

October 2023 Interchange Modifications

Visa, MasterCard and Discover have announced new rates and service changes to take effect in October 2023. Wind River Financial has studied the announced changes and summarized below those that we believe to have the most significant impact on merchant clients.

Changes to Interregional Interchange Fee Programs for Visa Consumer and Visa Commercial Transactions

Visa is revising the interregional interchange structure to remove certain interchange fee programs and add new fee programs.

These fee programs will no longer be assessed:

- Electronic
- Acquirer Chip
- Issuer Chip
- Electronic Commerce Merchant
- Secure Electronic Commerce

New fee programs will be introduced for Visa consumer and Visa commercial products.

- Base: Fee programs that apply to authorized, card present transactions
- Alternative: Fee programs that apply to authorized, card not present (CNP) transactions
- Downgrade: Fee programs for transactions that do not meet fee-edit criteria for other fee programs
- Credit Voucher: Fee programs that apply to merchandise return transactions.

New interchange items

<u>New Fee Program</u>	<u>New Rate</u>
VS InterReg Non Premium Base	1.1000% + \$0.0000
VS REG InterReg Non Premium Base	0.0500% + \$0.2200
VS InterReg Super Premium Alternative	1.9800% + \$0.0000
VS REG InterReg Super Premium Alternative	0.0500% + \$0.2200
VS InterReg Premium Alternative	1.8500% + \$0.0000
VS REG InterReg Premium Alternative	0.0500% + \$0.2200
VS InterReg Non Premium Alternative	1.6000% + \$0.0000
VS REG InterReg Non Premium Alternative	0.0500% + \$0.2200
VS InterReg Business Alternative	2.0000% + \$0.0000
VS REG InterReg Business Alternative	0.0500% + \$0.2200
VS InterReg Corporate Alternative	2.0000% + \$0.0000
VS REG InterReg Corporate Alternative	0.0500% + \$0.2200
VS InterReg Purchasing Alternative	2.0000% + \$0.0000
VS REG InterReg Purchasing Alternative	0.0500% + \$0.2200
VS InterReg Super Premium Downgrade	2.0300% + \$0.0000
VS REG InterReg Super Premium Downgrade	0.0500% + \$0.2200
VS InterReg Premium Downgrade	1.9000% + \$0.0000
VS REG InterReg Premium Downgrade	0.0500% + \$0.2200
VS InterReg Non Premium Downgrade	1.6500% + \$0.0000
VS REG InterReg Non Premium Downgrade	0.0500% + \$0.2200

VS InterReg Business Downgrade	2.0500% + \$0.0000
VS REG InterReg Business Downgrade	0.0500% + \$0.2200
VS InterReg Corporate Downgrade	2.0500% + \$0.0000
VS REG InterReg Corporate Downgrade	0.0500% + \$0.2200
VS InterReg Purchasing Downgrade	2.0500% + \$0.0000
VS REG InterReg Purchasing Downgrade	0.0500% + \$0.2200
VS InterReg CR Voucher Consumer	1.0000% + \$0.0000
VS REG InterReg CR Voucher Consumer	0.0500% + \$0.2200
VS InterReg CR Voucher Commercial	1.8000% + \$0.0000
VS REG InterReg CR Voucher Commercial	0.0500% + \$0.2200

Renamed interchange items

<u>Current Fee Program</u>	<u>New Fee Program</u>	<u>Current rate</u>	<u>New rate</u>
VS InterReg Super Premium	VS InterReg Super Premium Base	1.9700% + \$0.0000	1.9800% + \$0.0000
VS REG I/REG SPR PREMIUM	VS REG InterReg Super Premium Base	0.0500% + \$0.2200	
VS Premium Card	VS InterReg Premium Base	1.8000% + \$0.0000	1.8500% + \$0.0000
VS REG I/REG PREMIUM	VS REG InterReg Premium Base	0.0500% + \$0.2200	
VS InterReg Business	VS InterReg Business Base	2.0000% + \$0.0000	
VS REG INTER-REG BUS	VS REG InterReg Business Base	0.0500% + \$0.2200	
VS InterReg Corporate	VS InterReg Corporate Base	2.0000% + \$0.0000	
VS REG INTER-REG CORP	VS REG InterReg Corporate Base	0.0500% + \$0.2200	
VS InterReg Purchasing	VS InterReg Purchasing Base	2.0000% + \$0.0000	
VS REG INTER-REG PURC	VS REG InterReg Purchasing Base	0.0500% + \$0.2200	
VS Foreign Cash Fee	VS InterReg Manual Cash Disbursement	0.3300% + \$1.7500	

New Small Merchant Interchange Programs for Visa Consumer Credit Transactions.

Visa is implementing new Small Merchant interchange fee programs that apply to Visa consumer credit purchase transactions that qualify for card-not-present and card-present Custom Payment Service (CPS).

The qualification criteria for the Small Merchant Product 1 and Small Merchant Product 2 programs will also be revised to support a unique Fee Program Indicator (FPI) assigned by Visa. Visa assigns the FPI based on the card product involved in the transaction. Visa is creating new merchant segment fee programs for Small Merchants.

- Restaurant
- Taxi
- Real Estate, education, and healthcare
- Advertising and insurance
- Services
- Telecommunications and cable

New interchange items

<u>New Fee Program</u>	<u>New Rate</u>
VS VIN Small Merchant Product 1	1.7300% + \$0.1000
VS VIN Small Merchant Product 2	1.4300% + \$0.1000
VS VT VTR Small Merchant Restaurant	2.1000% + \$0.0000
VS VT VTR Small Merchant Restaurant Min	0.0000% + \$0.0400
VS VS VSP Small Merchant Restaurant	2.6000% + \$0.0000
VS VS VSP Small Merchant Restaurant Min	0.0000% + \$0.0400
VS VIQ Small Merchant Restaurant	2.6000% + \$0.0000
VS VIQ Small Merchant Restaurant Min	0.0000% + \$0.0400
VS VIN Small Merchant Restaurant	2.6000% + \$0.0000
VS VIN Small Merchant Restaurant Min	0.0000% + \$0.0400
VS VT VTR Small Merchant Taxi	2.1000% + \$0.0000
VS VT VTR Small Merchant Taxi Min	0.0000% + \$0.0400
VS VS VSP Small Merchant Taxi	2.6000% + \$0.0000
VS VS VSP Small Merchant Taxi Min	0.0000% + \$0.0400
VS VIQ Small Merchant Taxi	2.6000% + \$0.0000
VS VIQ Small Merchant Taxi Min	0.0000% + \$0.0400
VS VIN Small Merchant Taxi	2.6000% + \$0.0000
VS VIN Small Merchant Taxi Min	0.0000% + \$0.0400
VS VT VTR VS Small Merchant Real Estate	1.4300% + \$0.0500
VS VSP Small Merchant Real Estate	2.1500% + \$0.1000
VS VIQ Small Merchant Real Estate	2.1500% + \$0.0500
VS VIN Small Merchant Real Estate	1.4300% + \$0.0500
VS VT VTR VS Small Merchant Education	1.4300% + \$0.0500
VS VSP Small Merchant Education	2.1500% + \$0.1000
VS VIQ Small Merchant Education	2.1500% + \$0.1000
VS VIN Small Merchant Education	1.4300% + \$0.0500
VS VT VTR VS Small Merchant Healthcare	1.4300% + \$0.0500
VS VSP Small Merchant Healthcare	2.3000% + \$0.1000
VS VIQ Small Merchant Healthcare	2.3000% + \$0.1000
VS VIN Small Merchant Healthcare	1.4300% + \$0.0500
VS VT Small Merchant Advertising	1.5500% + \$0.1000
VS VTR Small Merchant Advertising	1.7000% + \$0.1000
VS VS Small Merchant Advertising	1.7500% + \$0.1000
VS VSP Small Merchant Advertising	2.3000% + \$0.1000
VS VIQ Small Merchant Advertising	2.3000% + \$0.1000
VS VIN Small Merchant Advertising	1.7500% + \$0.1000
VS VT VTR VS Small Merchant Insurance	1.4300% + \$0.0500
VS VSP Small Merchant Insurance	2.2500% + \$0.1000

VS VIQ Small Merchant Insurance	2.2500% + \$0.1000
VS VIN Small Merchant Insurance	1.4300% + \$0.0500
VS VT Small Merchant Services	1.5500% + \$0.1000
VS VTR Small Merchant Services	1.7000% + \$0.1000
VS VS Small Merchant Services	1.8500% + \$0.1000
VS VSP Small Merchant Services	2.3000% + \$0.1000
VS VIQ Small Merchant Services	2.3000% + \$0.1000
VS VIN Small Merchant Services	1.8500% + \$0.1000
VS VT VTR VS Small Merchant Telecom/Cable	1.4300% + \$0.0500
VS VSP Small Merchant Telecom/Cable	2.2000% + \$0.0500
VS VIQ Small Merchant Telecom/Cable	2.2000% + \$0.0500
VS VIN Small Merchant Telecom/Cable	1.4300% + \$0.0500

Renamed interchange items

<u>Current Fee Program</u>	<u>New Fee Program</u>	<u>Current Rate</u>
VS Small Merchant VT Product 1	VS VT Small Merchant Product 1	1.5800% + \$0.1000
VS Small Merchant VTR Product 1	VS VTR Small Merchant Product 1	1.7300% + \$0.1000
VS Small Merchant VS VIN Product 1	VS VS Small Merchant Product 1	1.7300% + \$0.1000
Visa Small Merchant Signature Preferred Product 1	VS VSP Small Merchant Product 1	2.1800% + \$0.1000
VS Small Merchant VT Product 2	VS VT Small Merchant Product 2	1.2900% + \$0.1000
VS Small Merchant VTR Product 2	VS VTR Small Merchant Product 2	1.4300% + \$0.1000
VS Small Merchant VS VIN Product 2	VS VS Small Merchant Product 2	1.4300% + \$0.1000
Visa Small Merchant Signature Preferred Product 2	VS VSP Small Merchant Product 2	1.8800% + \$0.1000
Visa VIQ Small Merchant Product 1	VS VIQ Small Merchant Product 1	2.1800% + \$0.1000
Visa VIQ Small Merchant Product 2	VS VIQ Small Merchant Product 2	1.8800% + \$0.1000

Changes to Existing Visa Consumer Credit Merchant Segment Fee Programs

Visa is updating the fee edit criteria for certain merchant segment interchange fee programs that apply to Visa consumer credit transactions. This affects CNP transactions that qualify for these programs. Card present transactions that qualify for merchant segment interchange fee programs are not affected.

Renamed interchange items

<u>Current Fee Program</u>	<u>New Fee Program</u>	<u>Current Rate</u>
VS VIN Advertising	VS VS Advertising CR	1.7500% + \$0.1000
VS VIN Insurance	VS VS Insurance CR	1.4300% + \$0.0500
VS VIN Healthcare	VS VS Healthcare CR	1.4300% + \$0.0500
VS VIN Real Estate	VS VS Real Estate CR	1.4300% + \$0.0500
VS VIN Education	VS VS Education CR	1.4300% + \$0.0500
VS VIN Services	VS VS Services CR	1.8500% + \$0.1000
Visa Signature Preferred Restaurant 1	VS VS VSP Restaurant 1 CR	2.7000% + \$0.0000
Visa Signature Preferred Restaurant 1 Min	VS VS VSP Restaurant 1 CR Min	0.0000% + \$0.0800
Visa Signature Preferred Restaurant 2	VS VS VSP Restaurant 2 CR	2.6000% + \$0.0000
Visa Signature Preferred Restaurant 2 Min	VS VS VSP Restaurant 2 CR Min	0.0000% + \$0.0400
Visa Signature Preferred Taxi 1	VS VS VSP Taxi 1 CR	2.7000% + \$0.0000
Visa Signature Preferred Taxi 1 Min	VS VS VSP Taxi 1 CR Min	0.0000% + \$0.0800

Visa Signature Preferred Taxi 2	VS VS VSP Taxi 2 CR	2.6000% + \$0.0000
Visa Signature Preferred Taxi 2 Min	VS VS VSP Taxi 2 CR Min	0.0000% + \$0.0400
VS VIN Advertisement Non Token	VS VS Advertising Non Token CR	1.8500% + \$0.1000
VS VIN Insurance Non Token	VS VS Insurance Non Token CR	1.5300% + \$0.0500
VS VIN Health Non Token	VS VS Healthcare Non Token CR	1.5300% + \$0.0500
VS VIN Real Estate Non Token	VS VS Real Estate Non Token CR	1.5300% + \$0.0500
VS VIN Education Non Token	VS VS Education Non Token CR	1.5300% + \$0.0500
VS VIN Services Non Token	VS VS Services Non Token CR	1.9500% + \$0.1000

Changes to Product 1 Fee Programs for Visa Consumer Credit Transaction

Visa is updating the fee edit criteria for the Product 1 interchange fee program that applies to Visa consumer credit transactions. This affects card not present transactions that qualify for this Product 1 program. Card present transactions that qualify for merchant segment interchange fee programs are not affected.

<u>Current Fee Program</u>	<u>New Fee Program</u>	<u>Current rate</u>	<u>New rate</u>
Visa VIQ Product 1 Tokenized	N/A	2.4000% + \$0.1000	2.5000% + \$0.1000
VS VIN Product 1	VS VS Product 1 CR	2.0500% + \$0.1000	N/A
VS VIN Product 1 Token	VS VS Product 1 Tokenized CR	1.9500% + \$0.1000	N/A

Changes to Visa Consumer Credit Fee Programs

Visa is changing interchange rates for several programs in these categories:

- Travel
- Product 2
- Product 1
- Product 1-Tokenized
- Consumer Bill Payment Service (CBPS)

Also, Visa is revising interchange rates for Supermarket and Retail threshold programs. New fee programs are being added to support unique rates based on the card product.

New interchange items

<u>New Fee Program</u>	<u>New Rate</u>
VS VIN Small Merchant Product 1	1.7300% + \$0.1000
VS VIN Small Merchant Product 2	1.4300% + \$0.1000
VS VT VTR Small Merchant Restaurant	2.1000% + \$0.0000
VS VT VTR Small Merchant Restaurant Min	0.0000% + \$0.0400
VS VS VSP Small Merchant Restaurant	2.6000% + \$0.0000
VS VS VSP Small Merchant Restaurant Min	0.0000% + \$0.0400
VS VIQ Small Merchant Restaurant	2.6000% + \$0.0000

Rate change interchange items

<u>Current Fee Program</u>	<u>Current Rate</u>	<u>New Rate</u>
VS Small Merchant VT Product 1	VS VT Small Merchant Product 1	1.5800% + \$0.1000
VS Small Merchant VTR Product 1	VS VTR Small Merchant Product 1	1.7300% + \$0.1000
VS Small Merchant VS VIN Product 1	VS VS Small Merchant Product 1	1.7300% + \$0.1000
Visa Small Merchant Signature Preferred Product 1	VS VSP Small Merchant Product 1	2.1800% + \$0.1000
VS Small Merchant VT Product 2	VS VT Small Merchant Product 2	1.2900% + \$0.1000
VS Small Merchant VTR Product 2	VS VTR Small Merchant Product 2	1.4300% + \$0.1000
VS Small Merchant VS VIN Product 2	VS VS Small Merchant Product 2	1.4300% + \$0.1000
Visa Small Merchant Signature Preferred Product 2	VS VSP Small Merchant Product 2	1.8800% + \$0.1000
Visa VIQ Small Merchant Product 1	VS VIQ Small Merchant Product 1	2.1800% + \$0.1000

Changes to Existing Visa Consumer Credit Interchange Fee Descriptors and Fee Program Indicators

Visa is introducing new interchange fee programs specifically for Visa Infinite Spend Not Qualified products. These new interchange fee programs apply when a spend-qualified indicator is not present.

While the new interchange fee programs follow current program structures, different interchange rates could be applied to Infinite Spend Not Qualified products. Like the other new interchange fee programs introduced to support Infinite Spend Not Qualified products, additional token indicator information is required to apply for token-specific programs.

New interchange items

<u>New Fee Program</u>	<u>New Rate</u>
VS VIQ Restaurant 2 CR	2.6000% + \$0.0000
VS VIN Restaurant 2 CR Min	0.0000% + \$0.0400
VS VIN Restaurant 1 CR	2.7000% + \$0.0000
VS VIN Restaurant 1 CR Min	0.0000% + \$0.0800
VS VIN Advertising CR	1.7500% + \$0.1000
VS VIN Advertising Non Token CR	1.8500% + \$0.1000
VS VIN Education CR	1.4300% + \$0.0500
VS VIN Education Non Token CR	1.5300% + \$0.0500
VS VIN Healthcare CR	1.4300% + \$0.0500
VS VIN Healthcare Non Token CR	1.5300% + \$0.0500
VS VIN Insurance CR	1.4300% + \$0.0500
VS VIN Insurance Non Token CR	1.5300% + \$0.0500
VS VIN Telecom/Cable CR	1.4300% + \$0.0500
VS VIN Telecom/Cable Non Token CR	1.5300% + \$0.0500
VS VIN Real Estate CR	1.4300% + \$0.0500
VS VIN Real Estate Non Token CR	1.5300% + \$0.0500
VS VIN Taxi 2 CR	2.6000% + \$0.0000
VS VIN Taxi 2 CR Min	0.0000% + \$0.0400
VS VIN Services CR	1.8500% + \$0.1000
VS VIN Services Non Token CR	1.9500% + \$0.1000
VS VIN Taxi 1 CR	2.7000% + \$0.0000
VS VIN Taxi 1 CR Min	0.0000% + \$0.0800

VS VIN Product 1Tokenized CR	2.1000% + \$0.1000
VS VIN Product 1 CR	2.2000% + \$0.1000
VS VIN Travel	2.2500% + \$0.1000
VS VIN Inf Product 2	1.9000% + \$0.1000
VS VIN CBPS	2.2000% + \$0.1000
VS VIN Service Station Government Small Ticket	1.6500% + \$0.0400
VS VIN Supermarket	1.6500% + \$0.0700
VS VIN Small Ticket	2.2000% + \$0.0000
VS VIN Small Ticket Min	0.0000% + \$0.0400

Renamed interchange items

<u>Current Fee Program</u>	<u>New Fee Program</u>	<u>Current Rate</u>
VS Vin Travel	VS VS Travel	2.2500% + \$0.1000
VS Vin Spmkt Sig/Inf	VS VS Supermarket	1.6500% + \$0.0700
VS CBPS VS VIN	VS VS CBPS	2.0500% + \$0.1000
VS VIN Small Ticket	VS VS Small Ticket	2.2000% + \$0.0000
VS VIN Small Ticket Min	VS VS Small Ticket Min	0.0000% + \$0.0400
VS VIN Product 2	VS VS Product 2	1.6500% + \$0.1000

Modifications to the Discover Electronic US Commercial Interchange Fee Program

Discover is revising the timeliness criteria for the Electronic US Commercial interchange fee program. The 3-day timeliness for transactions with an emerging market or public service MCC will be removed. Affected merchant segments will be required to meet the standard 2-day timeliness to be eligible for the Electronic, US Commercial interchange fee program:

<u>MCC</u>	<u>Description</u>	<u>Merchant Segment</u>
4899	Cable, Satellite and other pay television and radio services	Emerging Market
5968	Continuity/Subscription merchants	Emerging Market
5983	Fuel dealers - Fuel oil, wood, coal and liquid petroleum	Emerging Market
6533	Payment transaction - merchant	Emerging Market
8211	Elementary and secondary schools	Emerging Market
8220	Colleges, universities, professional schools and junior colleges	Emerging Market
8299	Schools and educational services not elsewhere classified	Emerging Market
8351	Child care services	Emerging Market
4784	Tolls and bridge fees	Public Service
9211	Court cost including alimony and child support	Public Service
9222	Fines	Public Service
9223	Bail and bond payments	Public Service
9311	Tax payments	Public Service
9399	Government services – not elsewhere classified	Public Service
9405	Intra-government purchases -- government only	Public Service

Visa Account Name Inquiry Pricing Changes (rescheduled for January 2024)

Visa will introduce pricing for Account Name Inquiry (ANI) in the US

This Visa ANI functionality enables cardholder name checks as part of zero-amount account verification, part of card onboarding, periodically in advance of a purchase.

Note: Due to backlog of projects, Visa has delayed release of ANI until January 2024

<u>New Fee Program</u>	<u>New Rate</u>
VS US Account Name Inquiry	0.0000% + \$0.0500

Visa Digital Commerce Services Fee will be Introduced in the US

Visa will introduce a Digital Commerce Services fee in the US to help support the management, development, and improvement of Visa services that enhance CNP transaction capabilities and improve ecosystem performance. A fee of 0.75 basis points (0.0075%) will be assessed on all CNP settled transactions, with a minimum of \$0.0075 per transaction. With the introduction of this fee, Visa will no longer bill for CNP transactions on Address Verification Service (AVS) and Card Verification Value 2 (CVV2) fees in the US region.

<u>New Fee Program</u>	<u>New Rate</u>
VS US Digital Commerce Services	0.0075% + \$0.0000

MasterCard Preauthorization Fee in the US Region

Mastercard is introducing an Acquirer Switch Fee for credit card preauthorization transactions in the US region. The new US preauthorization fee will apply to all dual message credit transactions coded as a preauthorization that is routed and processed on the Mastercard network.

Pricing will be differentiated for card-present (CP) and CNP preauthorization requests:

- CP preauthorization transactions will be assessed 0.0075 percent of the final preauthorization amount with a minimum of USD \$0.01
- CNP preauthorization transactions will be assessed 0.0125 percent of the final preauthorization amount with a minimum of USD \$0.01

Note: Debit card transactions are exempt from this fee.

<u>New Fee Program</u>	<u>New Rate</u>
MC US Preauthorization CP	0.0075% + \$0.0000
MC US Preauthorization CNP	0.0125% + \$0.0000