



## Routing (CNP)

### Using other cards in long-distance selling

At the international level, credit cards are the leading payment method in long-distance selling. With Card Acceptance (CNP), Deutsche Card Services already offers European merchants a contractual basis for accepting MasterCard, Maestro and a range of Visa cards, which includes the complete procedure to process card transactions – from transaction authorisation to payment. Routing (CNP) serves to extend the range of accepted cards by American Express, Diners Club, JCB and Comfort Card, provided that an acceptance contract with the relevant card organisations exists. As a result, merchants do not need different interfaces for the different cards.

#### 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 an international e-commerce report, credit cards are used to pay for more than 80% of all transactions in European online shops.

MasterCard and Visa predominate with a combined market share of 90%. However, buyers increasingly use other credit card brands such as American Express, Diners Club or JCB in selected markets. The combined share of these brands in European e-commerce rose from 3.6% to 7.1% in 2008. German consumers even pay for one out of seven online purchases with one of these "other credit cards". As a result, merchants can address a larger customer base if they offer payment by these cards, too.

#### 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 usually distinguish between acceptance contracts for long-distance sell-

ing (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). As a so-called acquirer, Deutsche Card Services grants acceptance contracts on behalf of the card organisations Visa and MasterCard in Europe. While Deutsche Card Services does not grant acceptance contracts for the other card organisations, American Express, Diners Club and JCB card payments may nevertheless be effected via the Deutsche Card Services interfaces. A valid acceptance contract for the relevant card is all that is necessary. American Express can act as an intermediary for American Express acceptance contracts.

Payment transactions involving cards for which Deutsche Card Services does not act as acquirer are transmitted to the relevant bodies for processing. In case of Diners Club this is another acquirer, in case of American Express the card organisation itself. This permits to use one interface for all cards even though the authorisation processing, booking and accounting of the card transactions are not done by Deutsche Card Services.

Combined with Card Acceptance (CNP), this is a simple and comprehensive payment solution for long-distance selling.

Since transparent reporting is key in financial transactions, Deutsche Card Services offers comprehensive online reporting for Routing (CNP), too. With our **Business Information System** merchants can monitor and steer their transactions comfortably and independent of time, place or platform.

#### How it works

1. Customers fill their shopping basket and select "credit card" as payment method.
2. The credit card data are transmitted via Deutsche Card Services to the merchant's contract partners and from there to the card organisation and/or the card issuer.
3. The credit card organisation or the issuer authorise the amount, and the authorisation response is transmitted to the merchant's contract partner and from there via Deutsche Card Services to the merchant's system.
4. The payment authorisation is confirmed and the merchant delivers the goods to the customer.
5. The card organisation processes the payment versus the customer, if necessary via the issuer.

#### Supplementary products

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

##### ■ Card Acceptance (CNP)

With Card Acceptance (CNP), Deutsche Card Services offers European merchants



not only a contractual basis for accepting MasterCard, Maestro and a range of Visa cards, but also a complete procedure to process card transactions – from transaction authorisation to payment.

■ **Card-based fraud prevention**

Based on the card characteristics, there are several methods to effectively prevent fraud – ranging from plausibility checks of the card data to verification of the address data stored with the card issuers and to comprehensive scoring procedures and the authentication method 3-D Secure (also called Verified by Visa or MasterCard SecureCode).

■ **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 the usual, static descriptions on cardholder statements, dynamic texts can be used to make it easier for customers to identify each transaction. This can help to minimise chargebacks and unnecessary clarification requests by customers.

■ **Smart Pay GUI**

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

**Target groups**

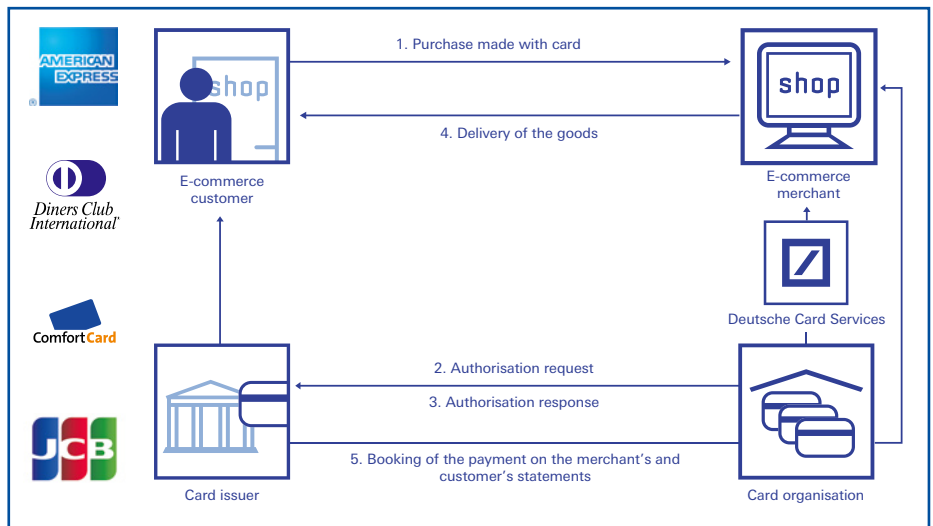
Routing (CNP) addresses merchants who are active in long-distance selling in Europe, in particular those who

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

- would like to have a uniform, comprehensive interface with integrated fraud prevention and additional services.

- want to reduce manual procedures and administrative expenses.

**Routing (CNP) – How does it work?**



**Reasons to choose Routing (CNP)**

- Opening up new customer segments.
- Targeted appeal to specific customer groups.
- Exploiting sales potential by generating higher shopping basket values and spontaneous purchases.
- Lower cash provision and reduction of related expenses.
- Quick, smooth and secure processing.

**Reasons to choose Deutsche Card Services**

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

**For more information please contact the Sales Solutions Office of Deutsche Card Services:**

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