

Launch of Visa Installment Payment Capabilities and Clarification of Debt Repayment and Stored Credential Policies

Global | *Acquirers, Issuers, Processors, Agents*

Visa, Interlink Networks



Overview: Visa is launching a new API-based installment solution that enables participating issuers and merchants to provide shoppers the ability to choose to pay in installments. Separately, Visa is also expanding acceptance policies for installments on Visa cards, even if the installment provider is neither the card issuer nor the seller of the goods or services. Lastly, existing debt repayment, stored credential, and prepayment transaction requirements will be streamlined.

Visa is launching a new API-based installment solution that enables participating issuers and merchants to provide shoppers the ability to choose to pay in installments. Issuers will be able to offer eligible cardholders an installment payment experience at the time of purchase using a card they already have in their wallet. Such installment plans are determined by the issuer and provided to the eligible cardholder by the merchant at checkout.

Separately, **effective 25 January 2020**, acceptance policies for installments, for both credit and debit, will be expanded, and existing debt repayment and stored credential policies will be streamlined.

Installment Plans Offered by Issuers and Presented by Sellers at the Point of Sale

Consumers are continually taking advantage of new ways to pay, with the ability to split purchases into smaller, more manageable payments emerging as a key method to help manage personal and household finances. Services that allow installment payments, also known as buy-now-pay-later services, are becoming an increasingly attractive proposition for tech-savvy customers who value the flexibility of making set payments in fixed intervals. Additionally, these services are popular with retailers looking to increase sales to customers who would not otherwise be able, or willing, to make such purchases.

Visa is making it easier to provide shoppers the ability to choose how they pay with the introduction of a suite of Visa’s installment solutions APIs. Participating issuers, acquirers and merchants will be able to offer their customers an installment payment experience at or before checkout using a Visa card they already have in their wallet.

Visa’s installment solutions aim to simplify the installment process at checkout for buyers and sellers. Now, retailers can leverage cardholders’ existing relationships with financial institutions to provide Visa’s installment solutions at the point of sale—online or in store—through an API-based integration. The service is provided by the card issuer and may be offered through the seller of the goods or services.

Mark Your Calendar:

- Visa installment solution APIs and services available for early access in the U.S., UK and Canada **(5 December 2019)**
- New partial payment and updated prepayment / stored credential policies effective **(25 January 2020)**
- Expiration of existing partial payment pilots **(30 April 2020)**

The installment solutions service is currently available for early access in the U.S., UK and Canada, with additional countries to be included over time. Clients interested in participating in the early-access service can contact their Visa representative or visit [Visa's Installment Solutions](#).

Installments Offered by Sellers and Provided by Sellers or Third-Party Providers: New Partial Payments Operating Framework

Since 2017, Visa has been running partial payment pilots in several countries. Based on successful pilot results, **effective 25 January 2020**, Visa will formally expand acceptance policies to enable partial payments (i.e., installments) with Visa cards, even if the installment provider is not the seller of the goods or services. Existing pilots will run through **30 April 2020**, after which pilot participants will be required to comply with the new framework.

The following operating framework will apply for partial payment (“installment”, “buy-now-pay-later”) transactions:

Category	Requirement	Notes
Payment Types	All Visa products are eligible, i.e., credit, debit and reloadable prepaid cards.	None
Transaction Types	<p>Installment transactions for the purchase of goods / services must meet all of the following characteristics:</p> <ul style="list-style-type: none"> There is no charge for interest, or imputed interest, to the cardholder from the merchant or installment provider. Late payment fees may be applied, but these must be flat fees solely for the purpose of encouraging timely payments and must not be an attempt to retrieve the merchant’s or installment provider’s borrowing cost. The agreement between the cardholder and the merchant or installment provider is completed before, or at the time of purchase. Overdue payments that have become delinquent / charged-off must not be submitted. 	An arrangement that does not meet both characteristics is considered to be “debt,” and will be subject to Visa’s existing debt repayment policy.
Processing	<ul style="list-style-type: none"> Authorization is required for each partial payment transaction. When the installment provider is not the seller of the goods / services: <ul style="list-style-type: none"> Merchant Category Code (MCC) 5999—Miscellaneous and Specialty Retail Stores must be used. The merchant name must be that of the installment provider. When the installment provider is the seller of the goods / services: <ul style="list-style-type: none"> The seller’s usual MCC must be used. The merchant name must be that of the seller. The existing installment indicator is required for all transactions, as per existing processing specifications: <ul style="list-style-type: none"> V.I.P Field 126.13, value “1” (globally, excluding U.S. acquirers) V.I.P Field 60.8, value “03” (U.S. acquirers) Optionally, acquirers can include additional installment data with dataset ID hex 5D in Field 104, Usage 2. Transaction receipts must include the name of the seller of the goods / services, as well as the number of the installment payment, e.g., 2 of 4. 	The authorization amount must be the amount of the individual installment payment and must not represent the total outstanding amount to be repaid.
Disclosures	<p>For partial payment transactions when the installment provider is not the seller of the goods / services, each agreement must disclose to the cardholder that:</p> <ul style="list-style-type: none"> It is not the seller of the goods / services, Disputes for non-delivery or quality of goods / services will not be available in relation to the goods / services purchased, and The cardholder’s issuer may charge interest, or other charges, in line with the terms and conditions of the agreement between the cardholder and issuer. 	The installment provider must not state or imply interest will not be charged by the issuer of the card used for the partial payment transaction.

Purchase Information	<p>Details about the underlying purchase must be made available to the cardholder, minimally online, including:</p> <ul style="list-style-type: none"> • Description of each individual purchase, including the name of the seller • Amount and date of each individual purchase • Amount of each installment transaction • Number of installments paid and number of installments remaining 	None
Location	When the installment provider is not the seller of the goods / services, the seller must be located in the same country as the installment provider and acquirer.	None
Contracts	<p>Contracts are required as follows:</p> <ul style="list-style-type: none"> • There must be a contract between the cardholder and the installment provider (regardless of whether the installment provider is the seller of the goods / services). • If the installment provider is not the seller of the goods / services, the installment provider (or its affiliate) must have a direct contract with the seller. 	None

Clarification of Prepayment and Stored Credential Policy

In addition to the availability of the new partial payments framework, **effective 25 January 2020**, certain aspects of Visa's debt repayment, prepayment and stored credential policy will be updated, as follows:

- Transactions representing repayment of an overdue obligation that has both (i) not been charged-off and transferred from the original owner to a third party and (ii) does not include interest (expressly or implicitly), are not considered debt.
- Prepayments, representing a full or partial deposit for goods or services to be provided on a future date, have been renamed and defined as Advance Payments.
- Disclosure, agreement and cancellation policy requirements have been streamlined for all stored credential transactions. No new requirements or changes to existing agreements will apply.

For More Information

Merchants and third party agents should contact their acquirer.

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