

AN 5767 Expanding Digital Enablement in the United States Region

Type:

Bulletin Announcement

Category:

Pricing/Fees

Audience:Acquirer
Processor**Region:**

United States

Brand:Mastercard®
Debit Mastercard®**Product or Service:**Automatic Billing Updater
Consumer Credit
Consumer Debit
Identity Solutions**Action Indicator:**Attention warranted (Program/service-related)
Testing recommended**System:**Authorization
Clearing
Mastercard Consolidated Billing System**Published:**

12 October 2021

Effective:

4 April 2022

Executive Overview

To continue to enhance safety and security in the payments ecosystem, Mastercard will provide access to several fraud mitigation tools, and will adjust pricing to encourage greater use of these tools.

Effective date details

Date	Details
4 April 2022	Mastercard will adjust the billing structure for the Digital Enablement Fee to 2.0 bps on all US acquired authorizations with a minimum billing of USD 0.02 and a maximum of USD 0.20 per transaction ¹ .

What Mastercard is doing

Digital commerce is growing at a rapid pace and now represents 18% of total consumer spend in the United States². At the same time, fraud in the digital space is now four times higher than in-person channels. To address this dynamic, Mastercard will continue to enhance safety and security in the payments ecosystem and provide access to several fraud mitigation tools. Highlights include:

- *Providing access* to fraud solutions with proven benefits to financial institutions, merchants and consumers;
- *Simplifying pricing* for financial institutions by removing product-specific pricing and instituting pricing caps;
- *Enabling more robust information sharing* to help in authorization decisioning and allow for greater approvals with reduced fraud.

Version history

Date	Description of change
12 October 2021	Initial publication date

Digital Enablement Fee (DEF) changes

Mastercard is adjusting DEF pricing to 2.0 bps on all authorizations, with a minimum of USD 0.02 and a max of USD 0.20 per transaction. At the

¹ To be assessed on all dual message CNP activity acquired in the US region. Financial Declines (authorization response code of 51) are excluded from billing assessments.

² 2021 YTD U.S. Retail eCommerce (ex Auto) as a percentage of total U.S. Retail (ex Auto) spend

same time, Mastercard is providing access to the following tools to increase approval rates and reduce fraud:

1. Credential Lifecycle Management (Automatic Billing Updater)
2. EMV 3DS³ Authentication
3. Verification Tools (Address Verification Service, Account Status Inquiry, CVC2)
4. Ekata Identity Risk API

Product	Description	Implementation and Enablement
Automatic Billing Updater (ABU)	<p>Automatic Billing Updater (ABU) enables issuers to securely communicate lifecycle management account updates to credential-on-file and recurring payment merchants.</p> <p>ABU API Push Model (Real-Time Updates): Updates are automatically sent to reduce preventable CNP declines. Eliminates timing issues, latency/rate limits, reduces processing overhead. Eliminates the need for ABU Bulk File integration for account updates.</p> <p>ABU API Pull Model (Real-Time Updates): Provides real-time account updates post decline to reduce CNP preventable declines.</p> <p>ABU Bulk File (Pull Model): Obtain account updates before authorization. It efficiently handles large amounts of account inquiries in a single file inquiry that processes daily.</p>	<p>Developer Zone ABU API Specifications can be found at https://developer.mastercard.com/product/automatic-billing-updater-abu/</p> <p>Utilize the <i>Automatic Billing Updater Reference Guide</i> on Mastercard Connect for ABU bulk file specifications.</p>
EMV 3DS: Payment Authentication and Identity Check Insights	Access to Mastercard's EMV 3DS Authentication Network built on the EMVCo protocol; this enables greater payments security and a consistent user-friendly digital payment experience for consumers.	3DS Server Technology must be enabled to access EMV 3DS processing.
Address Verification Service (AVS)	Address Verification Service (AVS) is a service for CNP merchants to verify the cardholder's billing address. Issuers respond to a merchant's AVS request using one of the 8 AVS response codes.	Checkout page needs to be enabled for cardholder entry of the data. Authorization message must be coded with AVS request values.
CVC2	CVC2 (Card Validation Code) is a service for CNP merchants to verify the cardholder's account. Issuers respond to a merchant's CVC2 request using one of 4 CVC2 response codes.	Checkout page needs to be enabled for cardholder entry of the data. Authorization message must be coded with CVC2 request values.

³ EMV is a registered trademark or trademark of EMVCo LLC in the United States and other countries.

Product	Description	Implementation and Enablement
Account Status Inquiry (ASI)	Account Status Inquiry verifies a card account status without negative financial impact on customer funds, or generation of false declines and fraud alerts, helping to improve merchant revenue from increased card payments and ensure merchant and acquirer compliance with processing integrity rules.	Implementation has little impact on acquirer systems as an Account Status Inquiry is very similar to a standard authorization. If not already supported, ASI indicator will need to be added in authorization message.
Ekata Identity Risk Score API	<p>With the increasing demand for online transactions, merchants have become more prone to fraud attacks. From promotion abuse to synthetic identity fraud during e-commerce transactions, no business is safe from fraud.</p> <p>By catching fraud earlier in the purchase process, merchants can save their business the cost of the lost transaction as well as reduce chargebacks and the associated fees.</p> <p>With Ekata Identity Risk Score API into merchants fraud risk model and/or workflow, merchants can:</p> <ul style="list-style-type: none"> • Leverage model-derived signals to detect fraudulent transactions in the shopping cart prior to processing the transaction for authorization. • Assess risk of identity fraud before shipping goods or providing access to services. • Improve customer experience and increase profitability. 	<p>Ekata Identity Risk Score API is suitable for pre-authorization and post-authorization use cases. It can be implemented via a simple cloud-hosted API.</p> <p>Ekata Identity Risk Score API and related services are provided by Ekata, Inc. Merchants should contact Mastercard or Ekata to learn more.</p>

Billing information

The following pricing for the Expanded Digital Enablement Fee will become effective 4 April 2022 with the first billing occurring on 10 April 2022.

Billing event ID	Billing event name	Current rate	Rate as of 4 April 2022
2AV3006	Address Verification Service Acquirer Fee	USD 0.01 per AVS request	USD 0.00
2AB1723	CVC 2 Transaction Fee	USD 0.0025 per CVC2 Request	USD 0.00
2BU6500	ABU Merchant Enrollment Automated	USD 50 per electronic enrollment	USD 0.00
2BU6501	ABU Merchant Enrollment Manual Form	USD 350 per manual enrollment	USD 0.00

Billing event ID	Billing event name	Current rate	Rate as of 4 April 2022
2BU6602	ABU Acquirer Bulk File Merchant Updates	Tiered fee based on volume (between USD 0.125 and USD 0.10)	USD 0.00
2BU6614	ABU Acquirer API Merchant Updates	Tiered fee based on volume (between USD 0.125 and USD 0.10)	USD 0.00
2BU6615	ABU Merchant/PSP API Updates	Tiered fee based on volume (between USD 0.15 and USD 0.10)	USD 0.00
2BU6616	ABU Merchant/PSP Bulk File Updates	Tiered fee based on volume (between USD 0.15 and USD 0.10)	USD 0.00
2AB1116	Account Status Inquiry Service Fee	USD 0.025 per domestic request, USD 0.030 per cross border request	USD 0.00
TYA2805	Acquirer Transaction Fee—Amount based 3-D Secure (3DS2) Mastercard Identity Check	1bps times the value of authentication	USD 0.00
TYA2807	3DS2 Maximum Pricing Cap	USD 0.10 for transactions greater than USD 1,000	USD 0.00
2YA2800	Authentication Monthly Fixed - Acquirer	USD 1,050 per Primary ICA	USD 0.00
2DU5560	Acquirer Digital Enablement Fee	0.0001 times the value of cleared transaction	USD 0.00
2AB3414	Acquirer Digital Enablement Fee	NA	0.0002 times value of authorization
2AB3414P	Acquirer Digital Enablement Fee	NA	Minimum of USD 0.02
2AB3414Q	Acquirer Digital Enablement Fee	NA	Maximum of USD 0.20

These changes will be included in the *Pricing Guide* following the effective date. Until that time, use this announcement as the source for information.

Questions

Customers with questions about the information in this announcement should contact Global Customer Service using the contact information on the Technical Resource Center.