



April 2011 Interchange Modifications

MasterCard Announces Rate and Service Changes

MasterCard has announced new rates and service changes, each taking effect in second quarter of 2011, which Wind River Financial believes may impact some merchant clients. Please review these changes carefully to determine if they affect your business. As always, Wind River Financial stands ready to answer your questions and provide clarifications.

1. Assessment Fee for Transactions over \$1,000

Effective Date: April 15, 2011

MasterCard will increase the assessment fee by 0.01 percent, **from 0.11% to 0.12%**, on all transactions over \$1,000. Both consumer and commercial credit cards will be impacted, as will cash advance and cash-back transactions.

2. Interchange Rate for World Merit III

Current Rate	New Rate
1.73% + 0.10 per item	1.77% + 0.10 per item

3. Interchange Rate for Lodging and Auto Rental (New Rate)

Current Rate	New Rate
(New category)	1.80% + 0.10 per item

4. Interchange Rate for Lodging and Rental Consumer Debit (New Rate)

Current Rate	New Rate
(New category)	1.15% + 0.15 per item

5. Changes to Account Status Inquiry Service

Effective Date: June 14, 2011

MasterCard is implementing functionality to support a new Account Status Inquiry Service transaction that will allow merchants to send Account Status Inquiry transactions to validate aspects of a cardholder account.

Account Status Inquiry Service transactions may include requests for Address Verification Service (AVS), CVC2 validation or both.

As a result of this change AVS only transactions will be discontinued.

Additionally, a status check request with an amount greater than zero dollars will become prohibited with the exception of Automated Fuel Dispenser (AFD) merchants.

6. Partial Authorizations Processing Enhancements

Effective Date: June 14, 2011

MasterCard will allow card issuers to send a partial approval response for the full amount of the requested authorization. This is meant to notify the merchant that no additional amounts, such as a tip, may be added to the approved transaction amount. Any additional amount due from the customer may be collected using another form of payment.

Merchants using applications that support partial approvals must be prepared to see an “approved” response, with an amount of zero as the amount to be tendered separately.

If you process partial payments, you may see these cosmetic changes to your receipt. This also includes partial approval on stored value or gift cards. In the past, we had the ability to turn this function off at your terminal; now because of this mandate, the system will not allow us to do that anymore.

7. Reversal Mandate Enhancement

Effective Date: April 15, 2011

Merchants in the United States are required to submit full or partial reversals on MasterCard credit card transactions when:

1. The authorized amount is not submitted for clearing, or;
2. The authorization response is not received at the point of sale

Reversals must be submitted within 24 hours of the original request for card present merchants and within 72 hours for card-not-present merchants.

MCCs exempt from the current debit and prepaid card reversal mandate will continue to be exempt for MasterCard credit card reversals.

Merchants who fail to reverse unused authorizations will begin to be assessed a fee of 0.045 per transaction that is not properly handled.

8. Recurring Payment Test Transactions

Effective Dates: April 15, 2011 for single message debit requests
June 14, 2011 for dual message credit requests

MasterCard is revising recurring payment test transactions to allow acquirers and merchants to send zero-amount recurring payment test transactions.

The test transaction is actually an Account Status Inquiry to determine if the account status has changed since the prior transaction.

Recurring payment test transactions must be sent with an amount of zero (\$0.00). These are currently sent with a \$1 (or other minimal) amount. Under this change, recurring payment test transactions sent with a \$1 amount will be considered a normal authorization request.

Test transactions do not replace the required purchase authorization request.