SHIFT4™

Business Guide

Decline Handling Guidelines

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Introduction

Do you sometimes feel that you do not really know why a transaction was declined by the issuer?

Many issuers use a generic decline reason that makes it hard for merchants to understand whether a decline is temporary or final. This drives merchants to resubmit the same transaction multiple times, creating a high volume of retries that leads to increased costs and confused shoppers.

In the last years, the card schemes introduced rules for transaction retry and for fraud prevention. These rules are intended to create more clarity and transparency and to reduce fraudulent activity thus improving your payments performance. Some of these rules incur fees that may be applied to noncompliant merchants.

This guide presents the Visa and Mastercard guidelines and requirements for how to handle declined transactions. The guide includes decline codes management guidelines and technical information you might need to implement the card schemes' requirements.

Shift4 Retry Optimisation Service

In order to help you in handling declines, we offer a service that automatically blocks any attempt to resend a transaction that violates the rules set by each scheme. This solution minimises the development required from your side and ensures that you are properly following the card scheme requirements.

To learn more and to add this service to your account, contact your Shift4 account manager.

Visa Guidelines for Decline Handling

Visa is dealing with transaction reattempting by dedicated response codes.

Visa's decline-handling guidelines do not affect the way you send transactions to Shift4, but they may require examining your internal checkout-related and transaction-processing processes.

Decline Code Management

To minimise confusion and promote clarity in the payments process, Visa divides the decline codes into 4 categories, each incurring different fees.

Each category indicates whether retries are allowed, how many retries are allowed and for how long you can keep retrying. Use this information as a guideline when setting up transaction processing.

Note that a decline code that is listed in more than one category will incur a fee depending on the overall decline handling behavior.

All the declines codes are listed in Appendix D of our Payment API.

Decline code categories

Category 1 – Issuer will never approve

This category indicates that a card is invalid, never existed, or is blocked; meaning there are no circumstances under which the issuer would approve the transaction.

The following decline codes are included in category 1:

Decline Code	Meaning
04	Pick up card [no fraud]
07	Pick up card, special condition [fraud account]
12	Invalid Transaction
14	Invalid account number [no such number]
15	No such issuer [first 8 digits of account number do not relate to an issuing identifier]
41	Lost card, pick up
43	Stolen card, pick up
46	Closed account
57	Transaction not permitted to cardholder
R0	Stop payment order

Decline Code	Meaning
R1	Revocation of authorization order
R3	Revocation of all authorizations order

Category 2 – Issuer cannot approve at this time

This category indicates that the issuer may approve but cannot do so now due to a system issue or lack of cardholder funds. It is a temporary decline and may change over time and if retry attempts are revised.

The following decline codes are included in category 2:

Decline Code	Meaning
03	Invalid merchant
19	Re-enter transaction
51	Insufficient funds
59	Suspected fraud
61	Exceeds approval amount limit
62	Restricted card [card invalid in region or country]
65	Exceeds withdrawal frequency limit
75	Allowable number of PIN-entry tries exceeded
78	Blocked, first used or special condition [account is temporarily blocked]
86	Cannot verify PIN
91	Issuer or switch inoperative
93	Transaction cannot be completed – violation of law
96	System malfunction
N3	Cash service not available
N4	Cash request exceeds issuer or approved limit

Category 3 – Issuer cannot approve with these details

This category indicates that the issuer cannot approve the transaction based on the details provided, for example due to an invalid account number, incorrect card verification value or expiration date issue.

The following decline codes are included in category 3:

Code number	Meaning
14	Invalid account number [no such number]
54	Expired card or expiration date missing
55	PIN incorrect or missing
70	PIN data required [Europe Region only]
82	Negative Online CAM, dCVV, iCVV, or CVV results
1A	Additional customer authentication required [Europe Region only]
6P	Verification Failed [Cardholder Identification does not match issuer records]
N7	Decline for CVV2 failure

Category 4 – Generic response codes

This category includes all decline codes which are not included in categories 1, 2 and 3.

Fees and conditions

Visa introduced three different fees for different reattempts.

- **Issuer will never approve reattempt fee** - this fee will be applied for any attempt to reauthorise a transaction that has received a category-1 decline.

Excess reattempt fee – this fee will be applied for every transaction resubmission attempt above 15 attempts per card in a 30-day period after receiving category 2, 3 or 4 declines.

- **Data quality fee** – This fee will be applied for any attempt to authorise a transaction after receiving 25,000 category-3 declines in a 30 day period per merchant.

Visa will charge the following fees for every transaction exceeding the limits:

- $0.10 for domestic and intraregional transactions

- $0.15 for international transactions.

These fees will be charged from the first transaction exceeding the limits detailed above. They will be charged as an Adjustment as defined in the Operational Terms & Conditions.

Mastercard Guidelines for Decline Handling

To enable issuers to provide more accurate decline responses, Mastercard has added a value that clearly indicates to the merchant whether the decline is final. A final decline may be received when the issuer will not approve the same transaction under any circumstances, because, for example, the card details are invalid, the cardholder cancelled a recurring payment or the issuer suspects fraud.

This value and its requirement are updated in the Shift4 Payment API. Review the detailed information in the technical guide below and make sure your system supports all the response parameters and values.

To implement the requirements, you can choose between two possible approaches:

- **Sign up for Shift4 Retry Optimisation service:** as explained earlier, the service automatically blocks any attempt to resend a transaction that received a final decline response. In the technical guide below you can find more information about how this works. Contact your Shift4 account manager for more information.
- **Develop the decline handling logic on your system:** Rely on the information provided through the Shift4 Payment API response messages to manage your checkout process according to the requirements.

Fees and Conditions

Mastercard will fine merchants who do not comply with the transaction retry guidelines. The fines only apply to card-not-present transaction that do not comply with the guidelines.

For each attempt to resend the same transaction amount from the same merchant descriptor within 30 days of a final decline response:

- As of October 2021: you will be charged €0.10.
- As of January 2022: you will be charged €0.25.
- As of January 2023: you will be charged €0.50.

The fines are charged based on the merchant descriptor, even if the resend attempt is processed through an acquirer different from the acquirer in the original transaction.

Mastercard also charges merchants a fee for **Excessive authorisation attempts.** This fee is charged for every attempt to reauthorise the same card from the same merchant descriptor if the card was already declined 20 times within the past 24 hours. The fee amount is €0.55.

These charges will be listed on your Shift4 settlement statement as Adjustments, as defined in the Operational Terms & Conditions.

Technical Implementation

To indicate if a decline is final, Mastercard sends a value that clearly indicates to the merchant whether the decline reason allows for an attempt to resend the transaction. These values are reflected in the following Shift4 API parameters:

Parameter Name	Type	Length	Description
z44	[0-9]	2,2	Merchant Advice Code (MAC) Possible values: 01: Updated or additional information needed 02: Try again later 03: Do not try again. Note: This indicates a final decline 04: Token requirements not fulfilled for this token type 21: Payment cancelation Note: This indicates a final decline
z2	0-9	1,3	New possible value: 07
z3	text	5,256	New possible value: The transaction was declined by the gateway and will not be processed due to retry optimization policy. This response will be received when z2=07.
z6	0-9	2,2	New possible value: 79 This response may be received when the decline reason is related to a card lifecycle event (for example: expiry date change, lost card, cancelled account)

Depending on your implementation approach, build the necessary logic to let your customer know the transaction was declined.

Developing your own checkout logic to handle final declines

If the issuer's decline reason is a final decline, the [z44] parameter will be returned with one of the following values:

- [03] – 'do not try again'
- [21] – 'payment cancelation'

In these cases you should not attempt to resend the same transaction again. That is, do not send the same card and the same transaction amount from the same merchant descriptor within 30 days of the final decline.

Make sure to display to your customer a message that indicates they should provide a different payment method in order to complete the checkout process.

Shift4 Retry Optimisation Service

The service automatically prevents the resending of a transaction that received a decline exceeding the card schemes rules. If you attempt to resend a transaction that is not compliant, you will receive a response from Shift4 Payment API with z2=07. In this case you should not attempt to resend the transaction again, and instead display to your customer a message that indicates they should provide a different payment method to complete the checkout process.

Need Support?

Contact our 24/7 Client Relations Centre for any additional information or technical issue:

EU: +356 2778 0876

UK: +44.20.3608.1288

US: +1.617.715.1977

Email: support.europe@shift4.com