

Update Bulletin

Account Balance on Receipts — New Requirements

March 17, 2010

Issue 3

New regulations cutting in May 1 requires that shopper account balances must be printed on the electronic payments receipts if previously requested of the shopper's bank. Systems must also be able to accept a portion of the tendered amount if only that portion is approved — a feature also known as "partial approvals"

This bulletin focuses upon the account balance requirement since it is more likely to be immediately visible to shoppers and therefore raise questions with merchants. See also the new [Update Bulletin](#) regarding partial authorizations and reversals.

The net is that the POS and/or payments software on most or all systems will need an update.

WHY ARE THEY DOING THIS?

The credit card associations have had problems with shoppers over-drawing their accounts, and with customer complaints about turn-downs on gift cards. The associations may feel the need to address the backlash against excessive overdraft fees on debit/checking accounts by enabling shoppers to see their balances on transactions for some types of cards. Also, they hope that consumers will attempt fewer purchases that exceed their available funds – this will limit the number of declines.

WHERE DOES THIS APPLY

Right now, it's just MasterCard gift cards, Debit MasterCard and Maestro network PIN debit and signature debit cards.

Note: MasterCard released a presentation on March 17, 2010 explaining the affected media. However, as of March 17, 2010, conversations with MasterCard, MTXEPS and First Data appeared to put some of these decisions in flux, with MasterCard acknowledging issues in getting broad industry acceptance. While Page 3 of the MasterCard presentation states that "Effective May 1, 2010, acquirers must support these requirements for Debit MasterCard and Maestro cards, including prepaid products," slide #7 states that "For some, but not all, prepaid Debit MasterCard cards, the issuer must include the remaining available balance in the cardholder's account," an apparent contradiction. MasterCard acknowledged that in the lane, there was no way for a POS or a payments system to determine if a Debit MasterCard was prepaid or not, and reaffirmed their statement on slide #7 requiring the merchant to print the account balance if present.

Why not Visa, AMEX and Discover? These associations pulled back from this initiative because their banks/issuers were not ready to implement the requirements and provide the necessary balance information.

So why did MasterCard do it? In truth, MasterCard's banks were no more ready than the others, but MasterCard made the decision to push forward anyway.

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WHEN WILL THIS EXPAND IN THE FUTURE

In the future, the other card associations will follow suit and implement the same requirements. As soon as Visa implements the features, the Federal Reserve is ready to add the requirement to Reg. E and it will almost certainly become federal law.

MasterCard has published a schedule determining which Merchant Category Codes must support the changes. The schedule for the Grocery Stores MCC is May 1, 2010.

Note: according to 5th/3rd Processing Services, they have negotiated an exception with MasterCard, giving grocery customers of FTFS an extra 12 months to comply. We know of no other exceptions **for grocery** at this time.

ARE THERE ANY PENALTIES?

MasterCard will fine the processor \$5,000 per reported incident of non-compliance, and the processors will pass that fine on to the merchant. So it gets very expensive whenever a shopper complains of not seeing their balance information. Dealers should upgrade stores to protect the merchant – and also to *make sure the dealer isn't held liable* for any such losses.

SHOPPER ISSUES...

The design of the account balance option is that shoppers can “opt in” at their banks to have the balance information appear. If they do not opt in, the default is that the information will not be provided.

There is no permissible “voting” or “filtering” of the requirement. Specifically:

- A processor cannot judge the information coming from the bank. If the bank provides the shopper's balance information, the processor *must* pass it through to the store's payment system.
- The store payment system *must* pass the data to the POS system if it receives it from the processor.¹ There can be no settings in the payment system to enable, disable or otherwise judge whether the balance data should be provided to the POS system.
- The POS system *must* print the balance data if received. The merchant may not choose whether or not to support the feature.

Unfortunately, merchants are certain to get shopper complaints. Since many banks aren't really prepared to provide this information selectively based on individual customer choices, some banks are currently sending account balances to *all* their customers. Shoppers are often surprised – and not always happy – to see their balance information appearing on the receipt.

MasterCard acknowledged that they are receiving many customer complaints for this reason. Regardless, MasterCard reiterated the rule that the issuers are *not* supposed to return a shopper's balance unless that shopper has specifically opted in with their bank to do so.

MasterCard's message is that consumers need to contact their banks to correct the situation. MasterCard understands that many of their banks currently have faults in their systems that erroneously return balances for all shoppers on every transaction – including balances for shoppers who have not opted in. However, until those banks complete the necessary system

¹ This requirement is specified more than once in MasterCard's presentation of March 17, 2010 referenced above.



work to correctly support customer choices, a shopper's only option is to move to alternate issuers for their debit and open loop gift cards.

RELEASES REQUIRED

- **WinEPS** – the first StoreNext-certified release of WinEPS that supports these capabilities is the new **825.3 SP2** recently shipped to all dealers in good standing.
- **Connected Payments** – the current installed versions support the capability, including the OpenEPS version downloaded into Connected Payments sites.

These payments releases are is compatible with the ISS45 and ScanMaster releases listed below. ***The account balance provision requires the use of the "WinEPS receipt"*** – this must be set to fulfill the requirement. For example, in ISS45 the old "template" formats are no longer supported and cannot provide the account balance capability.

- **ISS45 V8** – 8.1.4.1-050 and above, including the 8.1.5.0 Winter release
- **ISS45 V7** – 7.1.3.0-130 (available now)
- **ScanMaster V2** – 2.06.01-080 and 2.07.00-060 (available now)
- **ScanMaster V1** – these functions are not supported with ScanMaster V1

