



FREQUENTLY ASKED QUESTIONS – CREDENTIAL ON FILE CHANGES

Revised and Updated March 2018

GENERAL QUESTIONS

1. What's a stored credential?

A stored credential is information, including but not limited to, a card number or payment token, that's stored by a merchant or a third party on their behalf to process future purchases for the cardholder.

2. What's a tokenised card number?

Tokenisation is the process of replacing sensitive card data with a token value that retains all the essential information about the data without compromising its security. Since the token is not a card number, it can't be used outside the context of a specific unique transaction with that particular merchant.

3. Why are Visa and Mastercard making these changes?

Due to the increase in the number of transactions where stored credentials are used, the Card Schemes want to be able to identify their storage and subsequent use to enable appropriate processing. This should lead to improved authorisation approval rates and completed sale transactions.

4. Where can I find more information about stored credentials?

Please refer to the *Stored Credentials Guide* on our website at www.globalpaymentsinc.co.uk for further information. You'll find it in the Customer Centre under the option for Stored Credential Transactions.

5. How do I know if this change impacts me?

This change will impact you if you store card details for future payments. You can also refer to the Decision Tree that can be found at the location detailed in Q4.

6. What are the new requirements/what changes do I need to make?

You, or the third party you use, must:

- Obtain the cardholder's consent for the initial storage of their credentials, and
- Use appropriate data values (Stored Credential Indicators) to identify the initial storage of the credential and the subsequent usage of that stored credential.

Details of the consent agreement requirements can be found in our *Stored Credentials Guide*. The data value information can be found in our *Stored Credentials – Technical Implementation Guide*. Both can be found at the location detailed in Q4.

7. When do the changes have to be made by?

Visa originally mandated **14th October 2017** as the official implementation date. However, they've advised that they won't be applying any potential fines for not complying with the mandatory changes until **30th April 2018**. Mastercard's implementation date is **13th April 2018**. If you haven't already done so, you need to make the changes immediately to avoid the risk of fines from the Card Schemes. From the data we receive from you, we'll then manage what needs to be flowed to Visa and Mastercard by the respective dates.

8. I currently complete transactions using stored credentials, what do I need to do?

You must obtain a consent agreement from any new customers before storing their card details. You don't need to obtain a new consent agreement for card details that you already use. In addition, all transactions processed using the stored card details, whether under a new or existing consent agreement, must contain the appropriate data values.



9. What are the benefits to me of making this change?

Making these changes should result in higher authorisation approval rates and completed sales, as well as an improved experience for your customer, with fewer complaints.

10. What will happen if I don't implement these changes?

Failure to implement the new requirements by the dates quoted in Q7 may result in continued declined transactions and possible fines from Visa and Mastercard for not implementing the mandatory change.

11. Are all card processors requesting their customers to make these changes?

Yes, this is a change mandated by Visa and Mastercard. All card processors in the UK and their customers accepting card payments are mandated to make the change.

12. What's a Cardholder Initiated Transaction?

A Cardholder Initiated Transaction (CIT) is any transaction where the cardholder is actively participating in the transaction. Please refer to the *Stored Credentials Guide* found at the location detailed in Q4.

13. What's a Merchant Initiated Transaction?

Merchant Initiated Transactions (MIT) are commonly initiated by a merchant without any active participation from the cardholder. There are two types of Credential on File MITS, Standing Instructions and Industry Practice Transactions. Please refer to the *Stored Credentials Guide* found at the location detailed in Q4.

14. What are Standing Instruction MITs?

Standing instruction MITs are pre-agreed standing instructions from the cardholder for the provision of goods or services. The following transaction types are Standing Instructions transactions:

- Recurring Transactions
- Instalment Payments
- Unscheduled Credential on File Transactions.

15. What are Recurring Transactions?

Recurring Transactions are transactions that are processed on a regular fixed interval for a pre agreed or advised amount, where applicable. Recurring Transactions don't have a fixed duration and will continue to be processed until the cardholder cancels the agreement. For example, a magazine subscription.

16. What are Instalment Payments?

Instalment Payments are transactions that are processed on a regular fixed interval for a pre agreed amount for a single purchase of good or services. Unlike Recurring Transactions, Instalment Payments do have a fixed duration and mustn't continue to be processed after the end of the agreed instalment period. For example, buying white goods on interest free credit over six monthly instalments.

17. What are Unscheduled Credential on File Transactions?

Unscheduled Credential on File Transactions are transactions that are for a fixed or variable amount that don't occur on a scheduled or regularly occurring transaction date, but when a pre-defined event happens. For example, an account automatic top up when it falls below a minimum amount.

18. What are Industry Practice Transactions?

Industry Practice transactions are transactions that reuse the cardholder's credentials as a follow-up to an original cardholder-merchant interaction that couldn't be completed in one single transaction. Industry Practice Transactions are defined as the following types of transaction:

- Incremental Authorisations
- Resubmissions
- Reauthorisations



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- Delayed Charges
 - No Shows.

19. What are Incremental Authorisations?

Incremental Authorisations are used to increase the total amount authorised if the original authorisation amount is insufficient. An incremental authorisation request may also be based on a revised estimate of what the cardholder may spend. An example where this type of scenario is used is when a cardholder checks into a hotel and may have requested a room only and then subsequently add a meal and drinks to their bill. Incremental authorisations don't replace the original authorisation, they're additional to previously authorised amounts. The sum of all linked estimated and incremental authorisations represent the total amount authorised for a given transaction. An incremental authorisation must be preceded by an estimated/initial authorisation.

20. What are Resubmissions?

Resubmissions are used when the original authorisation has been declined for insufficient funds. The cardholder will need to confirm that this is the case.

21. What are Reauthorisations?

Reauthorisations are used when the validity period for a previous authorisation has expired. Please refer to the *Stored Credentials Guide* found at the location detailed in Q4.

22. What are Delayed Charges?

Delayed charges are used to process an additional charge after the original transaction has been completed. For example, in a hotel, the guest may not have disclosed that they used the mini bar. Or for car rentals, the hire company may charge for fuel if the car is returned without a full tank of petrol.

23. What's a No Show?

No Shows are used to charge a cardholder a penalty for not showing up for a reservation or a late cancellation in accordance with the merchant's cancellation policy. They're typically in the hotel sector to cover lost revenue from guests failing to turn up.

CONSENT AGREEMENTS

24. When do I need to start requesting a consent agreement from a cardholder?

Visa requested that from 14th October 2017 you must establish an agreement with a new customer before storing their card details for future use. Please start doing this as soon as possible for all your customers, both Visa and Mastercard cardholders.

25. What information needs to be included in the consent agreement?

Please refer to the *Stored Credentials Guide* found at the location detailed in Q4.

26. Do I need to obtain a new consent agreement for existing customers that I already have an agreement with?

No, existing agreements don't need to be updated.

27. How should I store the consent agreement?

In all cases, card details must be stored securely. As part of your Card Processing Agreement with us you must be Payment Card Industry Data Security Standard (PCI DSS) compliant.



28. Where can I find more information about PCI DSS?

Please refer to your Merchant Operating Instructions, a copy of these can be found on our website at www.globalpaymentsinc.co.uk. You'll find this document in the Customer Centre under the option for Card Processing.

29. Previous letters and versions of the guides only refer to obtaining a consent agreement for Visa transactions. Do I need to make any changes for the other card types that I accept?

We recommend that you obtain a consent agreement for all the card details that you store for future use. This is good practice and will avoid any confusion and prevent errors.

TECHNICAL CHANGES**30. What technical changes do I need to make?**

Any transactions processed using a stored credential, whether under a new or existing consent agreement, must contain the new data values that are explained in the *Stored Credential - Technical Implementation Guide* located on our website at www.globalpaymentsinc.co.uk. You'll find it in the Customer Centre under the option for Stored Credential Transactions.

31. I rent a terminal from Global Payments, do I need to make any technical changes?

No, however, you'll still need to set-up a consent agreement with any new customers if you're storing card details for future use.

32. I use Global Iris/the Realex Ecommerce Platform, do I need to make any changes?

We'll progress any technical changes needed to flow the correct data values and we'll be in further contact with you if you need to make any other changes. You'll also need to implement the new consent agreement requirements with any new customers where you're storing card details for future use.

33. My equipment/service is provided by a third party/Payment Service Provider (PSP). Who do I need to contact to make these changes?

You'll need to contact the company that you have a contract with for providing your equipment/service to ensure they make the changes in time for the deadline.

34. What happens if my equipment provider/PSP can't make the changes in time?

It's very important that you contact your equipment provider/PSP as soon as possible so that they can start making the changes required. If they're unable to make the changes in time, they should contact us through their usual communication channel with us and schedule a time when they'll be able to complete their testing and meet the mandate.

35. Will I need to complete any testing before implementing the changes?

Yes, we recommend that you or your third party complete testing with us before the changes are implemented.

36. Who do I need to contact to arrange the testing?

Testing can be arranged through your equipment provider/PSP or Relationship Manager.

37. Will I incur a cost for making these changes?

This is something you'll need to ask your equipment supplier or PSP as your service contract is with them and not with us.

If you rent a terminal from us or use Global Iris/the Realex Ecommerce Platform then the changes we make will be done free of charge. If changes are required to your own equipment to integrate with Global Iris/the Realex Ecommerce Platform, then you'll need to ask your supplier.



38. Previous letters and versions of the guides only refer to the changes that need to be made for Visa transactions. Do I need to make any changes for the other card types that I accept?

Although our earlier communications only referred to Visa mandating the change, we've always recommended that changes were made for all card types. Mastercard have now mandated changes for Credential on File transactions as well. To be fully compliant with both your Card Processing Agreement with us and the Card Scheme Rules, you must make the changes for both Visa and Mastercard. From the data we receive from you, we'll then flow the relevant data values as appropriate.

39. Where does it say I have to make these changes?

Under the terms of your Card Processing Agreement with us, it is your responsibility to ensure that your card processing equipment meets industry standards. You can find further details on this in your Merchant Operating Instructions in the 'Using Your Own Equipment' section (on page 19). This states that "It is your responsibility to ensure that your card processing equipment meets industry security standards. You must carry out, and bear the cost of all upgrades to your equipment which we, or your terminal supplier, may reasonably request from time to time. This includes any developments required to meet changes to Card Scheme Rules. Failure to meet these changes will result in non-compliance with some of these regulations and may incur charges or penalties and increase your chargeback exposure."

Also, in your Terms of Service under clause 12, we may vary your Card Processing Agreement to comply with Card Scheme changes to operating regulations, which you must adhere to.

You can find a copy of the Terms of Service at: <https://globalpaymentsinc.co.uk/CPSD>.

The Merchant Operating Instructions can be found on our website at www.globalpaymentsinc.co.uk. You'll find this document in the Customer Centre under the option for Card Processing.

40. Where can I find more information about the technical changes that need to be made?

We've created a technical guide to explain the data values that need to be used for the initial storage of credentials and subsequent usage of them. The *Stored Credential - Technical Implementation Guide* can be found at the location detailed in Q30.

41. Where do I get the technical specifications from to provide to my equipment provider/PSP?

The technical specifications are in the *Stored Credential - Technical Implementation Guide*, which can be found at the location detailed in Q30.

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