

Merchant Compliance Notification

Revised Standards for Support for Partial Approval, Real Time Reversals, and Balance Return with Purchase for Debit and Prepaid Transactions

MasterCard / Maestro announced a mandate for card present merchants within selected Merchant Category Codes (MCCs) to support partial authorization, authorization reversals and balance return with purchase. Merchants within the specified MCCs conducting non-face-to-face transactions, which includes all e-commerce, mail order, telephone order, recurring payment and unattended (cardholder activated) terminal transactions (except MCC 5542 as noted below) are required to support real-time authorization reversals.

Background

Today, cardholders and merchants may experience declines at the point of sale when using their debit (including prepaid) products because:

- Customers do not always know the available balance in their prepaid and debit accounts
- Customers frequently try to purchase more than the balance available in their accounts
- Issuers place a hold on the cardholders "open to buy" when authorizations do not result in a final clearing transaction-for example, when the cardholder changes their mind on a purchase

Benefits

- A partial authorization provides an alternative to a declined transaction by permitting the card issuer to return an authorization approval for a partial amount, thus permitting the cardholder to use the balance available and select an alternative form of payment for the remainder of the sale.
- A real-time authorization reversal releases the authorization amount a merchant has placed on a cardholder's account, when a full authorization or a portion of the authorization amount is no longer required. The authorization reversal allows the cardholder to regain access to the available funds.
- A balance return with purchase is an authorization response that includes the available balance on a MasterCard prepaid card. When prepaid card issuers return account balance information in an authorization response, customers will attempt fewer purchases that exceed their available balance, leading to fewer declines at point of sale and speeding the check-out process.

Merchant Category Codes (MCC)

MasterCard incorporated these requirements in three phases which is determined by your Merchant Category Code (MCC).

MasterCard added a fourth phase in April 2010 for merchants using a First Data Authorization Network and/or a First Data terminal application.

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Phase 1 – Effective May 1, 2010

The following MCCs are included in Phase 1:

- 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
- 5542¹ Fuel Dispenser, Automated
- 5812 Eating Places, Restaurants
- 5814 Fast Food Restaurants
- 5912 Drug Stores, Pharmacies
- 5942 Book Stores
- 5943 Office, School Supply and Stationary Stores
- 7829 Motion Picture – Video Tape Production – Distribution
- 7832 Motion Picture Theaters
- 7841 Video Entertainment Rental Stores
- 8011 Doctors – not elsewhere classified
- 8021 Dentists, Orthodontists
- 8099 Health Practitioners, Medical Services – not elsewhere classified
- 5111 Stationary, Office Supplies
- 5200 Home Supply Warehouse Stores
- 5311 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
- 8043 Opticians, Optical Goods, and Eyeglasses
- 4812 Telecommunication Equipment including Telephone Sales
- 4814 Telecommunication Services
- 5300 Wholesale Clubs
- 5964² Direct Marketing – Catalog Merchants
- 5965² Direct Marketing – Combination Catalog – Retail Merchants
- 5966² Direct Marketing – Outbound Telemarketing Merchants
- 5967² Direct Marketing – Inbound Telemarketing Merchants
- 5969² Direct Marketing – Other Direct Marketers – note elsewhere classified
- 8062 Hospitals

¹ Partial approval and real-time authorization reversal support is required; however balance return with purchase is not required.

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² Partial approval and balance return with purchase is not required; however real-time authorization reversal processing is required.

Phase 2 – Effective November 1, 2010

The following MCCs are included in Phase 2:

- 4111 Transportation – Suburban and Local 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

Phase 3 – Effective May 1, 2011

The following MCCs are included in Phase 3:

- 8999 Professional Services – not elsewhere classified
- 9399 Government Services – not elsewhere classified

Phase 4 – Effective November 1, 2011

Merchants within the specified MCCs processing on a First Data Authorization Network or using a First Data terminal application must be compliant with the aforementioned transaction requirements no later than November 1, 2011.

Terminal Impact:

If you process through a stand-alone terminal (a terminal that is not integrated into a POS system, such that the transaction amount must be entered into the terminal), the phase-in period for stand-alone terminals is as follows:

- All terminals received and/or downloaded for any reason after November 1, 2011 must support the requirements
- Efforts should be made to ensure compliance before November 1, 2011

Integrated POS System (not a stand-alone terminal):

If you process through an integrated POS system, compliance is mandated for all POS systems by the date associated with the MCC, but no later than November 1, 2011.

Contact Persons: Please contact your POS provider or customer service to determine the appropriate next steps required to integrate the referenced functionality by the effective date.

Updated: June 21, 2010

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