

Card Association Updates

Interchange and Processing Fees

October 2017

In the event of any ambiguity or conflict, the interchange rate and requirements established by the card associations will determine the interchange level at which your transactions qualify. BBVA Compass is a trade name of Compass Bank, a member of the BBVA Group. Compass Bank, Member FDIC.

Visa® U.S.A., Inc. OPERATIONAL and RATE CHANGES

<u>Changes to Estimated, Initial, and Incremental Authorization Transactions</u>	Visa is expanding the Estimated, Initial and Incremental Authorization program to include MCC 4121 (Taxicabs and Limousines). This MCC will now be allowed to obtain estimated and incremental authorizations for card-not-present transactions only.
<u>Mandate for Credit Voucher and Merchandise Return Messages</u>	Effective with the fall 2018 release, Visa will require authorization messages for credit vouchers and merchandise return transactions. Effective with the change, Issuers can initiate authorization related disputes on credit voucher transactions when the merchant fails to obtain a valid authorization. This change will enhance the information cardholders receive on purchase returns.
<u>Mandates for Account Funding Transactions (AFT)</u>	Effective with fall 2018 release, Visa will mandate that all US Domestic Account Funding Transactions (AFT) contain one of the following valid BAI values in both the authorization and settlement message: BI (Money Transfer-bank initiated), PP (Person to person money transfer), WT (Wallet Transfer), AA (Account to account money transfer), TU (Prepaid load- top-up).
<u>Changes to U.S. Travel Service Merchant Types</u>	Effective October 13, 2017, Visa will make revisions to the U.S. Domestic Consumer and Commercial fee programs that apply to Travel Service merchants to include merchant category code 7513 (Truck and utility trailer rentals), which will also support incremental authorizations.
<u>Visa Claims Resolution (VCR)</u>	Effective April 2018, Visa will make changes to the chargeback program Visa Claims Resolution (VCR). Changes will include consolidation of reason codes into four categories (fraud, authorization, processing errors, and consumer disputes), elimination of pre-notifications for chargeback debits, and the Acquirer response timeframe for disputes received will be reduced from 45 days to 30 days in April 2018 and 30 days to 20 days in October 2018. Merchants are now required to respond to all disputes received within 15 calendar days.
<u>All Merchant-Supported Card Acceptance Interfaces Must Be Available to Cardholders</u>	Effective October 14, 2017 Visa will require newly installed or upgraded acceptance devices to make all merchant-supported card acceptance interfaces available to the cardholders when they initiate a transaction with a Visa card. Merchants that support contact chip, contactless and magnetic-stripe Visa transactions should present all three interfaces to the cardholder when a new transaction is initiated. Visa is not requiring any changes to currently deployed acceptance devices. Any device deployed before October 14, 2017 is not subject to the requirement and may continue to operate as is.
<u>U.S. Commercial Interchange Rate Programs Will Be Modified</u>	Effective October 14, 2017 Visa is modifying the rates on select U.S. commercial interchange rate programs. The following rate changes will occur: Card Not Present 2.70% + \$0.10, Travel Service 2.65% + \$0.10, Non-Travel Service, Level 2 2.50% + \$0.10, Non-Travel Service, Level 3 1.90% + \$0.10. A new program for Level 2 fuel transactions will also be implemented with the following rate of 2.50% + \$0.10. The following Merchant Category Codes will be eligible for the Level 2 rate: 4468, 5499, 5541, 5542 and 5983.

MasterCard® Worldwide OPERATIONAL and RATE CHANGES

<u>Electronic Commerce Security Level Indicator Validation and Usage</u>	MasterCard is enhancing the validation of the Electronic Commerce Security Level Indicator (SLI) for transactions initiated with a MasterCard Digital Enablement Service (MDES) token by introducing a new Security Level Indicator (SLI) value. Authorization enhancements are effective with the October 13, 2017 release, while clearing enhancements are effective November 7, 2017. The following enhancements are being introduced: System edits will validate and modify the SLI and send the correct SLI to the Issuer. Acquirers will be notified that the SLI has been corrected. A new clearing edit will validate the SLI value and if incorrect will reject the transaction. Acquirers must support SLI value of 246 for Digital Secure Remote Payment transactions (DSRP).
<u>Transaction Integrity Class (TIC) for Interchange Rates</u>	Effective with the spring 2018 release, MasterCard is modifying interchange to include the Transaction Integrity Class (TIC) to determine rate assignment. The TIC will now be mandatory for specific interchange programs in the U.S. region. New clearing edits will be introduced to verify presence and validity of TIC. MasterCard may override interchange rates based on the TIC. A new subfield will indicate whether override rates were used in determining the interchange fee amount.
<u>Revised Standards for Cardholder-Activated Terminal 3 Devices (Cat 3)</u>	Effective October 13, 2017, the maximum transaction amount for magnetic stripe transactions will decrease from \$40 to \$0; this will include contactless magnetic stripe transactions at CAT 3 devices. EMV Chip-based transactions maximum transaction amount will be \$40. Any magnetic stripe transaction conducted at a CAT 3 device on or after this release is subject to chargebacks. The merchant will assume liability for any Authorization-related chargebacks submitted for this reason. CAT 3 devices are offline-only terminals that process transactions for a limited amount for MCCs 4784, 5499, 7523, 7542.
<u>Revised Standards for Contactless CVM Limit Amounts</u>	Effective October 13, 2017 MasterCard is increasing the cardholder verification method (CVM) limit amount for contactless transactions from \$50 to \$100.
<u>Revised Standards for Adding a Gratuity to a Card-Not-Present Restaurant Transaction</u>	Effective immediately MasterCard will reinstate the 20% tolerance for the addition of gratuity for card-not-present transactions conducted by restaurant merchants with MCC 5812 and 5814. Chargeback protection for the gratuity amount will not apply until October 13, 2017.
<u>Revised Standards for the Questionable Merchant Audit Program</u>	Effective October 15, 2017, MasterCard will revise the Questionable Merchant Audit Program (QMAP) definition of Case Scope Period by reducing the current 180-calendar-day period to a 120-calendar-day period. The QMAP establishes minimum criteria for acceptable merchant behavior to identify questionable merchants that may fail to meet the minimum criteria by participating in collusive or otherwise fraudulent or inappropriate activity.

Discover® OPERATIONAL and RATE CHANGES

<u>Modifications to Acquirer Interchange Program Requirements</u>	Effective October 13, 2017, card sales involving Premium and Premium Plus card products used at restaurant merchants, MCC 5812 or 5814, are now eligible for the following Acquirer Interchange Programs: PSL-Card Not Present, U.S. Consumer, PSL-E-commerce, U.S. Consumer, and Key Entry, U.S. Consumer. Additionally POS Entry Mode 82-Mobile Commerce is no longer eligible for card present card sales in the U.S.
<u>Revised Standards for Reason Code UA01 & UA06</u>	Effective October 13, 2017, Discover has revised the standards for Reason Code UA01(Fraud Card present) & UA06(Fraud chip and PIN transaction). Reason Code UA01 may no longer be assigned to a dispute if the Cardholder did not approve or participate in a Card Present Chip Card Transaction. The requirement that a card is to be reported as lost or stolen at the time of a Card Sale or Cash Advance under Reason Code UA06 will be eliminated.

PIN Debit Annual Fees

<u>STAR Rate Change</u>	IMPORTANT NOTICE: The PIN Debit Networks periodically review their rates, modifying them as they deem appropriate. This is to advise you that the STAR Debit Network has recently announced modifications to some of their interchange rates, effective July 1, 2017. You may notice changes in your rates as we implement these changes. Please review your merchant statement carefully to make certain you are aware of any changes.
<u>NYCE PINless Bill Pay (On-Demand) Rate Change</u>	IMPORTANT NOTICE: The PIN Debit Networks periodically review their interchange rate programs, modifying them as they deem appropriate. This is to advise you that the NYCE Debit Network has recently announced modifications to some of their interchange rates, effective October 1, 2017. You may notice changes in your rates as we implement these changes. Please review your merchant statement carefully to make certain you are aware of any changes.
<u>Accel Debit Network Annual Fee Change</u>	The ACCEL Debit Network is increasing the annual merchant location fee from \$8.00 to \$12.00. If your account is identified as accepting an ACCEL transaction during the reporting month of August, your account will be assessed an annual \$12.00 "ACCEL Network Annual Fee".