

**Regulatory Summary**

**April 2024**

**Card Brand Release Version 3**

**30 Day**

March 12, 2024

**Document History**

| **Version** | **Notes/Changes** |
| --- | --- |
| Version 1 | 90 day Publication – Initial publication – 1/16/2024 |
| Version 2 | 60 day Publication – Publication – 2/13/2024  All Card Brands updated article - Merchant Category Code Updates  Mastercard new article - Revised Standards for Acquirer Mandate to Populate the Merchant Payment Gateway (MPG) ID  PIN Debit new article - PULSE Transaction Identifier |
| Version 3 | 30 day Publication – Publication – 3/12/2024  All Card Brands new article - Card Brand Rule Reminders and POS Violation Updates – Reminder |

**April 2024 Release**

Global Payments Inc. received notification of changes to the operating regulations effective April 2024 by Visa®, Mastercard®, Discover® Network and American Express®. Global Payments Inc. has reviewed and analyzed the changes and is providing the following additional summary. Our proprietary systems will be updated and certified by the required release dates. These updates may require changes to your authorization and/or settlement systems and your internal business processes and procedures. Regulatory items listed below may not apply to all business types. This document provides information available as of the published date and is subject to change.

Each item includes an impact box. If there is an “x” in the authorization box, there may be an impact to your authorization platform requiring changes on your end or an update could be made for you by Global Payments Inc. or your authorization vendor. If there is an “x” in the settlement box, there may be an impact to your settlement platform requiring changes to your systems or an update may be made on your behalf by Global Payments Inc. or the vendor that completes your settlement. If there is not an “x” in the box, we are providing you with this information for review, as there may be potential impact to your business in any item. Please review the changes and note any impact/action required – please work with your national account team to determine the specific impacts to your authorization and settlement processes.

| **Release Date** | **Impact** | **Key** |
| --- | --- | --- |
| **April 12, 2024** | **Authorization** | Impact to authorizations |
| **Settlement** | Impact to settlement |
| **Disputes** | Impact to chargebacks |
| **Rules** | Impact to rules/standards |

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# Technical & Regulatory Rules Changes

## All Card Brands

### Card Brand Rule Reminders and POS Violation Updates – Reminder

| **Release Date** | **Impact** | **Credit/Sig. Debit** | **PIN Debit** |
| --- | --- | --- | --- |
| **Immediate** | **Authorization** |  |  |
| **Settlement** |  |  |
| **Disputes** |  |  |
| **Rules** | X | X |



Due to the increase of non-compliance violations and confusion around various card brand rules, we would like to remind merchants of their obligation to follow and maintain compliance with card brand rules and regulations. This obligation is contained in your merchant agreement and compliance violations could result in penalties and assessments from the card brands.

If we receive a violation for your business, we will contact you at the business location via U.S. mail and/or the email we have on file. The letter will contain a brief description of the violation as well as details around the applicable card brand rule(s). Once received, you must complete the letter and return it to us within **7** calendar days acknowledging.

NOTE: Please ensure that we have the correct information on file for your business.

Effective April 14, 2023, Visa implemented a **$1,000** non-compliance assessment for a first time violation offense. It is imperative to ensure compliance in order to mitigate the risk of receiving a non-compliance assessment from Visa. If the non-compliance issue is not addressed and/or found to continue, non-compliance assessments for subsequent violations could start at **$25,000** depending upon the type of violation. Continued non-compliance could result in increased penalties and lead to termination of your merchant agreement.

To assist with the mitigation of non-compliance assessments, we would like to outline the rules that tend to cause the most confusion and the most violation notices. This list is not exhaustive but rather highlights some of the commonly offended rules; including:.

* Minimum/Maximum Transaction Amounts
* Cash Discounting
* Surcharging
* Convenience Fees
* Service Fees

**Minimum/Maximum Transaction Limits**

In order to minimize processing fees on lower dollar transactions, the card brands allow a Minimum Transaction Limit amount to be implemented for credit card transactions. The rules for implementing are as follows:

* Minimum Transaction Limit
  + A merchant may impose a Minimum Transaction Limit on credit cards, however it MUST NOT be imposed on a debit or prepaid card.
    - This requirement refers to the type of card presented for payment and not the method in which the card is being processed (PIN debit, signature debit, credit).
  + Minimum Transaction Limit CANNOT exceed $10.
    - The cardholder must be allowed to use their credit card for all transactions over $10.
  + A merchant MUST disclose the Minimum Transaction Limit amount to be imposed by placing signage at both the entrance into the location and at the point of purchase.
* Maximum Transaction Limit
  + A merchant may NOT impose a Maximum Transaction Limit on debit or credit card transactions.

NOTE: A debit card refers to a card that has a cardholder’s checking or savings account attached to it as a funding source for the transaction. The word “Debit” is usually printed on the card.

**Cash Discounting**

A merchant may implement a discount to customers who pay in cash rather than card however there are specific rules around doing so. The rules are as follows:

* The listed price of the good or service MUST be the price PRIOR to any discounts for method of payment.
* The discount would then be applied to the price at the point of purchase should the customer choose to pay in cash.
* Merchants are **not permitted** to post a price for cash, and then charge a higher price for cards at the point of purchase.
* A merchant MUST disclose the Cash Discount intent and amount by placing signage at both the entrance into the location and at the point of purchase.

**Surcharging**

A Surcharge is a fee assessed on credit cards to help recoup all or part of the cost of card processing.

NOTE: Surcharging rules apply to Visa, Mastercard, and Discover. Surcharging on American Express is only allowed via our American Express OptBlue program. (If you are interested in processing American Express OptBlue, please contact us for information on the program and eligibility.)

* Registration is required before implementing a Surcharge.
  + Please contact your acquirer for details.
  + Visa requires a Surcharge indicator to be included in the transaction.
    - Please check with either us or your POS provider to ensure your device is capable of Surcharging properly and set up to send the indicator.
  + Surcharging must NOT be charged on a debit card or prepaid card.
    - This requirement refers to the type of card presented for payment and not the method in which the card is being processed (PIN debit, signature debit, credit).
* Surcharge can be charged in a Face-to-Face and non-Face-to Face environment.
* The Surcharge amount can be fixed or variable, but it must be charged the same on all card brands and all payment channels.
* Surcharging cannot exceed the cost of acceptance and is capped at **3%**
  + Note: The cap for Visa is 3% while Discover and Mastercard are at 4% and American Express OptBlue is 3.5%. Given that there is a rule requiring parity across all card brands, the cap of 3% **must** be utilized.
* A merchant MUST clearly disclose the Surcharge intent and amount by placing signage at both the entrance into the location, at the point of purchase, and on the transaction receipt.
  + Disclosure must have the exact amount or percentage of the Surcharge.
  + Disclosure must include a statement that the merchant is assessing the Surcharge and is only applicable to credit transactions.
* The cardholder must be given the opportunity to cancel the transaction without penalty after the Surcharge is disclosed.
* Surcharging is currently prohibited in Massachusetts, Connecticut, Maine, and Oklahoma (this list is subject to change without notice).
  + Note: When assessing a Surcharge (in accordance with card brand requirements), please also consult your legal counsel as needed, to ensure that Surcharging is permitted by law as it varies by jurisdiction and may not be allowed or may have limitations.
* A Surcharge cannot be charged in conjunction with a Service Fee or a Convenience Fee. The intent and definition of these are a bit different and each has their own set of rules (see below).

**Convenience Fees**

Convenience Fee is a fee charged to cardholders as a way for a business to recoup some costs involved for offering convenient payment options to cardholders. The card brands rules for implementing a Convenience Fee are as follows:

* A convenience fee MUST only be charged when a true convenience for the cardholder is offered as an alternative payment channel to a customary payment channel.
* Convenience Fees are ONLY allowed in a non-face-to-face environment; NEVER in a face-to-face environment.
* The Convenience Fee MUST be disclosed to the cardholder prior to the charge being applied.
* A cardholder MUST be given the opportunity to cancel out of the payment/fee (without penalty) and the ability to use the same form of payment at a brick and mortar location (face-to-face).
* The Convenience Fee must be a fixed amount; a percentage is not allowed.
* A Convenience Fee can be charged on both credit and debit cards.
* No card brand registration is required.
* Convenience Fees CANNOT be charged on recurring transactions.

**Service Fees**

Service Fees are used by government and education merchants as means to help recoup the cost of accepting payments. This type of fee is only eligible for select government and education merchant types. The card brand rules for implementing a service fee are as follows:

* Registration with Visa is required in order to implement a Service Fee.
  + Upon approval, Visa will assign a specific code that we will place into our system. This will indicate to Visa that the transaction has been approved for Service Fees.
* Only the following government merchant category codes are all eligible:
  + 9211 - Court Costs, Including Alimony and Child Support
  + 9222 - Fines
  + 9311 - Tax Payments
  + 9399 - Government Services (Not Elsewhere Classified)
* Only the following education merchant categories are eligible:
  + 8211 - Elementary and Secondary Schools
  + 8220 - Colleges, Universities, Professional Schools, and Junior Colleges
  + 8244 - Business and Secretarial Schools
  + 8249 - Vocational and Trade Schools
* The service fee can be a fixed or variable amount and charged on all payment channels.
* The fee must be disclosed to the cardholder prior to the charge.

NOTE: Service Fees are a term recognized and defined by Visa only. Mastercard, Discover, and American Express do not recognize this as a unique fee type and do not have separate requirements around it.

In conclusion, it is important that all merchants understand and follow the specific card brand requirements for Minimum Transaction Amounts, Cash Discounting, Surcharging, Convenience Fees and Service Fees as described above. This is imperative in order to mitigate the risk of non-compliance violations and the potential for costly non-compliance fines.

### Retirement of 3-D Secure 2.1.0

| **Release Date** | **Impact** | **Credit/Sig. Debit** | **PIN Debit** |
| --- | --- | --- | --- |
| **September 25, 2024** | **Authorization** |  |  |
| **Settlement** |  |  |
| **Disputes** |  |  |
| **Rules** | X | X |



The card brands have provided an additional reminder that 3DS 2.1.0, including all related technology will no longer be supported.

## Mastercard®

### Revised Standards for the Support of Magnetic Stripe Technology

| **Release Date** | **Impact** | **Credit/Sig. Debit** | **PIN Debit** |
| --- | --- | --- | --- |
| **See Below** | **Authorization** |  |  |
| **Settlement** |  |  |
| **Disputes** |  |  |
| **Rules** | X | X |



In the coming years, Mastercard will retire physical magnetic stripe technology, bringing several benefits to customers:

* Continued reduction of magnetic stripe fraud in the ecosystem as Mastercard participants migrate to EMV and contactless chip technologies, which provide much enhanced security.
* Peace of mind for cardholders. Cardholders will be free of concerns regarding the possibility of magnetic stripe cloning, especially while transacting at unfamiliar locations.
* In mature EMV markets, reduction in the cost to the payment industry for supporting legacy technologies.
* A more streamlined cardholder experience. Currently there are a variety of ways to pay by card and swiping is now a diminishing experience for cardholders.

| **Edit #** | **Date** | **Region** | **Mandate** |
| --- | --- | --- | --- |
| Merchant | April 1, 2024 | Canada, Europe (Switzerland is exempt), LAC, MEA, and AP | All chip-capable ATMs and point-of-sale (POS) terminals deployed are able to correctly process cards that contain the presence of a chip, but not a magnetic stripe. |
| Issuer | April 1, 2024 | Canada, Europe (Switzerland is exempt),  LAC, MEA AP | Newly-issued EMV chip cards may optionally not have a physical magnetic stripe. |
| Merchant | April 1, 2027 | U.S. | All chip-capable ATMs and POS terminals in deployment are able to correctly process cards that contain the presence of a chip, but not magnetic stripe. |
| Issuer | April 1, 2027 | U.S. | Newly-issued EMV chip cards may optionally not have a physical magnetic stripe. |
| Issuer | April 1, 2029 | Global (Switzerland is exempt) | Newly-issued EMV chip cards must not have a physical magnetic stripe. All prepaid card programs (both reloadable and non-reloadable) in the U.S. and Canada regions, and nonreloadable prepaid card programs in all other regions, are exempt from this requirement. |
| Issuer | April 1, 2033 | Global (Switzerland is exempt) | All cards in circulation must support the EMV chip technology and must not have a physical magnetic stripe. All prepaid card programs (both reloadable and non-reloadable) in the U.S. and Canada regions, and non-reloadable prepaid card programs in all other regions, are exempt from this requirement. |

### Revised Standards for Support of Online Authorization for Refund Transactions

| **Release Date** | **Impact** | **Credit/Sig. Debit** | **PIN Debit** |
| --- | --- | --- | --- |
| **April 12, 2024** | **Authorization** | X |  |
| **Settlement** |  |  |
| **Disputes** |  |  |
| **Rules** |  |  |



Mastercard is announcing revised standards requiring support for the online authorization of refund transactions. Online authorization of refund transactions is required for all merchants except contactless transit aggregated transactions. In addition, the time a refund transaction online authorization is valid is defined as five calendar days from the authorization approval date.

### Revised Standards for Acquirer Mandate to Populate the Merchant Payment Gateway (MPG) ID

| **Release Date** | **Impact** | **Credit/Sig. Debit** | **PIN Debit** |
| --- | --- | --- | --- |
| **April 12, 2024** | **Authorization** | X | X |
| **Settlement** |  |  |
| **Disputes** |  |  |
| **Rules** |  |  |



Mastercard will now require that the MPG ID be sent in authorization request messages for all card-not-present (CNP) transactions–excluding mail order or telephone order (MO/TO) transactions–identified in the POS Entry Mode as electronic commerce (e-commerce) or credential-on-file with one of the following POS Entry Modes:

* E-commerce with Digital Secure Remote Payments (DSRP)
* Credential-on-file
* E-commerce

The requirement to populate the MPG ID field will deliver a more complete picture of each transaction. This enables Mastercard to identify low-performing MPGs (in terms of approval rates and fraud rates) and to help them improve their performance and comply with the standards.

### American Express OptBlue SM®

### Low Tier and High Tier Program Thresholds

| **Release Date** | **Impact** | **Credit/Sig. Debit** | **PIN Debit** |
| --- | --- | --- | --- |
| **April 12, 2024** | **Authorization** |  |  |
| **Settlement** |  |  |
| **Disputes** |  |  |
| **Rules** | X |  |



American Express will place merchants in the Fraud Full Recourse Program if fraud performance levels meet or exceed either the Low Tier or High Tier Program Thresholds:

* Low Tier Program Threshold: The monthly fraud related disputes to gross charges ratio for a merchant equals or exceeds 0.9% and has a minimum fraud related disputes amount of $25,000 in a one (1) month period.
* High Tier Program Threshold: The monthly fraud related disputes to gross charges ratio for a merchant equals or exceeds 1.8% and has a minimum fraud related disputes amount of $50,000 in a one (1) month period.

Merchants will be notified and provided with additional information if they are placed in the Fraud Full Recourse Program.

## PIN Debit

### PULSE Transaction Identifier

| **Release Date** | **Impact** | **Credit/Sig. Debit** | **PIN Debit** |
| --- | --- | --- | --- |
| **October 11, 2023** | **Authorization** |  | X |
| **Settlement** |  | X |
| **Disputes** |  | X |
| **Rules** |  |  |



The PULSE Transaction Identifier will be sent in response messages from PULSE and should be included in all subsequent messages to PULSE.

