



# Payment Card Network and Changes to Decline Codes, Rules and Fees

In a phased approach between November 1, 2020 and April 1, 2023, Visa will be modifying how it handles its decline transactions through new rules, non-compliance assessment and fees relating to Excessive Transaction Attempts (ETAs) and improper use of Decline codes. Mastercard also has rules and fees for ETAs where there is the submission of an authorization after 20 previous declines.

Effective November 1, 2020, Visa will be making the following changes to its Decline Codes and Rules falling into two categories. Where applicable, fees for non-compliance will be applied effective February 1, 2021.

## Category #1: Authorization Management:

Visa will be applying fees as of **November 1, 2020** in the event of multiple failed authorizations using the same card. The fees outlined below will occur when 15 or more failed transaction attempts (declines) are processed using the same card within a 30-day period.

- a. For a Domestic Fee<sup>^</sup> Transaction – a cost of \$0.15 per transaction
- b. For a Foreign Fee<sup>^^</sup> Transaction – a cost of \$0.23 per transaction

## Category #2: Data Quality/Consistency Category:

For every re-submission of a declined transaction with altered data (e.g. different Merchant Category Code (MCC), different country etc.), the following fees will apply as of **November 1, 2020**:

- a. For a Domestic Fee<sup>^</sup> Transaction – a cost of \$0.15 per transaction
- b. For a Foreign Fee<sup>^^</sup> Transaction – a cost of \$0.23 per transaction

Should incorrect transaction processing occur as described in the Visa announcement, fees for non-compliance will be charged effective **November 1, 2020**.

Effective July 2019, Mastercard has made the following change to its Decline Codes and Rules for Excessive Transaction Attempts (ETAs). For the processing of 20 unsuccessful attempts on the same Card within a 24-hour period, the following non-compliance fees will apply as of November 1, 2020:

- a. For a Domestic Fee<sup>^</sup> Transaction – a cost of \$0.15 per transaction
- b. For a Foreign Fee<sup>^^</sup> Transaction – a cost of \$0.15 per transaction

Effective **November 1, 2020**, TD Merchant Solutions will begin collecting Mastercard non-compliance fees where applicable.

## FAQ – Excessive Transaction Attempts (ETAs)

The following is useful information on the definition of ETAs, their identification and tips to prevent them from occurring on your Account.

### *What is an Excessive Transaction Attempt (ETA)?*

An ETA is defined by the Payment Card Networks (PCNs) as continued authorization attempts (using the same card number) after receiving/completing:

- 20 decline responses within a 24-hour period;
- 15 decline responses within a 30-day period;
- re-submission of a transaction with altered data such as changing the Merchant Category Code (MCC) or the country code to obtain an authorization.

This is also commonly known as account testing and is usually conducted by fraudulent entities. For example, a fraudulent entity uses an automated process to make repeated purchase attempts on a Merchant's ecommerce site to test if a card number is valid. Once the card number is confirmed valid, it may be subsequently used for fraudulent purchases. This practice is disruptive to the Cardholder experience, creates reputational challenges and in some cases results in significant fraud losses for Merchants.

### *How can you identify ETAs?*

Typically, an ETA can be identified as multiple authorization requests for the same card at regular intervals, often within seconds of each other. Regular monitoring of your TDMS Account will help ensure that you quickly identify any irregular activity, such as an excessive number of authorization requests, declines and reversals which is not consistent with your regular processing behavior.

### *What can you do to protect your Merchant Account from ETAs?*

While TDMS has fraud monitoring tools in place, we recommend that you implement the following controls where applicable to help protect your TD Merchant Solutions Account from the occurrence of ETAs:

- Regularly review your TDMS Account for instances of excessive authorization declines, which does not reflect your normal account activity.
- Suspend or block credit/debit card accounts that have exhibited a significant number of authorization attempts on your Merchant Account.
- If applicable, contact your website/shopping cart provider to set transaction processing controls to prevent fraudulent authorization attempts. This will help you monitor your Account for unusual customer spending patterns. For example, set controls to prevent 20 declines on the same card number within 24 hours.

Should you have any questions, please contact us at **1 800 363-1163** and speak to one of our TD Merchant Solutions Specialists.

<sup>^</sup> Domestic Fee transaction means the transaction is conducted in a currency that is the same as the currency assigned to the Visa/Mastercard Card being used.

<sup>^^</sup> Foreign Fee transaction means the transaction is conducted in a currency that is different from the currency assigned to the Visa/Mastercard Card that is being used.