



AN 4536 Revised Standards for the Decline Reason Code Service for Card-Not-Present Transactions

Type:

Bulletin Announcement

Category:

Operations
Rules/Standards

Audience:

Acquirer
Issuer
Processor

Region:

Global (excluding EEA switching services)

Brand:

Mastercard®
Debit Mastercard®

Action Indicator:

Network Mandate

System:

Authorization

Published:

15 December 2020

Effective:

13 October 2021

Executive Overview

Mastercard is announcing the new Decline Reason Code Service and introducing revised Standards, effective 13 October 2021, related to the proper use of transaction decline codes.

Effective Date Details

Date	Details
13 October 2021	Decline Reason Code Service and revised Standards will become effective

Customer Benefit

Acquirers and merchants will benefit from optimization of retry strategies, leading to higher sales and reduced costs related to unsuccessful authorization attempts.

Issuers and processors will benefit from preserved account level privacy that will not further enable fraud. Fewer authorization retries will lead to lower costs and better user experience for their cardholders, with an increase in successful transactions and revenues.

Cardholders will experience less confusion and improved user experience.

What Mastercard is Doing

Mastercard is introducing a new network authorization solution to resolve issues faced by issuers, processors, merchants, and acquirers when authorization requests are denied for generic reasons without providing sufficient insight to the merchant about how to successfully resubmit requests for authorization.

To support this effort, Mastercard is introducing the new Decline Reason Code Service and revised Standards, effective 13 October 2021, to help ensure that issuers and processors properly use transaction decline codes.

Information provided in this bulletin announcement pertains to authorizations processed on the Mastercard Network. This announcement will not apply to customers in the European Economic Area (EEA) countries. Mastercard will publish a separate bulletin announcement shortly for customers in the EEA countries.

Version History

Date	Description of Change
15 December 2020	Initial publication date

Background

The Decline Reason Code Service will be a new authorization functionality that aims to address a fundamental gap in the payments ecosystem and lack of visibility into why transactions are declined, and explain how and when a merchant should retry a transaction. The service will seek to improve card-not-present (CNP) approval rates by:

- Mapping a subset of issuer decline codes into the broad categories of lifecycle, policy, and security which will then be sent to the acquirer with the merchant advice codes (MACs) when not supplied directly by the issuer
- Introducing Standards to regulate how issuers use accurate decline reason codes

Current Scenario

Currently, when an issuer declines authorization for a transaction, the issuer often defaults to the use of a generic decline reason code.

Mastercard understands that the use of decline codes such as “Do Not Honor” are meant to avoid providing a potential fraudster with more information about a transaction. However, without additional information about why a transaction was declined by the issuer, merchants have resorted to repeatedly sending requests for authorization in an attempt to ultimately receive an approval.

Improved Clarity With the New Service

To solve this problem, the new Decline Reason Code Service will provide merchants and acquirers with additional clarity about why CNP transactions are declined and what to do in case of declines, while addressing issuer concerns about potential fraud. This service will map existing issuer decline codes into categories of lifecycle, policy, or security when necessary to preserve issuer data privacy.

Mastercard will leverage existing capabilities to provide MAC guidance to the merchant, conveying more information about whether and how transactions should be resubmitted. Issuers properly using decline codes will enable Mastercard to capture and provide better information and direction to merchants and acquirers.

This service will apply to CNP transactions on the Single Message System and the Dual Message System (Authorization) and will apply automatically to all applicable transactions.

No new data elements will be introduced as part of this service. Three new values will be presented in Data Element (DE) 39 (Response Code) following the two-digit numeric format of the ISO 8583 standard. Existing values for DE 48 (Additional Data—Private Use), subelement 84 (Merchant Advice Code) will be leveraged.

Net summary impacts will include:

- Issuers and processors will need to remap decline reasons to the correct, existing network decline codes.
- Acquirers may need to coordinate with merchants to remap decline reasons where necessary, but also will need to adjust retry logic based on the MAC values and new decline codes.

Issuer and Processor Reminders

The authorization process will require a careful payments ecosystem balance, and ensuring appropriate information flow is critical to creating optimal behavior.

To that end, Mastercard reminds issuers and processors about how to properly use existing decline codes by referring to ["AN 2921 Dual and Single Message Authorization Best Practices and Data Element 39 Response Codes."](#)

Mastercard will expect issuers to use appropriate response codes while limiting the use of 05 (Do Not Honor) to no more than five percent of all declines.

Acquirer and Merchant Reminders

Mastercard reminds acquirers and merchants that, starting with the effective date, acquirers and merchants will stop receiving certain decline codes that are not technical or financial in nature for CNP declines. Examples of such decline codes include:

- 04 (Capture Card)
- 14 (Invalid Card Number)
- 41 (Lost Card)
- 43 (Stolen Card)
- 54 (Expired Card)
- 57 (Transaction Not Permitted)
- 62 (Restricted Card)
- 63 (Security Violation)

Acquirers and merchants should refer to the revised Standards attached to this bulletin announcement regarding actions to take using the combination of DE 48, subelement 84 and DE 39 to make better decisions about CNP authorizations.

Revised Standards

To view marked revisions, refer to the attachment associated with this article. Additions are underlined; deletions are indicated with a strikethrough.

Questions

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