



Authorization Reversals

The importance of providing the correct information

Authorizations secure funds for sales

Authorizations are a key part of any sale, giving merchants the ability to identify if funds are available to complete a transaction. With each successful authorization, the amount available for other purchases is reduced to cover the approved sale until it is settled with the cardholder's bank. This is commonly known as an authorization hold. However, not all authorizations are settled, and that can cause a problem for cardholders when the authorization is tying up money that can be used for other purchases.

Merchant responsibility for a cancelled sale

Imagine not having access to your money, or not knowing why your card is being declined. To help ensure that cardholders have access to all of their available funds, merchants should process authorization reversals for any sales that are cancelled by their customers. Authorization reversals notify the issuer that all, or part, of a sale has been cancelled and that the authorization hold should be released.

With missing or non-matching data elements, the issuer will not be able to match the authorization reversal to the original authorization. This means that the funds will remain outstanding for anywhere from 1 to 8 days, depending on the card and transaction type.

A deeper look into the authorization reversal process

To better understand if the authorization reversal process is working, Visa reviewed thousands of authorization reversal transactions over a three month period. It was discovered that many merchants were sending incomplete or incorrect information in the reversal message, meaning that the issuer could not properly identify and therefore remove the matching authorization hold. While some issuers will release an authorization hold with only a matching transaction identifier, others require the correct information in all four of the required data authorization fields mentioned in the table in the left side margin.

Merchants can ensure that cardholders are not negatively impacted by extended authorization holds against their accounts by providing all of the required information. This will ensure that the issuer has the necessary information to match the reversal to the original authorization and release the hold as quickly as possible.

The following field values from the original authorization are required to ensure that an authorization reversal can be properly identified by the issuer:

| Field # | Field Name |
|---------|---------------------------------------|
| 11 | System Trace Audit Number |
| 37 | Retrieval Reference Number |
| 38 | Authorization Identification Response |
| 62.2 | Transaction Identifier |

For more information

For more information contact your Visa representative today.