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# Visa Flexible Credential – Merchant FAQs (U.S. Region Only)

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August 2024

## General

### 1. What is Visa Flexible Credential (VFC)?

The Visa Flexible Credential (VFC) gives each participating Visa issuer in the United States the capability to link a single Visa credential it has issued, to two or more accounts (i.e., source of funds) within that issuer. At the point-of-sale, merchants and acquirers interact with a single credential, regardless of which account is used to fund the purchase.

Before an eligible purchase, each issuer allows cardholders of VFC-enabled credentials to select which linked account to use to fund such purchase. The cardholder would likely make their selection through an issuer's mobile application.

### 2. I have seen references to Visa Multiple-Account Access Service (VMAAS). Is this the same?

Yes, the VMAAS service has been rebranded to "Visa Flexible Credential". This change is effective as of May 2024.

### 3. What is the key value proposition of VFC for cardholders and merchants?

VFC will allow issuers to give their cardholders a more flexible, streamlined, and personalized payment experience. An issuer can give a cardholder the flexibility to toggle between multiple accounts tied to the same card, either (i) on a transaction-by-transaction basis or (ii) through dynamic or static pre-purchase rules set by the cardholder that could apply to more than one transaction. The payment experience is streamlined because the issuer is able to offer this experience through a single credential.

For merchants, VFC may offer a few advantages. It may help to increase checkout conversions and transaction sizes. It also provides an opportunity to leverage underutilized use cases and funding sources such as loans and loyalty points. Additionally, VFC may enhance customer engagement through the enablement of seamless checkout experiences.

### 4. How does VFC work?

**Setup:** Visa will make available different programs, based on the type of accounts that are linked to the same credential. Until further notice, the first program in the U.S. to launch is a Visa Debit card (i.e., the primary (lead) credential is tied to a consumer debit account), which can also access another funding source (i.e., the secondary (funding) credential) that is a consumer credit account.

**Program Enrollment:** The issuer enrolls participating cards into VFC, and registers for a program with Visa. Before launch, Visa must review and, if acceptable, approve the registration.

**Pre-Transaction:** The issuer gives cardholders the option to choose or follow preset rules for transaction funding. Visa equips the acquirer with tools to identify (i) whether the credential is a VFC-enabled credential before the transaction and (ii) the funding source for that transaction. In order to identify the funding source pre-transaction, acquirers and potentially merchants will need to make some processing enhancements, which are set out in Visa's April 2024 business enhancements release technical letter to acquirers.

**During Transaction:** The issuer informs Visa of the cardholder's choice of funding source, which Visa then uses to update the Account Funding Source and Product ID in the authorization response that Visa relays to acquirers.

**Post-Transaction:** The issuer deducts the transaction amount from the chosen funding source. Visa clears and settles the transaction according to the authorization response. Disputes and refunds follow standard Visa credential procedures based on the funding source and corresponding credential.

## 5. What are "primary (lead)" and "secondary (funding)" credentials?

A primary (lead) credential is a Visa credential which has been enrolled as a participating card into VFC. The primary (lead) credential is issued to the cardholder—either as a physical or virtual card—and is used by the cardholder to initiate the transaction at point of sale.

A secondary (funding) credential is a Visa credential that is eligible to fund transactions initiated by a primary (lead) credential. When the cardholder has elected to fund the transaction using a secondary (funding) credential for eligible transactions, the authorization response will contain the Product ID and Account Funding Source of that secondary (funding) credential; however, the authorization response of each transaction will contain the PAN of the primary (lead) credential.

## 6. In the U.S. region, what types of accounts may a VFC cardholder access?

From a technology viewpoint, VFC could link a Visa credential to any type of account, thereby giving a VFC cardholder access to any type of account held with the cardholder's issuer.

Nonetheless, until further notice, Visa is only making available in the U.S. Region a consumer debit primary (lead) credential with a consumer credit secondary (funding) credential. In other words, Visa' first VFC program in the U.S. Region will permit a VFC-enabled Visa Consumer Debit card to access, for eligible transactions, one of two funding sources: either a debit account or a consumer credit account. Visa is calling this the "consumer debit with access to consumer credit" VFC program.

In the future, Visa may announce additional VFC programs in the U.S. Region, which could allow issuers in that region to link other types of accounts to a Visa card.

**7. When is the “consumer debit with access to consumer credit” VFC program available in the U.S. Region?**

In the U.S. Region, the VFC “consumer debit with access to consumer credit” program has been available as of April 12, 2024. However, as of August 2024, no VFC cards have launched in the U.S. Region. Please refer to Question 20 for issuer go-live date information.

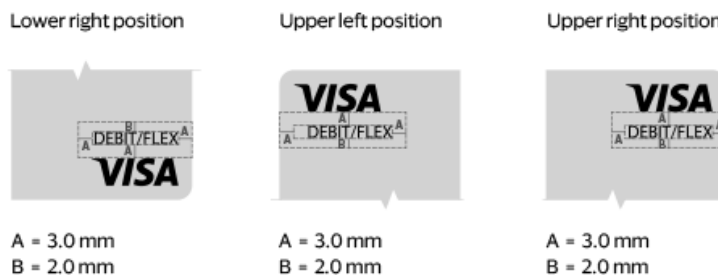
**Credential and Transaction Identification**

**8. How can a merchant visually identify a VFC-enabled credential?**

The consumer debit-credit VFC program has branding requirements. Specifically, the card art – whether physical or digital—must contain the identifier “Debit / Flex” in particular locations:

- On a physical card, such identifier would appear above or below the Visa mark on the front or back of the card in the lower or upper right corner or upper left corner.
- On a digital card, such identifier would be placed above or below the Visa mark on the front of the card.

Below are examples of how the indicator would appear on Visa credentials:



**9. How can a merchant electronically identify a VFC-enabled credential?**

VFC credentials have electronic identifiers that merchants can access through their acquirers. Starting in April 2024, Visa is making available identifiers that would allow acquirers and merchants, pre-transaction, to electronically identify:

- whether a primary (lead) credential is VFC-enabled by using the Account Range Definition (ARDEF) tables, Visa BIN Attribute Sharing Service (VBASS) APIs, or VFC routing tables that contain the ranges of Bank Identification Numbers (BINs) that participate in VFC; and
- identify the cardholder’s choice of funding source for a transaction by using the Product Eligibility Inquiry (PEI) message, which is a pre-authorization message.

Visa will not charge acquirers for using ARDEF tables, routing tables, or PEI to identify VFC credentials or their funding source. VBASS APIs will continue to have a charge.

**10. Does an issuer require a dedicated BIN for its VFC program(s)?**

Yes, an issuer must issue VFC-enabled cards from a BIN dedicated to VFC programs. As a result, merchants should easily be able to recognize BINs that are VFC-enabled if their acquirer or processor supports that capability.

**11. When VFC launches in the United States, are merchants required to identify the funding source prior to every transaction?**

No. Visa is not requiring merchants to identify the Account Funding Source and Product ID that a VFC-enabled card will use to make a transaction prior to such transaction.

**12. How can merchants determine the Account Funding Source (AFS) and Product ID (PID) for a specific transaction on a VFC-enabled card?**

If a merchant needs to determine the AFS and PID that a VFC-enabled card will use for a specific transaction, the merchant may determine the Account Funding Source and Product ID by having its acquirer send a Product Eligibility Inquiry to Visa prior to such transaction.

**Acceptance**

**13. If a merchant only accepts Visa Debit cards, must that merchant accept a VFC-enabled card during a transaction that is funded through a credit funding source?**

No, unless the merchant has a legal or contractual obligation to accept a credit funding source. Currently in the U.S. region, a VFC-enabled card can access one of multiple account funding sources at a time: either a debit funding source or a credit funding source. When a cardholder presents a VFC-enabled card at a merchant for a particular transaction, and such transaction will be funded by a credit funding source, that merchant does not have to accept such card for that transaction if the merchant only accepts Visa Debit cards. There may be exceptions based on laws or contracts signed by particular merchants.

**14. If a merchant only accepts Visa Credit cards, must that merchant accept a VFC-enabled card during a transaction that is funded through a debit funding source?**

No, unless the merchant has a legal or contractual obligation to accept a debit funding source. Currently in the U.S. region, a VFC-enabled card can access one of multiple account funding sources at a time: either a debit funding source or a credit funding source. When a cardholder presents a VFC-enabled card at a merchant for a particular transaction, and such transaction will be funded by a debit funding source, that merchant does not have to accept such card for that transaction if the merchant only accepts Visa Credit cards. There may be exceptions based on laws or contracts signed by particular merchants.

**15. Does the VFC program preserve merchant routing choice?**

Yes. Issuers are required to follow U.S. laws and regulations when issuing Visa Debit cards enabled for VFC. As a result, a VFC-enabled Visa Debit card will continue to support merchant routing choice according to applicable laws, even if such card's secondary funding source is not a debit account.

**16. Suppose a VFC-enabled Visa Debit card is used to make a transaction with an account funding source that is “Credit.” What happens if that transaction is routed to an unaffiliated debit network?**

If the merchant decides to route the transaction to an unaffiliated debit network, then such transaction would be treated as a debit transaction, and the issuer may accept or decline it based on the issuer’s own authorization rules. This is the case even if the cardholder selects “Credit” as the account funding source for the transaction in question and the merchant routes to an unaffiliated debit network.

**Settlement and IRF calculation**

**17. What is the settlement process between issuers and acquirers for VFC-enabled credit transactions?**

Merchants and acquirers are advised to utilize the Account Funding Source (AFS) and Product ID (PID) obtained from the authorization response when creating the Base II files for Clearing and Settlement. To maintain the integrity of the VFC program, if Visa detects any discrepancy between (i) the Base II file received from an acquirer and (ii) the issuer’s authorization response for any transaction, Visa will use in Clearing and Settlement the AFS and PID shared in the issuer’s authorization response for such transaction.

As with any other Visa credit transactions, credit transactions done with VFC-enabled cards will be authorized for the complete purchase amount and settled in full by the issuer with the acquirer. The cardholder will repay the issuer for any credit transactions, according to the terms and conditions of their agreement with the issuer.

**18. How will Interchange be calculated for VFC transactions?**

In the authorization response for a given transaction, merchants will receive the Account Funding Source and Product ID of the funding credential used in that transaction. For such transaction, Visa will assign the Interchange Reimbursement Fee (IRF) associated with that funding credential. For instance, if a Visa Signature credit credential is the funding credential used for a transaction (where “Credit” is the Account Funding Source and “Visa Signature” is the Product ID), Visa will apply the Visa Signature credit IRF to such transaction.

**Other**

**19. Is there a “default” funding source upon issuance, or does the customer have to set the preference before transacting with the card?**

For the first VFC program in the U.S. region (i.e., “consumer debit with access to consumer credit”), issuers will use debit BINs to issue VFC-enabled cards. As a result, the default funding source of such cards will be a debit account, unless the cardholder changes such default funding source according to the issuer’s terms and conditions for the card.

**20. When will issuance of these cards begin?**

The first issuer offering a VFC card program in the U.S. is planned for this fall, on or around September 2024. This is subject to change based on issuer implementation timelines.

**21. What happens if a cardholder believes that a transaction was debited from the incorrect funding source?**

The cardholder must reach out to the card's issuer.

**22. For credential-on-file transactions, can merchants use the funding source identified by the customer and/or 0100 message when the customer first adds their card on file?**

VFC-enabled cards could be used for card-on-file transactions. The credential stored by the merchant for such card-on-file transactions will be the primary (lead) credential and will remain static during the life of such card. However, the funding source used by such a card may vary, depending on the cardholder's preference (subject to issuer program rules), issuer-specific rules, and Visa processing rules. Therefore, merchants should assume the funding source may vary. If a merchant needs to identify the Account Funding Source (AFS) and Product ID (PID) of a specific transaction, the merchant may determine the AFS and PID by using the pre-authorization Product Eligibility Inquiry (PEI) message.