



Card Acceptance (CNP) Visa, MasterCard and Maestro in long-distance selling

At the international level, credit cards are the leading payment method in long-distance selling. Their success is due not only to customer preferences, but also to the fact that card-based payments offer numerous advantages for merchants. With Card Acceptance (CNP), Deutsche Card Services offers European merchants not only a contractual basis for accepting MasterCard, Maestro and the different types of Visa cards, but also a complete procedure to process card transactions – from transaction authorisation to payment.

Background/market development

Globally, the use of credit cards has increased significantly in the last few years. This applies in particular to online selling, where credit cards are the most important payment method at the international level. According to market research, global e-commerce sales amounted to EUR 7.4 trn in 2008. This translates into growth of 33%. In Europe, Germany was the largest market, registering sales worth EUR 637 bn and a market share of 31% in western Europe. According to a recent study, credit cards are used to pay for more than 84% of all transactions in European online shops. The new online payment method Maestro has an impressive share of 4.1%, which seems set to rise further.

This means that, as the most important global payment method, credit cards are really indispensable for merchants in e-commerce. Moreover, they offer numerous advantages. Processing procedures are uniform across country borders and meet the requirements of almost all business models. Customers decide more spontaneously on purchases, as the cards provide their holders not only with credit lines and attractive payment dates, but in some cases also with easy instalment purchase options. New and wealthy customers can be won at both the national and the international level. This is particularly true for business customers, who can and want to use their business credit cards. Customer loyalty is boosted if merchants accept the preferred payment

method, which may offer customers fringe advantages, such as bonus programmes or additional services such as integrated insurance policies.

Description of the product

In order to be able to offer payment with international debit and credit cards merchants need the approval of the relevant card organisation. International card organisations distinguish between acceptance contracts for long-distance selling (also called "card-not-present" (CNP) business, as the card is not physically present at the merchant's shop) and acceptance contracts for stationary business (also called "card-present" (CP) business, as the card is physically present). The Visa and MasterCard card organisations do not issue acceptance approvals themselves, but have outsourced this task and merchant support to acquirers. Deutsche Card Services acts as European acquirer and concludes acceptance contracts for MasterCard, Maestro and the different types of Visa cards with European merchants.

Beyond the general approval for card acceptance, Deutsche Card Services also processes the payments, from accepting and authorising transactions until booking them and making payments. About 120 transaction currencies are available, and payments can be made in the major currencies.

Since transparent reporting is key in financial transactions, Deutsche Card Services offers

comprehensive online reporting. With our Business Information System merchants can monitor and steer their transactions comfortably and independent of time, place or platform. Chargebacks can also be processed online via the unique Chargeback Information System. In this way, merchants can respond quickly and effectively via the internet, avoid unnecessary costs and gain decisive advantages in preventing such chargebacks.

How it works

1. Online shoppers fill their basket and select credit cards or the debit payment method Maestro to pay for their purchases.
2. The card data are sent from the merchant's system to the Deutsche Card Services and routed to the card organisation and from there to the card issuer (authorisation request).
3. The card issuer authorises the amount and sends the authorisation response to the card organisation, which relays it to the Deutsche Card Services and in turn to the merchant's system.
4. The merchant stores the response in its system, confirms the payment authorisation to the customer and delivers the good or processes the order.
5. Payments are booked on the merchant's and customer's statements.



Supplementary products

As a full-service provider, Deutsche Card Services offers other services which are particularly useful in combination with Card Acceptance (CNP):

■ Routing (CNP):

Extends the range of accepted cards by American Express, Diners Club and JCB, provided that an acceptance contract with the relevant card organisations exists.

■ Card-based fraud prevention:

Based on the card characteristics, there are methods to effectively prevent fraud – ranging from plausibility checks of the card data to verification of the stored address data and to comprehensive scoring procedures and the authentication method 3-D Secure.

■ Consumer-based fraud prevention:

Consumer-related data are elementary in assessing customers' default risk. Address and name verification, creditworthiness checks and scoring procedures offer a broad range of fraud prevention methods.

■ Dynamic Transaction Reference:

In place of static descriptions on cardholder statements, dynamic texts can be used to make it easier for customers to identify each transaction.

■ Smart Pay GUI:

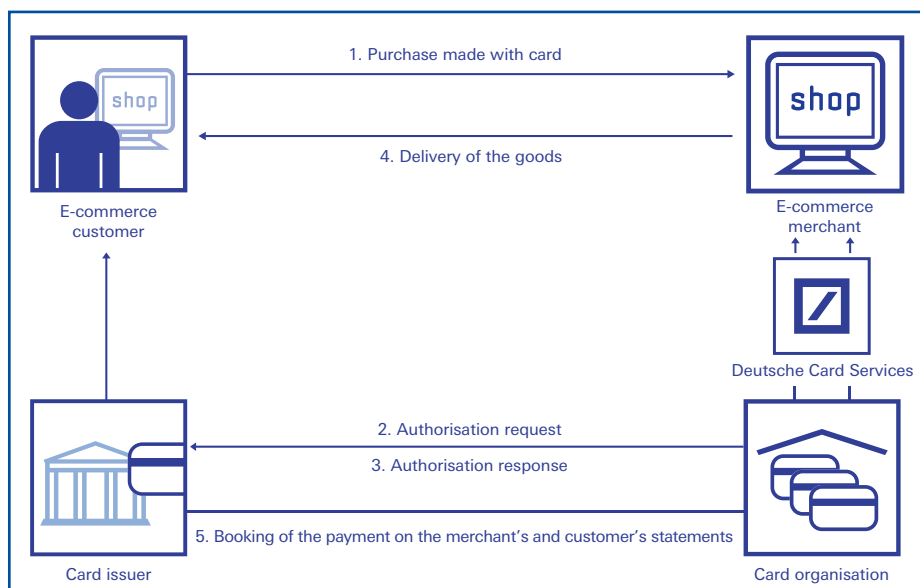
Beyond high-performance data interfaces, Deutsche Card Services can offer Smart Pay GUI, a graphic payment interface which can relieve merchants from having to obtain a certification under the global Payment Card Industry Data Security Standard (PCI DSS).

Target groups

Card Acceptance (CNP) addresses merchants who are active in long-distance selling in Europe, in particular those who

- do business both in e-commerce and in traditional mail-order business.

- do business in different countries.
- want to obtain integrated fraud prevention and other additional services.
- want to reduce manual procedures and administrative expenses.



Reasons to choose Card Acceptance (CNP)

- Opening up new customer segments.
- Exploiting sales potential by generating higher shopping basket values and spontaneous purchases.
- Lower cash provision and reduction of related expenses.
- Numerous payment and transaction currencies.
- Quick, smooth and secure processing.

Reasons to choose Deutsche Card Services

- Payment solutions for all sales channels from one provider.
- Seamless integration into the Cash Management services of Deutsche Bank.
- Extensive and personal support.
- 24/7, web-based reporting and unique online processing of chargebacks.
- First payment platform in Europe to obtain a PCI security certificate.

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