



## BETTER RATES WITH MORE TRANSACTION DETAIL:

### LEVEL III FREQUENTLY ASKED QUESTIONS (FAQ)

#### WHY DO THE CARD ASSOCIATIONS OFFER A DISCOUNTED LEVEL III INTERCHANGE PROGRAM?

This program involves increasing data reported back to the cardholder in order to make the credit card payment channel more attractive to the cardholder over other payment options. The expectation is that increased data returning to the cardholder will improve efficiencies within the cardholder's purchasing system - which will then drive more credit card usage by those cardholders at merchants that pass Level III data.

#### WHAT CARDS ARE ELIGIBLE FOR LEVEL III INTERCHANGE?

**Visa** = Corporate and Purchasing cards (including GSA-issued Purchasing cards).

**MasterCard** = Commercial cards (Business, Corporate and Purchasing).

#### WHAT IS THE BENEFIT TO THE MERCHANT?

Although more reporting and processing is required of the merchant, the interchange rates are generally discounted by 20 to 60 bps.

#### WHAT DATA IS REQUIRED TO BE PASSED WITH THE TRANSACTION?

Both Level II data and Level III data must be included.

Level II data:

**Tax Identifier** – identify whether sales tax applies or transaction is tax exempt

**Tax Amount** – total tax charged for product(s) sold

**Purchase Order or Customer Code** – reference number **provided by the buyer (commercial card holder)** to the seller that identifies the products or services order

Level III data (minimum data usually required):

**Item Commodity Code** – international description code (4-10 characters) of the products or services

**Item Description** – description of the products or services being provided

**Item Quantity** – number of items

**Item Unit of Measure** – code for units of measurement as used in international trade

**Item Cost** – price of individual item

**Product Code** – code of the product or service

**Item Freight/Shipping Amount** – total shipping and handling assess for all items

**Shipping Postal Codes** – zip code where products or services will be delivered

**Destination Country Code** – code of the country (3 character) where products or services will be delivered

**VAT Number** – government assigned tax id of the merchant providing the products or services





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#### **IS LEVEL III DATA EASY TO OBTAIN AND PASS?**

There is a considerable amount of data from various sources which must be obtained and entered (or integrated) into the merchant POS application. The complexity for obtaining and passing the data is based upon the merchant inventory system, transaction entry process, and POS system integration.

#### **CAN ALL POS SYSTEMS ACCOMMODATE LEVEL III DATA?**

Not all POS systems pass the requisite data. WRF has worked with the following gateways which accommodate Level III data: Trust Commerce, PayflowPro, NMI and 3Delta.

#### **DOES DATA HAVE TO BE PASSED ON ALL TRANSACTIONS (INCLUDING TRANSACTIONS THAT WOULD OTHERWISE NOT BE ELIGIBLE – I.E. CONSUMER CARD)?**

No, but that assumes the card type can be identified at the point of the purchase. Most systems cannot identify the card type so it is best to pass the data on all transactions to ensure qualification.

#### **WHAT IS THE SOURCE OF THE DATA?**

Some data is maintained in the merchant's inventory system (i.e. item description), some data is determined based upon the specific order (i.e. item quantity), some data is based upon government information (i.e. commodity code) and some data is obtained from the buyer (i.e. Purchase Order).

#### **WHAT RESEARCH SHOULD MERCHANTS CONDUCT BEFORE PROCEEDING WITH LEVEL III?**

First, review the current availability of the necessary data elements as well as the ability to collect additional data points. Second, assess the ability of the inventory system to manage the data elements. Third, determine if the POS system is capable of integrating Level III data. Finally, poll customers to determine if they have an interest or benefit in receiving Level III data.





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#### IS MERCHANT TRAINING REQUIRED?

Due to the complexity involved in obtaining, integrating, and passing Level III data, additional training and transaction testing is required to ensure effective utilization.

#### ARE THERE ADDITIONAL COSTS TO PROCESS LEVEL III TRANSACTIONS?

Managing the additional data requirements to achieve the discounted Level III interchange rates can be complicated. Merchants may need to modify their inventory system and upgrade their POS application so consulting support may be required. Further due to the complexity of the transactions, there are separate set up, monthly, and transaction fees.

#### ARE THERE OTHER MERCHANT BENEFITS WITH LEVEL III TRANSACTION PROCESSING?

Some cardholders value the benefit of the additional data and reporting they receive and thus seek merchants that are capable to process Level III transactions.

#### ARE THERE ANY OTHER BENEFITS TO SUPPORTING LEVEL III?

Some Level III merchants may qualify for an additional Large Ticket program. The Large Ticket program provides even lower processing rates for sales that meet a certain dollar size.

For Visa: All Level III Purchasing Card transactions with a ticket size greater than \$6,980.00

For MasterCard: All Level III Commercial Card (e.g. Business, Corporate and Purchasing) transactions with a ticket size greater than \$7,255.00

