



Global Compromised Account Recovery Program Modified to Reflect Increased Response Costs

AP, Canada, CEMEA, LAC, U.S. | Acquirers, Issuers, Processors, Merchants, Agents

As announced in the 15 January 2015 edition of the *Visa Business News*, and after considering factors that include reissuance ratios, natural account closure rates, and customer servicing and fraud response costs, Visa has re-evaluated the cost of breach response that clients incur.

Effective for account data compromise events in which the first or only Compromised Account Management System (CAMS) alert is sent **on or after 1 July 2015**, Global Compromised Account Recovery (GCAR) operating expense amounts per eligible account will be determined using a new tiered structure based on issuer size. These changes will ensure that GCAR recoveries align more closely with current estimated costs and risks that result from account data compromise events.

About the GCAR Program

In May 2012, Visa consolidated its regional account data compromise recovery programs into the GCAR program, which is designed to provide a balanced and efficient cost recovery process for participants in the Visa payments system.

The GCAR program helps Visa Inc. and Visa Europe issuers recover a portion of estimated counterfeit fraud losses and operating expenses resulting from account data compromise events. In addition, the program limits acquirer liability for account data compromise events under the Visa Rules by creating a safe harbor for acquirers of chip-enabled merchants, defining set windows of financial exposure, capping assessment amounts proportional to the compromised entity's Visa purchase volume and excluding chip-on-chip, card-not-present and Near Field Communications transactions.

Enhancements

The following GCAR program enhancements will be effective for account data compromise events in which the first or only CAMS alert is sent **on or after 1 July 2015**:

- Issuers will be categorized into one of three operating expense payment tiers—small, medium and large—based on annual Visa purchase volume.
- In recognition of the increased estimated costs of account data compromise event response since the GCAR program inception, operating expense recovery for large issuers will be updated to US \$2.65 per eligible account.
- To reflect higher estimated operating expenses that small- and medium-size issuers incur in responding to account data compromise events, GCAR operating expense recovery tiers will be created for these

issuers. Operating expense recovery rates per eligible account will be set at US \$6.00 and US \$3.85 for small- and medium-size issuers, respectively.

- To account for the higher cost of reissuing at-risk chip cards, GCAR operating expense recovery amounts will be increased by US \$1 for all eligible accounts that had already been issued chip cards before being involved in an account data compromise event.
- To simplify GCAR program rules and calculations, GCAR will no longer exclude accounts indicated in the CAMS alert as expired at the time of the alert. The new GCAR tiered operating expense recovery amounts (see table below) have been set at levels to reflect the possibility that the population of eligible accounts may include expired accounts.

The following table summarizes the new tiered structure for GCAR operating expense recovery:

GCAR Operating Expense Recovery Amount per Eligible Account¹

| | Issuer Tier | | |
|-----------------------------------|-------------|--------------|---------|
| | Small | Medium | Large |
| Annual Visa Purchase Volume | < \$500M | \$500M–\$10B | > \$10B |
| Eligible Magnetic Stripe Accounts | \$6.00 | \$3.85 | \$2.65 |
| Eligible Chip Accounts | \$7.00 | \$4.85 | \$3.65 |

¹ All amounts are in U.S. dollars.

These program enhancements will not require issuers or acquirers to modify their systems.

Additional Resources

Documents & Publications

“Global Account Recovery Program Modified,” *Visa Business News*, 15 January 2015

Online Resources

Visit the [GCAR web page](#) at Visa Online

For More Information

For questions or comments about the GCAR program, email GCARsupport@visa.com. Third party agents should contact their issuer or acquirer.

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