

## Customary business practice of banks regarding appeal of online transactions



Article 14 (3) of the Republic of Armenia Law on Financial System Mediator establishes that in making a decision Mediator shall be based not only on the requirements of the Armenian legislation but also on the rules of business conduct and ethics, and customary business rules. To apply to the customary business practice, if needed, the Financial System Mediator found appropriate to get information about the customary business practice concerning the mentioned issue acting in the system.

According to the lodged claim, the Customer is considered as the card holder of the Bank. The Customer received a message according to which there had been a transaction from his account about which he had not been informed. Next day the Customer applied to the Bank to reveal the issue. The Customer checked the account statement in the Bank and found out that there had been two internet transactions. The Customer lodged a complaint application to the Bank at the same day.

The Bank did not make a protest against the transaction mentioned in the complaint application lodged by the Customer, substantiating that in the case of online transactions, according to the VISA international payment system rules, online transactions could be appealed in case if there was a matter of record between the cardholder and the body making internet trade. Moreover, in the above mentioned record the Customer should make appropriate corrections concerning the appealing transaction. The Bank can only make money repay in case of the refusal of the commercial body, which, though, is not guaranteed.

To reveal the customary business practice of the banks acting in the territory of the Republic of Armenia, the Financial System Mediator asked the banks acting in the territory of the Republic of Armenia to present their opinion, if possible, referring to the above mentioned situation and also to find out whether there had been complaints against online transactions or no. In addition to that, the Mediator asked to represent the Bank how would they act in the similar situation in case if the Customer lodged an appropriate transaction complaint-application.

Regarding the case, the office of the Mediator received the explanations and interpretations from thirteen Banks acting in the Republic of Armenia. Some of these Banks were not VISA members. The examination of the records from the other Banks results in: As the case refers to the default bargains the Bank cannot claim a record from the Customer. The transaction data request is realized on Visa online. In the result of which, the data are investigated in the number of fields. Afterwards, the Bank makes a transaction data request in accordance with the rules of visa international and they should be answered during 30 days by the acquirer bank. If the acquirer bank does not suffice the request or rejects it, the Issuer Bank has the right to appeal the requested transaction.

As to the record of the Customer with the service provider, it is necessary only in case if the cardholder obtained the service but the quality of the obtained service or goods do not meet the criteria.