



2011 Spring Release and Other Industry Changes

The enclosed information is a compilation of information from documents received from Visa, MasterCard, American Express and Discover.

This Presentation is provided as a courtesy and is to be used for general information purposes only and as an overview of announced changes, high level system impacts and business impacts. First Data shall not be responsible for any inaccurate or incomplete information. The matters contained herein are subject to change. Individual circumstances may vary and procedures may be amended or supplemented as appropriate. It should not be used as a substitute for reference to the actual association release technical documents, rules, FDC Business Requirements Document (BRD) and other official documents. This is not intended to be a complete listing of all applicable procedures. No information contained herein alters any existing contractual obligations between First Data and its clients.



Agenda

- MasterCard AFD
Compliance Mandate
- MasterCard Authorization
Data Accuracy Initiative
- MC
- Amex
- Discover



MasterCard AFD Compliance Mandate

MasterCard AFD Compliance Mandate



Upon approving an AFD authorization request, issuers may decide to place a hold on the “open-to-buy” of the cardholder’s account—the amount of available funds or credit available to the cardholder for subsequent transactions.

- Unless the acquirer sends an authorization reversal message for any excess amount authorized, the issuer likely will not release any excess hold on the open-to-buy until receiving the clearing record and reconciling the amount held with the actual transaction amount

MasterCard developed a solution to facilitate the release of an excess hold from a cardholder’s account within two hours of the time that the AFD transaction occurred.

- Acquirers of AFD merchants located in the U.S. and Canada regions must send an Authorization Advice/0120 message to the issuer providing the actual transaction amount for each approved AFD transaction no more than 60 minutes after the issuer approved its original Authorization Request/0100 message

MasterCard AFD Compliance Mandate



- MasterCard and Debit MasterCard issuers in the U.S. and Canada regions must release any excess hold amount placed on the cardholder's open-to-buy no more than 60 minutes after receiving the Authorization Advice/0120 message for an AFD transaction. Issuers in other regions that receive Authorization Advice/0120 messages should use the information provided to adjust the cardholder account's open-to-buy balance.

MasterCard is implementing a compliance program that will monitor Acquirer adherence to the revised AFD transaction Standards.

MasterCard may assess members an initial fine for the first month of noncompliance, and additional fines thereafter for each additional month of noncompliance.

- Noncompliance will fall under Category B, as documented in Chapter 3, Member Obligations, of the *MasterCard Rules manual*

Between January and April 2011, Franchise Development will provide a letter of noncompliance to the acquirers who fall below the 98 percent compliance threshold for the compliance mandate.

Beginning May 1, 2011, MasterCard will begin to enact applicable noncompliance assessments for April 1- 30 data.



MasterCard Authorization Data Accuracy Initiative

MasterCard Authorization Data Accuracy Initiative

MasterCard announced a new authorization data accuracy initiative in the Global Operations Bulletin, No. 12, dated December 1, 2010.

Background

- Accurate information in the authorization message is critical in evaluating the risk of fraud associated with a transaction
- Issuer feedback has indicated that improving the quality of data will help improve fraud prediction, prevention, detection and research
- MasterCard is addressing the data integrity of 4 fields important to this evaluation and announcing compliance mandates
- MasterCard will monitor and provide acquirer reporting beginning October 14, 2011
- Enforcement will begin on April 13, 2012 and will increase mandatory compliance levels incrementally during the next two releases
 - Mandatory compliance levels for all regions will align with the thresholds as of April 19, 2013 (Spring 2013 release)

MasterCard Authorization Data Accuracy Initiative

Authorization Fields to be monitored:

Transmission Data and Time

- Mandatory field that contains the date and time that the authorization message is processed by the MasterCard Network
- Rationale for monitoring: When used in conjunction with the merchant location, it is important in understanding the cardholder's location at the time of purchase
- Effective April 13, 2012, the value in this field must be within 3 minutes of the current time in the MasterCard Worldwide Network
- First Data has received clarification that MasterCard prefers that acquirers/processors provide this information and not a merchant

Card Acceptor Terminal ID

- The MasterCard Authorization manual states that terminals must be uniquely identified when a card acceptor location has multiple terminals
- Rationale for monitoring: Issuers have stated that this field is useful in fraud investigations. Currently acquirers omit this information or provide only default information
- Effective April 13, 2012, MasterCard will begin enforcing the requirement to provide this information with all card-read transactions

POS Postal Code

- The postal code should be supplied for each authorization in countries that have a postal code and reflect the merchant's geographic location; the format and content must be consistent between the authorization and clearing messages
- Rationale for monitoring: the field is important in card-present transactions because it identifies the location at which the transaction occurs
- Effective April 13, 2012, MasterCard will begin monitoring compliance for this requirement. Card-Not-Present transactions and merchants in countries that do not have a postal code will be exempt from this validation

MasterCard Authorization Data Accuracy Initiative



Clearing Fields Included

Trace ID

- The Trace ID contains two fields from the authorization message, Network Data and Settlement Data that are populated by MasterCard when the authorization response is returned. These fields must match between authorization and clearing.
- Effective April 13, 2012, all clearing records for online authorized transactions will be required to contain the Trace ID from the original authorization. For transactions from AFD, located in the US and Canada regions, the Trace ID from the 0130 Authorization Advice Response Message must be provided in the clearing record. For AFD transactions in all other regions the Trace ID is from the 0110 Authorization Response message.
 - There are exceptions to the monitoring for chip read transactions authorized offline, purchase returns, Limited Amount Terminal transactions, floor limit authorizations and collection only clearing records. There is no mention of an exception for Voice Authorizations.

Approval Code

- Effective April 13, 2012, MasterCard is mandating that this field contain the value returned in the authorization response
- MasterCard is aligning this mandate with the Trace ID mandate so Members can streamline the process to make systematic changes concurrently
- MasterCard will not be monitoring compliance of the field at this time

MasterCard Authorization Data Accuracy Initiative



Monitoring Approach

- The MasterCard Data Integrity Monitoring Program will be used to monitor compliance
- The Compliance levels for the mandate will be adjusted from the normal standards and levels will be phased in over a period of months by region and by individual field based on current compliance levels. Specific levels will be communicated to members within each region in a future publication
- Monitoring and acquirer reporting will begin in conjunction with the Fall 2011 Release on October 14, 2011 with enforcement beginning with the Spring 2012 Release on April 13, 2012
- MasterCard will increase the compliance levels incrementally during the subsequent two releases with a final alignment of compliance levels for all regions all Acquirers by Spring 2013 Release on April 19, 2013
- Transactions to be monitored for these mandates will not be rejected at this time for non compliance

MasterCard Authorization Data Accuracy Initiative



Potential Impact

- Direct merchants should be aware of the additional edits and field requirements in the clearing record.
- Vendors should be alert to future changes regarding the Terminal ID requirement



MASTERCARD

Discontinuation of AVS Only Transactions & New Account Status Inquiry Service Added



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MasterCard is mandating that all acquirers and issuers discontinue the support of AVS-only request transactions with the effective date of **June 28, 2011**.

MasterCard is discontinuing support of the AVS-only transaction service in conjunction with the implementation of the new Account Status Inquiry Service.

The new Account Status Inquiry Service will allow merchants to send Account Status Inquiry transactions to validate aspects of a cardholder account. This new service offers the same functionality and also provides extended support to issuers and acquirers. With the effective date of **June 14, 2011**.

Account Status Inquiry Service transactions may include requests for:

- Address Verification Service (AVS)
- Card Validation Code (CVC2)
- AVS and CVC2 (both)

Discontinuation of AVS Only Transactions & New Account Status Inquiry Service Added



- Acquirers that support Account Status Inquiry Service transactions must send new value 8 (Account Status Inquiry Service) with a transaction amount of zero when submitting Account Status Inquiry Service transaction requests

NOTE

- Account Status Inquiry Service transactions are not supported for Reversal Request /0400 messages
- The new value 8 should not be included in any request type other than the Account Status Inquiry Service request or it will be rejected
- There are no changes to existing processing for the 0100 Authorization requests or 0400 Authorization reversal requests

Discontinuation of AVS Only Transactions & New Account Status Inquiry Service Added



For the Account Status Inquiry Service the issuer will send the acquirer an Authorization Request Response and may contain either the values below:

- 05 – Do not honor
- 85 – Not declined
- 91 – Authorization system inoperative (issuer is unable to reply)

The issuer will use the same criteria to determine whether to decline the purchase transaction as they would if the transaction had been presented with an amount greater than zero.

Acquirers may no longer submit transactions with an amount greater than zero to check account status. With the exception below:

- Automated Fuel Dispenser (AFD) MCC 5542
- Aggregated MasterCard PayPass transit MCC 4111, 4131

Discontinuation of AVS only Transactions & New Account Status Inquiry Service added



Potential Impacts

- Existing merchants using MasterCard Zero Auth/AVS only, will not be required to update incoming requests; all work will be done on First Data frontends. First Data will change AVS Only value 51 to value 52 (Address Verification Service Request for MasterCard) and add new data elements to identify as Account Status Inquiry Service.
- Merchants that choose to support or add Account Status Inquiry Service transactions may include requests for Address Verification Service (AVS), Card Validation Code2 (CVC2) or both
- Merchants may no longer submit transactions with an amount greater than zero to check account status with the exception of Automated Fuel Dispenser (AFD) transactions indicated by MCC 5542 and aggregated MasterCard PayPasstransit transactions
- There are no changes to existing processing for the standard Authorization, Authorization reversal or AVS request service when the amount is greater than zero

MasterCard / Maestro Partial Approval



- Partial Authorization was introduced in MasterCard 06.1 Spring Release
- Partial Authorization permits issuers to return an approval for a different amount than was originally requested for participating merchants
- Provides an alternative to a declined transaction
 - MasterCard Prepaid Issuers are required to support partial authorization

Partial Authorization Benefits

Merchants

- Increase in sales volume
- Less declined transactions
- Consumer loyalty

Cardholders

- Inconvenience eliminated at the point-of-sale when using a Prepaid card
- Ability to deplete funds on a card
- Cardholders do not need to know the card balance

Mandatory

Elective

US

International

Authorization

Clearing

Back Office

Other

MasterCard / Maestro Partial Approval



- MasterCard requires merchants to support Partial Approval for Purchase and Account Balance responses for both MasterCard and Maestro
- MasterCard published multiple phases for compliance, the first date was May 1, 2010
- The mandate requires support by date based on the MCC that the merchant utilizes
- Newly deployed or replacement terminals (stand alone devices) must support the mandate based on the MCC required date. Integrated systems must support the mandate at all POS devices, based on the MCC required date.

MasterCard / Maestro Partial Approval



- Effective May 1, 2010, the following merchant types were required to support Partial Authorization:

MCC	Descriptor
5310	Discount Stores
5311	Department Stores
5411	Grocery Stores, Supermarkets
5499	Miscellaneous Food Stores—Convenience Stores, Markets, Specialty Stores and Vending Machines
5541	Service Stations (with or without Ancillary Services)
5542	Fuel Dispenser, Automated
5812	Eating Places, Restaurants
5814	Fast Food Restaurants
5912	Drug Stores, Pharmacies
5814	Fast Food Restaurants
5912	Drug Stores, Pharmacies
5942	Book Stores
5943	Office, School Supply and Stationery Stores
7829	Motion Picture-Video Tape Production-Distribution
7832	Motion Picture Theaters
7841	Video Entertainment Rental Stores

MasterCard / Maestro Partial Approval



- Effective May 1, 2010, the following merchant types were required to support Partial Authorization:

MCC	Descriptor
8011	Doctors—not elsewhere classified
8021	Dentists, Orthodontists
8099	Health Practitioners, Medical Services—not elsewhere classified
5111	Stationery, Office Supplies
5200	Home Supply Warehouse Stores
5331	Variety Stores
5399	Miscellaneous General Merchandise Stores
5732	Electronic Sales
5734	Computer Software Stores
5735	Record Shops
5921	Package Stores, Beer, Wine, and Liquor
5941	Sporting Goods Stores
5999	Miscellaneous and Specialty Retail Stores
8041	Chiropractors
8042	Optometrists, Ophthalmologists

MasterCard / Maestro Partial Approval



- Effective May 1, 2010, the following merchant types were required to support Partial Authorization:

MCC	Descriptor
8043	Opticians, Optical Goods, and Eyeglasses
4812	Telecommunication Equipment including Telephone Sales
4814	Telecommunication Services
5300	Wholesale Clubs
5964	Direct Marketing—Catalog Merchants
5965	Direct Marketing—Combination Catalog—Retail Merchants
5966	Direct Marketing—Outbound Telemarketing Merchants
5967	Direct Marketing—Inbound Telemarketing Merchants
5969	Direct Marketing—Other Direct Marketers—not elsewhere classified
8062	Hospitals

MasterCard / Maestro Partial Approval



- Effective November 1, 2010, the following merchant types were required to support Partial Authorization:

MCC	Descriptor
4111	Transportation—Suburban and Local Commuter Passenger, including Ferries
4816	Computer Network/Information Services
4899	Cable, Satellite, and Other Pay Television and Radio Services
7996	Amusement Parks, Carnivals, Circuses, Fortune Tellers
7997	Clubs—Country Membership
7999	Recreation services—not elsewhere classified

- Effective May 1, 2011, the following merchant types must support Partial Authorization:

MCC	Descriptor
8999	Professional Services—not elsewhere classified
9399	Government Services —not elsewhere classified

MasterCard / Maestro Partial Approval



- MasterCard announced in the Global Debit Operations No. 2, February 10, 2010 Bulletin, support of partial approvals and balance return with purchase. This is optional for batch-authorized electronic commerce, mail order and phone order and recurring payment transactions.
- First Data submitted an extension request to MasterCard for this mandate in October 2009. The request was made on behalf of our acquiring clients using a First Data front-end platform or terminal application.
- MasterCard approved the First Data request with the effective date of November 1, 2011

MasterCard / Maestro Partial Approval



- With this release MasterCard will allow issuers to provide a partial approval response that is less than or equal to the requested amount

Transaction Amount	Response Code	Partially Approved Amount
USD 50	10 (partial approval)	USD 50

- Merchants should be aware that they may receive a Partial Approval response in situations where the full amount requested was approved
- Merchants will have chargeback liability for any amount submitted into clearing above the partially approved amount
- Tips and Cash Back amounts can not be included in a sale transaction if a partial approval response is received from the issuer. Applications that have either Tip or Cash Back functionality will need to add logic to request another form of payment for the Tip and decline the Cash Back amount upon receipt of a partial approval response.

Reversal Mandate Enhancements



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<input checked="" type="checkbox"/> US
<input checked="" type="checkbox"/> International
<input checked="" type="checkbox"/> Authorization
<input type="checkbox"/> Clearing
<input checked="" type="checkbox"/> Back Office
<input type="checkbox"/> Other

Upon approving an authorization request, the issuer places a hold on the account in the amount requested. The hold is in place until the issuer receives a reversal request or a clearing record. Any authorization approval received by a merchant that does not subsequently clear or reverse leads to an excess hold placed on the account.

With this release, MasterCard is expanding the existing authorization reversal and clearing mandate to state all acquirers must clear or reverse all authorized Debit MasterCard, Maestro, and MasterCard-branded transactions for all MCCs, except for the following:

- MCCs 3351–3441 (Car Rental Agencies)
- MCCs 3501–3999 (Lodging–Hotels, Motels, Resorts)
- MCC 4411 (Cruise Lines)
- MCC 7011 (Lodging–Hotels, Motels, Resorts—not elsewhere classified)
- MCC 7512 (Automobile Rental Agency—not elsewhere classified)

Reversal Mandate Enhancements



- A processing integrity fee will be billed to acquirers in the U.S. region for account ranges branded as MasterCard, Maestro or Debit MasterCard (including prepaid) and whose authorizations are either not cleared or reversed (full or partial) in accordance with the following timeframes:
 - Reversed within 24 hours of the original Authorization Request/0100 message in a card present environment or
 - Reversed within 72 hours of the original Authorization Request/0100 message in a card-not-present environment
- The processing integrity fee will apply when instances such as the following are true:
 - The cardholder cancels or chooses not to complete all or part of the transaction
 - The authorization was submitted in error (for example, a duplicate request)
 - All or a portion of the goods or services could not be provided (for example, out-of-stock items)
 - The final transaction amount was less than the authorized amount

Reversal Mandate Enhancements



U.S. Region Pricing Bulletin No., 2 • February 1, 2011

- Beginning June 14, 2011, MasterCard will implement a Processing Integrity Fee to encourage proper adherence to the amended Standards for the Authorization Reversal Mandate in the U.S. region, which were previously announced in Global Operations Bulletin No. 10, October 1, 2010

Processing Integrity Fee

- With the introduction of the new processing integrity fee, MasterCard will monitor all approved authorizations and ensure that the acquirer submits a subsequent clearing message within 120 days or a reversal request within the allowed standards as described above. In the event that MasterCard cannot match an approved authorization to a clearing message or reversal request, then MasterCard will assess the acquirer the appropriate Processing Integrity Fee.

Fleet Data Integrity Enhancements



MasterCard is enhancing the MasterCard Corporate Fleet Card program to prevent data mismatch between authorization and clearing.

Effective with the Release, when Corporate Fleet transactions are accepted at a fuel location MCC (4468, 5541, 5542, 5499, 5983, 7511 or 9752) and submitted for one of the incentive interchange programs, the following conditions must be met:

- When PDS 632 (Product Type Code) is present with the following values, then related data from the authorization message must match the data values provided in the Corporate line item detail
 - 1 (Prompts for ID number and odometer reading)
 - 2 (Prompts for vehicle number and odometer reading)
 - 3 (Prompts for driver number and odometer reading)
- If the authorization and clearing data requirements are not met, MasterCard will downgrade the transaction to Data Rate 1

- Mandatory**
- Elective**
- US**
- International**

- Authorization**
- Clearing**
- Back Office**
- Other**

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AMERICAN EXPRESS

Amex Processor Bulletin - Auth Adjustment Addendum



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Merchants in the oil/petroleum industry face unique card processing challenges for purchases made at fuel dispenser Customer Activated Terminals (CATs).

American Express has announced the availability of authorization adjustment at the pump.

This will apply to MCCs 5542 only.

American Express Oil Fraud Protection Program



Automated Fuel Dispenser merchants may be eligible for protection from certain counterfeit chargebacks beginning April 30, 2011.

In order to qualify for chargeback protection the merchant, as well as the transaction has to meet the criteria below.

- Amount of charge must be under \$100.00

- Must be MCC 5542

- Transactions at pump (CATs)

- Counterfeit fraud to charge volume ratio of less than 1% in a given month

If the criteria is met, American Express will block counterfeit chargebacks for this merchant type.



DISCOVER

Discover IIN Summary



Domestic JCB and Diner's Club International cards should be processed as Discover cards as of October 2009. Vendors and merchants may need to re-code to pass the Discover SE# on all Discover, domestic JCB and DCI transactions to enable these transactions to be processed as Discover items.

All current Discover IINs are as follows:

30000000	to	30599999	DCI
30950000	to	30959999	DCI
35280000	to	35289999	JCB
36000000	to	36999999	DCI
38000000	to	39999999	DCI
60110000	to	60110999	DN
60112000	to	60114999	DN
60117400	to	60117499	DN
60117700	to	60117999	DN
60118600	to	60119999	DN
62212600	to	62292599	CUP
62400000	to	62699999	CUP
62820000	to	62889999	CUP
64400000	to	65999999	DN