

RETAIL SPECIFIC NEWS

Keeping you in the know

Important Information - Please keep in a safe place



This Edition of Retail Specific



Card Scheme Updates

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Changes to MasterCard Authorisations

To help improve the accuracy of cardholders' available funds on debit and credit cards, as well as addressing regulatory concerns regarding the use of pre-authorisations, MasterCard has mandated a number of changes to how authorisations are processed.

From **1st October 2014**, all MasterCard authorisations must be defined as either a "Final Authorisation" or a "Pre-Authorisation" and flow the Scheme Reference Data¹. These changes apply to all transactions made on the following MasterCard brands: MasterCard Credit, MasterCard Debit, Maestro Debit and Maestro International.

Final Authorisations

Final Authorisations are used in most face to face environments where goods or services can be dispatched and settled within 4 working days of the original authorisation. A Final Authorisation is categorised as:

- An authorisation on a transaction (greater than zero) for the final or known amount.
- The transaction may no longer be cancelled after the authorisation is requested other than by performing a refund. This excludes any technical failures before the transaction completes.
- The transaction must be cleared (sent to the card processor) within 4 days of the authorisation date.

New Processing Integrity Fee (PIF) Of 0.25%

Any authorisations marked as a Final Authorisation that do not meet the above criteria will attract an Integrity Fee of 0.25% (minimum 3p) of the transaction value. This is in addition to the service charge applied to the transaction. Similarly, transactions not flagged as Final Authorisation in the qualifying criteria above will attract a 1 pence 'Unknown Finality' fee. To avoid either of these fees being applied, it is vital you select the correct authorisation type for the transaction you are undertaking.

Pre-Authorisations

Pre-Authorisations are used in the travel and entertainment sectors or anywhere where the final amount of the transaction may not be known at the point of original authorisation, for example, an online business where it is not possible to fulfil an order in a single transaction. These transactions will attract a payment guarantee¹ period of up to 30 days (please note that all Maestro card authorisations only have a payment guarantee period of 7 days). Any transaction processed outside of these timescales requires another authorisation.

A Pre-Authorisation is categorised by any of the following characteristics:

- An authorisation for an 'estimated' amount (greater than zero).
- Where a transaction isn't cleared (sent to Global Payments to debit the card holder) within 4 working days of the original authorisation date.
- Where a payment guarantee period¹ is required for up to 30 days. For example, online orders where it is not clear at the point of sale when goods will be dispatched.
- Where the cardholder will be offered the option to pay by an alternate means at completion. For example, a hotelier may hold a room open for a period of time against an authorisation code but may offer the customer the choice to 'checkout' by paying cash.

It is your responsibility to ensure you select the correct type of authorisation for the transaction you are carrying out. You must also ensure if you are carrying out a Pre-Authorisation, that you keep the cardholder informed of any amounts that may be held on their card. This can be done verbally, by displaying a sign or via the screen on a terminal. Failure to define an authorisation as either a Final Authorisation or a Pre-Authorisation could result in fines being levied by the Card Schemes, for which you will be liable.

New Pre-Authorisation Fee Of 0.02%

Where you select to perform a Pre-Authorisation, a fee of 0.02% (minimum 1p) of the authorisation value will be applied in addition to the service charges applied to the transaction.

Please note: Zero Value Authorisations that check whether a card is valid and not lost or stolen will not attract the Pre-Authorisation charge, since a Zero Value Authorisation does not 'ring fence' any funds in the cardholder's account.

Finalising Pre-Authorisations And Flowing Scheme Reference Data (SRD)

When you are ready to complete a Pre-Authorisation, a clearing² record must be created that contains the Scheme Reference Data (see section below titled Scheme Reference Data) from the Pre-Authorisation(s), the authorisation code from the first Pre-Authorisation and the actual transaction value. The clearing record may relate to a single Pre-Authorisation, or a Pre-Authorisation and several incremental authorisations.

If the value of the clearing record is greater than the total value of any Pre-Authorisation plus any incremental authorisation(s), a further incremental authorisation must be performed for the difference to ensure the value of the clearing record is equal to the total value of the Pre-Authorisation and any incremental authorisations.

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Changes To Authorisation Reversals

It is a requirement that an Authorisation Reversal is carried out for any excess authorisations gained above the final authorised transaction amount, unless you send the clearing² record to Global Payments within 24 hours of the actual transaction amount being confirmed.

For cancelled transactions, the authorisation(s) must be reversed within 24 hours of the transaction being cancelled.

Wherever an authorisation code is generated and that transaction is not sent for clearing, you will need to complete a reversal of the authorisation to ensure that the cardholder is able to draw on their funds.

If you use your own equipment or a PSP to accept card payments, then you will need to refer to their guides or contact them directly for advice. If you operate an automated fuel dispenser or accept PayPass transactions, the reversal of authorisations is not required.

Removal Of Tolerances For Hotels, Vehicle Hire And Cruise Lines

Previously, MasterCard has allowed up to a 20% tolerance between the amount authorised and the final transaction value sent for processing in the hotel, car hire and travel industries, where the final amount of a transaction may differ due to additional services that were not already captured under the original authorisation.

These industries now must ensure the amount authorised is same as the final transaction value that is sent for processing.

As you use your own equipment or use a Payment Service Provider (PSP) to process your transactions, you are responsible for ensuring that your provider has made the necessary changes to mark all authorisations as either a Final Authorisation or a Pre-Authorisation, flow the Scheme Reference Data and carry out reversals where applicable. To assist you with this we have put together a Technical Specification document which details the changes that you need to make. You can download a copy of the document and view a series of Questions and Answers by visiting our website at: <https://globalpaymentsinc.co.uk/traceid.html> and clicking on the option for 'MasterCard Authorisations'. Alternatively, please call our helpdesk on **0845 702 3344***, selecting the option for 'all other enquiries'.

¹A Payment Guarantee Period is the length of time that an authorisation request holds funds in a cardholders account, it does not confirm the cardholders identity or guarantee payment.

²Clearing is where the merchant (you) sends all their card sales transactions to their processor (Global Payments) for that day. If you have a physical card terminal this usually happens when you complete your end of day banking

“For cancelled transactions, the authorisation(s) must be reversed within 24 hours of the transaction being cancelled.”

Scheme Reference Data

The following changes refer to both Visa and MasterCard authorisations and authorised transactions.

To aid the detection of card fraud and make the linking of chargebacks to their original transaction easier, the Card Schemes (Visa and MasterCard) require a unique reference number be flowed throughout the lifecycle of all authorised card transactions. Visa refers to this data as the Transaction Identification Number, whilst MasterCard refers to it as the Trace Identification Number. Generically this data is referred to as Scheme Reference Data.

If you use your own equipment or use a PSP to process your transactions, you are responsible for ensuring that all transactions contain Scheme Reference Data. To assist you with this we have put together a Technical Specification document which details the changes that you need to make. You can download a copy of the document and view a series of Questions and Answers by visiting our website at: <https://globalpaymentsinc.co.uk/traceid.html> and clicking on the option for 'Scheme Reference Data'. Failure to include the Scheme Reference Data could result in fines being levied by the Card Schemes, for which you will be liable.

*Lines are open Monday to Friday, 9am - 6pm, excluding public holidays. To help us continually improve our service, and in the interests of security, we may monitor and/or record your telephone calls with us. Any recording remains our sole property. We also provide a Textphone service on 0845 602 4818.

Recurring Transactions – Visa Europe Operating Regulation Change

Changes To Expiry Dates For Visa Cards

Do you carry out Recurring Transactions, where a cardholder has given you written authority to periodically charge their card for recurring purchases of products and services? If you do, the European Union's Payment Service Directive requires that wherever possible you provide the correct expiry date for these transactions.

From **17th October 2014** issuers of Visa debit and credit cards may decline authorisation requests for recurring transactions if the expiry date is incorrect, invalid or missing. So that you are not impacted by this change, you must ensure that you include the correct expiry dates for all recurring transactions you submit.

If you have any queries regarding this change, please contact our helpdesk on **0845 702 3344***, selecting the option for 'all other enquiries'.

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Public Keys – Do Your Terminals Hold The Full Set?

All credit and debit cards that contain a chip rely on the Card Schemes (Visa and MasterCard) public keys cryptography to validate the data necessary for offline data authentication or offline enciphered PIN. It is therefore imperative that all terminals contain the correct set of public keys to maintain an effective fraud prevention and detection capability.

Failure to maintain the correct set of keys (as listed below) could not only increase the risk of fraud but could also result in a higher than usual decline rate leading to customer dissatisfaction and loss of business. Maintaining the correct public keys will benefit you by helping to minimise the time it takes to respond to an authorisation request.

It is your responsibility to ensure that all transactions are submitted correctly and any equipment you own or rent from a third party is compliant with Card Schemes Rules. Failure to comply with these requirements may result in a fine being applied to your account, so please take this opportunity to ensure the following is maintained;

1024-bit Public Key	Must not be deployed in new devices and should be removed from existing devices
1152-bit Public Key	Should be deployed – Expiry date 31 st December 2017
1408-bit Public Key	Should be deployed – Expiry date 31 st December 2021
1984-bit Public Key	Should be deployed – Expiry date 31 st December 2021

If your terminal is supplied by us then no action is required by you. We will ensure that your terminal remains compliant and loaded with the most up to date keys by conducting any necessary updates during the routine maintenance calls.

If you have any questions or require details of the latest Public Keys please call us on **0845 702 3344***, selecting the option for 'all other enquiries' for further guidance.

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Sunset Dates For PIN Entry Devices – Reminder

This is a reminder that of the dates for the phasing out and retirement of any PIN Entry Devices (PED) certified to Payment Card Industry PIN Transaction Security (PCI PTS) v1.x or earlier.

Since 30th April 2014 PCI PTS v1.x PED's must not be sold, shipped or deployed. Replacements can be made until 31st December 2017, however, after this date all such devices must also be removed. If you do have such devices in situ it is recommended that you start planning your upgrades to a later version of PCI PTS.

Additionally, we strongly recommended that all Hybrid PCI PTS PED version 1.x devices which use the same slot to read both the magnetic stripe and chip are replaced by 30th April 2015.

The following table summarises all sunset dates for each version:

Pre-PCI PTS PED	Can no longer be deployed and must be retired from use immediately.
PCI PTS PED v1.x	No new deployments after April 2014. All devices must be retired from use by 31 st December 2017
PCI PTS PED 2.x	New devices can be deployed until April 2017. All devices must be retired from use by December 2020

If you rent a PED from us you do not need to take any action. If you own your own PED or rent one from a third party it is your responsibility to ensure you comply with this requirement and you should contact your supplier if you have any queries regarding it. If you have any queries regarding your card processing facility with Global Payments please call us on **0845 702 3344***, selecting the option for 'all other enquiries'.

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Thank You For Reading...

Global Payments would like to thank you for reading our latest version of Merchant News. We hope you enjoyed, if you have any questions about any of the content in this issue, then please call us on **0845 702 3344*** selecting the option for 'all other enquiries'.

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For more information about Global Payments please contact us on **0845 702 3344***, or visit our website: **www.globalpaymentsinc.co.uk**.

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