

The Role Of The Card Schemes

These days, many consumers take it for granted that they can use their payment cards whenever or wherever they wish. They expect to make purchases in-store, on-line and over the phone without difficulty or concerns, and if you can't meet that expectation then your business risks being outpaced by competitors who can.

MasterCard Worldwide and Visa Europe make all this possible. Not only do they provide the essential link between all the parties in a transaction (the card issuer, the payment processor, the retailer and the purchaser), but they make it easy for buyers to make purchases across borders. Every day millions of transactions in hundreds of currencies take place and they happen securely, reliably and discreetly. That it works at all is remarkable; that it works with seemingly relentless, silent efficiency is close to miraculous.

The level of trust that we all place in Visa and MasterCard speaks volumes for how we perceive these two brands. Let's take a moment to learn a little about them.

Visa Europe

Visa Europe is a membership organisation incorporated in the UK. They partner with Visa Inc to enable global Visa Payments, but operate as an entirely separate organisation. They have offices in Amsterdam, Brussels, Bucharest, Frankfurt, Istanbul, Lisbon, Madrid, Milan, Paris, Reading, Stockholm and Warsaw.

Visa Europe provides the familiar brand, systems, services and rules that allow electronic payments to happen. It's their job to route the millions of authorisation requests that happen every day, and to clear and settle funds between their Members. They also commit very significant time and investment into technological improvements to make card payments easier, more convenient and safer.

Interestingly though, Visa Europe doesn't issue cards, set fees or sign up retailers.

MasterCard Worldwide

The MasterCard brand represents instant buying power, immediate deposit access, convenience and security. It offers flexible payment options for consumers and is accepted at over 25 million locations worldwide.

The MasterCard story started in 1966 when a group of banks created a member-owned association that later became MasterCard (Interbank Card Association). In 2006 it became a public company with a new corporate governance and ownership structure. Its headquarters are based in Purchase, New York, they also have a presence in Asia Pacific, the Middle East and Africa, Canada, Europe, Latin America, the Caribbean and the United States.

MasterCard implemented the "four-party" payment system, which has delivered immense value to all constituents in the payments chain. It enables its members, anywhere in the world, to link its customers (cardholders or merchants) with those of any other member to transact business via payments cards. And it does so virtually instantaneously.

As well as MasterCard®, the organisation also owns the brands Maestro®, and Cirrus®.

Complex, Secure Messaging

The Card Schemes provide the technology and systems to allow electronic messages to flow between all four parties in every transaction (the card issuer, the payment processor, the retailer and the purchaser). This begins when the retailer inputs the transaction details and captures the card identity via the payment terminal. In the seconds between pressing the green button and the authorisation message appearing, an incredibly complex sequence of messages has been processed. The retailer, the card provider, the

payment acquirer and the scheme operator have all received instructions, they've exchanged electronic opinions on the validity of the transaction and made a lightning fast decision.

All of that information has to be exchanged rapidly; it has to be understood by all parties, and it has to be secure from unauthorised access. Not only that, but every component of the exchange has to be in sync with the latest technologies and protocols.

Changing Standards

To ensure that all of this works smoothly and securely, the scheme providers have to impose strict standards with which every party must comply. Both MasterCard and Visa are to be applauded for keeping their standards reasonable and attainable, but it's inevitable that their requirements must evolve. Global Payments operates to a demanding and continually developing set of criteria to ensure compliance. As a retailer you are also expected to meet standards set out by the scheme providers.

When the scheme providers issue a change to their requirements they will usually announce that a financial penalty will be imposed if compliance isn't achieved within a given time frame. This means that on occasion may need to contact you to ask you to make changes to the way you accept payments, or upgrade your point of sale devices. When this happens we will provide every assistance to simplify the process and help you be ready in time, thus avoiding these penalties.