



Polymath Consulting

Private Label Cards – A Brief Overview

Date: January 2011

What is a Private Label Program?

- Private Label cards at their simplest are Visa/MasterCard's that do not have a badge on the front
 - They still require the same industry structure e.g. BIN sponsor etc
 - They still require the same security of processing – so certified etc
- A Private Label Program enables proprietary, merchant- branded transactions, typically processed in closed-loop environments, to be processed through the scheme networks.
- The main benefits of a private label product are:
 - By utilising an existing POS and acquirer infrastructure an organisation can:
 - Significantly reduced investment cost compared to point-to-point solutions
 - Ensure fast program implementations
 - High end-to-end reliability tested to handle large transaction volumes
 - Programs can be easily expanded into new countries or to include new merchants
- Value added services like fraud management, loyalty point processing, program performance reporting and analysis can be added. This modular approach ensures an organisation can build their program to meet customer expectations as they are identified reducing redundant functionalities.

Private Label Rules Overview

- The private label regulations are based on MasterCard, but are pretty much applicable to Visa as well
- Acquirers and participating merchants must accept Maestro or MasterCard/Visa.
- Issuers must have a MasterCard/Visa or Maestro license in at least 1 country.
- Each PVL program, card design and customer communication must be approved by MasterCard/Visa using a simplified process.
- Issuers must pre-fund settlement to mitigate settlement risk, as MasterCard/Visa may use these funds to satisfy settlement obligations towards acquirers.
- Interchange and exception processing rules can be the same as for Maestro MasterCard/Visa. They can also be chosen by the issuer upon agreement with acquirers.
- Merchant and issuer must have an agreement in place that covers for example the financial terms, how merchant fee is adjusted vs interchange and the merchant's obligation to comply with the PVL rules.

Overview of Private Label Card Requirements

- Certified manufacturers are recommended, but this is not mandated
- Card personalisation must be done by certified personalisation bureau or those registered by the MasterCard Registration Programme (MRP)
- No reference to the MasterCard/Visa family of brands (e.g. MasterCard/Visa, Maestro) on the physical card or marketing material
- Unique 16 or 19 - digit full card number on the front or reverse of the card (unembossed & not in the structure xxxx xxxx xxxx xxxx yyy)
- Cards are to be produced to the ISO standards (LoCo or HiCo, PVC 760 micron plastic or higher grade)
- No ICA on card
- Optional:
 - Valid from & to dates
 - Signature Panel
 - Service desk telephone number
 - PIN (no rules on PIN mailer)
 - EMV (SEPA mandate does not apply to PVL)

Putting Private Label Into Practice

- Our current understanding is that Private Label and Scheme branded cards cannot be mixed on the same BIN i.e. A separate BIN is required for private label programs
- Transactions pass through the acquirer as if they were Visa/MasterCard therefore the acquirer does not have to be formally notified
- For online transactions although the transaction passes through as any normal Visa/MasterCard consumers if they are selecting from a drop down 'card type' box must be able to select the private label card as an option.
- The issuer/programme manager can simply put through a dummy transaction at the retailer to confirm the Merchant ID code in order to set this up for acceptance

The logo for Polymath Consulting features the company name in a white, sans-serif font. The word "polymath" is in a larger font size and is positioned above the word "consulting". The text is centered within a network of white lines that radiate from a central point, with each line ending in a small white circle. The background of the entire slide is a solid teal color.

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