, including electric scooters • Boat rental • Clothing and costume rental • DVD and video rental • Equipment and tool rental • Furniture rental • Motor home rental • Motorcycle rental • Trailer parks and campgrounds	10 calendar days
All other CP transactions[2,3]	Five calendar days
All merchant-initiated transactions[4]	Five calendar days

[1] Time frames begin on the date of a valid authorization.

[2] For a preauthorization request at an automated fuel dispenser (AFD), a completion message or a reversal must be sent within two hours of receipt of an approval response.

[3] In the U.S. region: ATM transactions, PIN-authenticated Visa Debit transactions and Visa ReadyLink transactions must be processed as full service online financial transactions through the V.I.P. System.

[4] Includes installment transactions, recurring transactions, advance payment transactions, unscheduled credential-on-file transactions and merchandise returns and credits.

The resulting changes will create an optimized structure that:

- Simplifies Visa rules and systems for issuers, acquirers and merchants

- Reduces complexity and allows clients to manage to a single time frame

- Improves issuers' ability to effectively manage authorization holds

- Has the potential to reduce overall time for a transaction to complete, minimizing exposure to exceptions

Dispute Rule Updates

To support the changes to authorization and clearing time frames, Visa will align dispute rules to combine Dispute Condition 11.3: No Authorization and Dispute Condition 12.1: Late Presentment. Dispute Condition 11.3: No Authorization will cover the following scenarios:

- An authorization was required, but was not obtained

- An authorization was obtained, but the transaction was processed for a higher amount

- An authorization was obtained, but the transaction was not processed in time

- An authorization was not required, and the transaction was not processed in time

  Additionally, Visa Resolve Online will be updated to support the new time frames and field requirements.

Additional Resources

Merchants, for more information, please contact your acquirer.

For More Information

Contact your acquirer.

Notice: To support the changes to authorization and clearing time frames, Visa will align dispute rules and update Visa Resolve Online.