

Test your 3D Secure (3DS) in-app solution for best performance

Who's the article for? All eCommerce businesses

Following the introduction of the revised Payment Services Regulation (PSD2), online card payment transactions using EMV (Europay, Mastercard and Visa) 3D Secure (3DS) – commonly known as 3D Secure version 2 (3DS2) – are essential to meeting regulatory compliance in the European Economic Area (EEA) and the UK.

Earlier this year, we wrote to say, merchants must ensure their 3DS solution is tested. However, many transactions, **particularly those made via mobile apps**, still have poor completion rates. This could be due to incorrect setup by your gateway.

Please note that this is not applicable to Merchant Initiated Transactions (MITs) or mail order/telephone order transactions (MOTO).

We'd just like to remind you that, both Visa and Mastercard provide 3DS testing programmes with clear testing scenarios. Merchants and/or your gateway can open a project and get support.

What's new?

Mastercard requires your in-app authentication success rate to reach 75% by December 2021. Failure to achieve this may result in mandatory testing, which you'll be notified of if required.

What you need to do

If your gateway (e.g. ePDQ / Smartpay Checkout) is **with Barclaycard**, you don't need to do anything, as we'll do the necessary monitoring for you.

If you take payments through a **third-party payment service provider** (PSP), please ask them to monitor your authentication success rate, particularly if you have mobile app journeys. If your success rate is not yet able to reach 75%, please urge your PSP to perform testing with Mastercard.

Beware of fraudsters using an authorisation call scam

Who's the article for? All businesses who use our services

We all know that customers and staff dislike long queues during busy times. This is also when your business may be at risk from fraudsters tricking you into authorising a payment.

How does it work?

A 'customer' joins the queue, usually with a number of items, some high end and others low value. The customer has in their possession a card which they know will not be accepted without authorisation by the PDQ/terminal from the **payment** provider, for example, 'Barclaycard'. The shop assistant has already rung up all of the items, but as the card needs an authorisation code, the PDQ/terminal requests the shop assistant call the provider.

As the customer is aware that this is going to take place, they signal to their colleague, who is either outside the shop or somewhere nearby. So instead of the shop assistant making an **outgoing call**, they receive an **incoming call** which they are told is from the **payment** provider. The shop assistant is then given a fake authorisation code which they input into the PDQ/terminal. Or the fraudster indicates that this has just happened in another store and that they have the code from their **card issuer**, and they give this to the shop assistant.

Unfortunately, the PDQ/terminal cannot differentiate between a real and a fake code as it's now **offline** – so the purchase goes through. This means, of course, that there's a **real monetary loss to your business**, as the correct procedure has not been followed.

What can you do to combat this?

To avoid this happening to your business, the correct procedure for authorising a payment where a card has not been accepted must always be followed:

- authorisation requested by the PDQ/terminal
- the shop assistant makes an **outgoing call** to the **payment** provider
- authorisation received/card rejected from the **payment** provider

Please make sure that all staff handling payments in your business are aware of this process. If you follow the above process, your business will avoid this type of fraud and the fraudster goes away empty-handed.

Manual PAN keypad entries (PKEs) are prohibited for all Card Present transactions

Who's the article for? All eCommerce and Card Present merchants

Under the Payment Services Directive 2 (PSD2) regulation, the mandatory authentication rule now prohibits manual PIN keypad entries (often known as **PAN Key Entries** or PKEs) as a fallback for Card Present and eCommerce transactions in the UK and European Economic Area (EEA).

UK card issuers will be required to decline such non-compliant transactions after 14 March 2022. EEA card issuers have been checking such compliance since early 2021.

What's new?

Mastercard has announced that from **1 December 2021**, a fee will be applied for PAN-key entered transactions in a Card Present environment. In addition, fees will now also be applied to chip transactions without cardholder verification method (CVM).

This is for EEA and United Kingdom issued transactions and EEA and United Kingdom acquired transactions when the merchant is in an EEA country. This programme does not apply to unattended terminals used for parking or transport.

What you need to do

If your terminal is **with Barclaycard**, we will notify you if any actions are required.

If you take payments through a **third-party payment service provider** (PSP), please reach out to them as soon as possible, to discuss the fees.

Ensure your gateway is compliant to avoid 'soft decline' errors

Who's the article for? All eCommerce and Card Present businesses who use our services

The new Payment Services Regulation (PSD2) requires the card issuer to validate cardholder identity by requesting two-factor authentication (also known as Strong Customer Authentication or SCA).

An online card transaction is defined as compliant when it meets one of the following conditions:

- sent via 3D Secure (3DS)
- has a valid indicator for exemptions
- has a valid indicator for 'out of scope' transaction types (e.g. mail order and telephone order (MOTO) transactions and Merchant Initiated Transactions (MITs))

If none of the above conditions apply, card issuers are required to **'soft decline'** such non-compliant transactions.

Merchants must be able to re-route such transactions to 3DS version 2 (3DS2) to complete the authentication. Please note that this is not applicable to:

- Merchant Initiated Transactions (MITs)
- mail order/telephone order (MOTO) transactions
- if you use 3DS for 100% of your online payments

What's a soft decline?

A soft decline is the card issuer's request for a non-compliant transaction to be 'tried again' with 3DS, without termination of the transaction, to allow a more seamless customer experience. This is different to a hard decline designed to terminate a transaction due to various reasons, such as a lack of funds. If soft declines are not resubmitted to 3DS by **1 January 2022**, Visa may impose scheme fee fines.

What you need to do

To minimise cardholder impact and avoid potential scheme fines, your Payment Service Provider (PSP) must be able to implement both the soft decline handling capability and 3DS2 capability. Most of the heavy lifting should be done by your PSP. However, depending on your integration type, some merchants may need to do some development work.

If your gateway (e.g. ePDQ / Smartpay Checkout) is **with Barclaycard**, and you use our Hosted Payment Page solution, you don't need to do anything, as we'll do the necessary monitoring for you. If your integration uses a direct method (i.e. you capture card details and submit them securely to the payment gateway), you'll need to review your integration to determine if any testing may be required.

If you take payments through a **third-party payment service provider** (PSP), we **strongly urge you to contact them directly as soon as possible** to see if you need to do this final step to enable soft decline functionality.

You may see soft declines if you haven't upgraded to 3D Secure version 2 (3DS2)

Who's the article for? All Card Present and eCommerce merchants*

Accepting online card payments relies on 3D Secure (3DS), which is aligned with the Payment Services Directive (PSD2) payments regulation. 3DS will become essential for online card payments from **14 March 2022**, after which time UK card issuers will be required to decline such non-compliant payments.

We wrote to you this summer regarding the need to **upgrade to 3D Secure version 2 (3DS2) by 16 October 2021**. We are still seeing a number of merchants who have yet to make the necessary upgrade from the legacy version of 3DS (variously known as 3D Secure version 1, 3DS version 1 or 3DSv1) to the improved version 2 – failure to do this carries several risks for your business.

Visa and Mastercard have announced that 3D Secure version 1 will be decommissioned in October 2022.

To ease the market off 3D Secure version 1 over this period, mandates were introduced this year in preparation for October 2022. In order to avoid declines during this period, merchants must upgrade to the latest version of 3DS – 3DS2 – **as soon as possible**.



3DS2 is an important upgrade as it offers superior performance and a better acceptance rate when compared with 3D Secure version 1.

Impact of not upgrading

If you remain on 3D Secure version 1, Visa may designate your transactions as non-secure. This could mean:

- 1) A higher risk of decline due to PSD2
- 2) Merchants bearing fraud liability if the transaction is not declined under PSD2 rules
- 3) In cases of 3D Secure version 1 outages, transactions won't be protected under the current resilience protection

What you need to do

If your gateway (e.g. ePDQ / Smartpay Checkout) is with Barclaycard, please check your customer portal for updates. Please ensure you review the 3DS Activation Guide (epdq.co.uk/en/security/psd2/3ds-activation-guide) to understand if you need to make any changes to support 3DS2/prepare for the activation of 3DS2 on your account.

If you take payments through a **third-party payment service provider** (PSP), please contact them as soon as you can to upgrade to 3DS2. **These complex upgrades can take time, so please don't leave it till the last minute.**

*Not applicable to Card Present or mail order and telephone order (MOTO) transactions.

Reminder – withdrawal of UK Maestro brand by Mastercard

Who's the article for? Any business that uses our services

Mastercard has announced the withdrawal of the UK Maestro brand, effective immediately, and advised there are no live cards in issuance under this brand. Please inform your counter/till staff that **any card with a UK Maestro logo can no longer be accepted for purchasing goods or services**.

Do not attempt further authorisations following a decline

Who's the article for? Any business that uses our services

Visa has introduced new rules regarding when a customer is allowed to attempt further authorisation following a decline authorisation.

In scenarios where a **'Do not try again'** response is received, a re-authorisation should not be re-attempted, as Visa may apply fees to merchants who do so.

Where a **'Do not try again'** response is not returned, you have a maximum of 15 re-attempts within a 30-day period – failure to follow these guidelines may see Visa apply fees for any excessive attempts.



Latest interchange rates and scheme fees

Please be aware that the rates below are an indicative cost that would apply to any customer based in Europe (e.g. UK, Ireland, EEA). Scheme fee values presented in GBP (ppb) are a function of internal data and do not reflect scheme-defined currency. The table below lists interchange and scheme fees for card payments. We pay these costs to the card schemes, such as Visa and Mastercard, for the processing of your transactions. This is a reference guide to give you more information about our costs, as detailed in your Charges and Fees Schedule. It doesn't change your Merchant Service Charges or any other charges that you pay to us. The jurisdiction and the qualifying criteria (including transaction type, input method, product, timeliness etc) you accept a payment from influence the interchange and scheme fees paid.

EU regulations cap consumer interchange at a maximum of 0.3% (credit) and 0.2% (debit) for transactions where the Issuer, acquirer and merchant are within the EEA, plus Iceland, Liechtenstein and Norway.

UK legislation caps consumer interchange at a maximum of 0.3% (credit) and 0.2% (debit) for transactions where the Issuer, acquirer and merchant are within the UK.

Charge type/Narrative	Interchange	Scheme fees
Visa Me-to-Me (UK Domestic - Debit, Prepaid - Secure/Non-Secure) ¹	0.2%	0.7p + 0.02% to 0.03%
Visa Consumer (Credit, Deferred Debit, Charge, Premium)	0.3% to 1.97%	1.5p to 10p + 0.02% to 1.03%
Visa Consumer (Debit, Prepaid, Premium) ² (IRL)	0.1% to 1.97%	1.5p to 10p + 0.02% to 1.03%
Visa Me-to-Me (UK Domestic - Business Debit, Prepaid - Secure/Non-Secure) ³	0.3% + 5p/0.3% + 10p	0.7p + 0.02% to 0.03%
Visa Business (Credit, Deferred Debit, Debit, Prepaid, Premium - Secure/Non-Secure) ^{4,5}	0.3% + 5p/0.3% + 10p/1.3% to 2%	1.5p to 10p + 0.02% to 1.03%
Visa Corporate (Credit, Deferred Debit, Debit) ⁵	1.55% to 2%	1.5p to 10p + 0.02% to 1.03%
Visa Purchasing (Credit, Deferred Debit, Debit) ⁶	0.75% to 2%	1.5p to 10p + 0.02% to 1.03%
Visa B2B	0.8% to 2%	1.5p to 10p + 0.02% to 1.03%
Mastercard Consumer Credit (Credit, Premium)	0.3% to 2.1%	0.3p to 9.7p + 0.03% to 0.48%
Mastercard Consumer Debit (Consumer Prepaid, Debit Mastercard Consumer, Premium) ^{7,8}	0.1% to 1.98%	0.3p to 9.7p + 0.03% to 0.48%
Mastercard Corporate, FleetCard, Purchasing, World Preferred ⁹	0.75% to 2.25%	0.3p to 9.7p + 0.03% to 0.48%
Mastercard Business, Professional Card, Prepaid Commercial ⁷	0.8% to 2.1%	0.3p to 9.7p + 0.03% to 0.48%
Debit Mastercard Business, Debit Mastercard Corporate Prepaid ⁷	0.8% to 2.1%	0.3p to 9.7p + 0.03% to 0.45%
Mastercard Business Premium Debit ⁷	0.8% to 2.25%	0.3p to 9.7p + 0.03% to 0.45%
Mastercard Enterprise Solution Wholesale Travel Program	1% to 2%	0.45p + 0.55%
Maestro Consumer (Consumer, Consumer Prepaid) ¹⁰	0.1% to 1.5%	0.3p to 9.7p + 0.03% to 0.48%
Maestro Commercial (Small Business, Prepaid Commercial) ¹⁰	0.4% to 2.1%	0.3p to 9.7p + 0.03% to 0.48%
JCB	0.2% to 1.5%	6 euro cents + 0.05%
Discover Global Network Consumer Credit	0.3% to 1.5%	0.12% to 0.45%
Discover Global Network Consumer Debit	0.2% to 1.5%	0.12% to 0.45%
Discover Global Network Commercial	1.75%	0.12% to 0.45%
UnionPay International Consumer Credit	0.3% to 1.5%	1 euro cent + 0% to 0.2%
UnionPay International Consumer Debit	0.2% to 1.5%	1 euro cent + 0% to 0.2%
UnionPay International Commercial Credit	1.1% to 1.5%	1 euro cent + 0% to 0.2%
UnionPay International Commercial Debit	1.1% to 1.5% or 60 euro cents	1 euro cent + 0% to 0.2%



Welcome to the final Barclaycard business essentials of 2021

It's almost time to wave goodbye to 2021 – and what a busy year it's been in the world of payments. As your payment solution provider, we can help you grow and evolve your business and minimise any unnecessary disruption.

If your business takes online card payments, please make sure that it's compliant with the Payment Services Directive (PSD2) regulation. You'll need to upgrade to 3D Secure version 2 (3DS2) to avoid 'soft declines' – find out how to do this on page 4.

In this issue, we'll be looking at:

- ensuring your gateway is compliant to avoid soft decline errors
- how to test your 3D Secure (3DS) in-app solution for best performance
- how to avoid fraudsters using an authorisation call scam
- manual PIN keypad entries being prohibited for all Card Present transactions
- ...plus other information to keep you updated with the latest news and information.

There are lots of exciting new developments to look forward to in 2022 – we'll be in touch in the New Year with more news.

Wishing you all a happy festive season and a prosperous 2022.

Kind regards



Colin O'Flaherty
Managing Director, Small Business
Barclaycard Payments

Effective 16 October 2021

- ¹ For registered 'Me-to-Me' merchants with Merchant Category Codes 6012, 6211 or 9399, consumer transactions are capped at 50p (secure) and £1 (non-secure). 'Me-to-Me' transactions with MCC 9311 are capped at 40p.
- ² (IRL) For Ireland Domestic debit and prepaid transactions, a cap of 1 euro will apply for EMV chip transactions, and 2 euros for electronic commerce and standard transactions as of 16 October 2021.
- ³ For registered 'Me to Me' merchants with Merchant Category Codes 6012, 6211 or 9399, commercial secure and non-secure transactions are capped at £1.50. 'Me to Me' transactions with MCC 9311 are capped at 75p.
- ⁴ UK Domestic jurisdiction: caps for secure and non-secure Business Debit transactions of £5 (excluding Prepaid), Intra Europe/ European Domestic jurisdiction: variable caps based on jurisdiction and merchant type (MCC). A minimum of 35 euro cents may apply for Intra Business Prepaid transactions.
- ⁵ Small Market Expense and Large Market Enterprise transactions attract EU capped rates of 0.3% in EU-regulated jurisdictions (and UK).
- ⁶ Large Ticket Programs: rates include % and PPT elements.
- ⁷ UK Domestic Mastercard and Maestro Consumer and Commercial Debit and Prepaid Purchase transactions under Merchant Category Codes 6012, 6211, 9399 and 9311 achieve rates of 0.2% + caps under the Government and Personal Payments (GPP) Interchange Fee program.
- ⁸ UK Domestic Debit Mastercard Purchase with Cash Back (PWCB) transactions will attract a service fee of 12p for the cashback part of the transaction, Ireland Domestic Debit Mastercard Purchase with Cash Back (PWCB) transactions will attract a service fee of 13 euro cents for the cashback part of the transaction. Final cost total is net of two elements – interchange and service fee.
- ⁹ Large Ticket Programs: rates include % and PPT elements.
- ¹⁰ For some jurisdictions interchange rates for certain products are defined in % and PPT. PPT elements can be defined in different currencies.

Notes

Mastercard refunds are treated separately from the original purchase and have service fees applied – either capped at 5 euro cents or currency equivalent – or for commercial cards a variable percentage of the original purchase interchange rate will apply (65%/75%/85%).

Visa Consumer card refunds on cards issued outside EEA used within EEA will attract 0% as of October 2019 (EU regulations). A 0% rate will also apply to consumer refunds between the UK and EEA as of 16 October 2021.

Visa Original Credit Transaction Inter-Client Fees of 0.25% will apply for consumer and commercial transactions in the Europe region. These are capped at 8p in UK Domestic jurisdiction and 9 euro cents for Domestic European and Intra EEA jurisdiction transactions. Visa Direct (SMS) not presented.

Mastercard Payment Transaction rates are EUR 0.65 (all European jurisdictions) and 0.19% + \$0.53 ppt for inter-regional jurisdiction. **Charges and Fees Schedules** may aggregate some commercial product and qualification types into a single 'Commercial' grouping for comparison purposes.

A reminder – transaction-level reports are available to all our customers

We offer detailed transaction reports that provide a breakdown of all your transactions, including our charges and the interchange we've paid on your behalf for each card transaction. These reports are free and are available on request on either an ad hoc or a regular basis.

To receive these reports, simply call us on **+44 (0)800 151 0419**. We will need your merchant name and address, Merchant ID and contact details.



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Your Barclaycard business essentials

Need-to-know updates
for your business

December 2021

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