

Merchant
User Guide

Merchant Descriptor

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Merchant Descriptor

A Merchant User Guide



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Revision History

Date	Revision Summary	Page(s)
08.05.13	Guide Created	All

A Note about Screen Shots: The images included in this manual are illustrative, designed to represent your approximate **Merchant Descriptor** experience. The actual screens you view may appear slightly different. In addition, screens may change over time as product detail is added.

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Introduction

At first glance, the Merchant Descriptor is nothing more than three data fields appearing on the cardholder's monthly statement.

1. Merchant's Name
2. Merchant's City
3. Merchant's State

The purpose of the Merchant Descriptor is to clearly identify the source of each charge on the statement to the consumer.

Depending on how you choose to use the Merchant Descriptor, it can be more than an identifier. It can give you greater reporting flexibility and help you avoid costly chargebacks and penalties.

What's in a Name: Merchant Name Field Requirements

The first step in getting the most out of your Merchant Descriptor is to understand the specific requirements and constraints of the Merchant Name field.

The Merchant Name field provides you with 22 characters with which to work. You may choose to use as many or as few of them as you like to identify your corporate name/ D.B.A. This is perfectly appropriate if your company name is synonymous with your product (**TUMMYTIGHTENERINC.**), or if your company published only one catalog (**FINLEYS*WINTERFLOWERS**).

Alternately, if your company publishes more than one catalog or offers more than one product, you may want your reporting rolled up to one corporate name/DBA while still clearly identifying the catalog or product. In that case, you can further identify yourself by using your corporate name and an abbreviated version of it, followed by an asterisk (*) and the division/catalog name or product type (**FINLEYS*FALL BULBS** or **FINLEYS*WINTER FLOWERS**).

Should you select this option; an understanding of the following rules will help you make every character count:

- Your corporate name/DBA or abbreviated corporate name/DBS can occupy the first 3, 7, or 12 characters. Please note that all abbreviations must accurately reflect the corporate name/D.B.A.
- An asterisk (*) acts as a separator between corporate name/D.B.A. and the catalog name/Product type and occupies position 4, 8, or 13
- The catalog name/product type follows the asterisk and occupies the remaining characters

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What's in a Name: Merchant Name Field Requirements,

Continued

For Example:

Let's say you work for A.M. Nutt's Company and you produce several catalogs, including one called "Hunting & Fishing Supplies," any of the following merchant name fields would be acceptable:

- AMN*HUNTING&FISHINGCAT
- AMNUTTS*HUNT&FISHCAT
- AMNUTTSCMPNY*HUNT&FISH

Which of these three descriptors should you use? To derive the maximum value from the Merchant Descriptor, you should select the ONE that best embodies the "Three C's" communication, clarity, and consistency.

The Three C's

Communication is what the descriptor is all about. It is there to aid consumers in understanding and reviewing their billing statement for accuracy. Anything overly abbreviated or cryptic could be confusing to the customer, potentially resulting in unnecessary customer service calls or chargebacks and penalties. In the preceding example **AMNUTTS*HUNT&FISHCAT** probably does the best job of communicating both the company name and the catalog name.

Clarity is essential. When the cardholder reviews the billing statement, the nature of the charge and the identity of the merchant should be immediately clear and understandable. For this reason, it may not always be the best idea to use your actual catalog name in the Merchant Descriptor.

For Example:

Suppose your corporate name is Direct Markets, Inc. and you publish two catalogs, **Hobby Heaven** which sells a variety of hobby products, and **The Store** which sells aquarium supplies. **DMI*HOBBY HEAVEN** would be acceptable for the first catalog, but **DMI*THE STORE** might not register in your customer's mind as the catalog from which they purchased an ultra violet tank filter. Using a different descriptor such as **DMI*AQUARIUMS** may be more effective in aiding the customer's recall.

Consistency is also key – and an important cost saver. If you have several divisions or catalogs, you should be consistent in the listing of your abbreviated corporate name or legal D.B.A. The reason is that VISA considers each separate variation of the corporate name as a separate company when calculating chargeback percentages. If you want your credit card deposit activity to roll up to the parent company or a single D.B.A., the text to the left of the asterisk must be listed exactly the same way in all descriptors.

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The Three C's, Continued

For Example:

If your D.B.A. is **Best Catalog Co.**, and you produce three catalogs, **Homecoming**, **Best Times**, and **Beside Yourself**, you should use the following descriptors:

- BESTCATALOG*HOMECOMING
- BESTCATALOG*BESTTIMES
- BESTCATALOG*BSIDEYRSLF

Even though the set of descriptors below meets VISA's regulations, they are not consistent and should NOT be used.

- BESTCAT*HOMECOMING
- BESTCATALOG*BESTTIMES
- BCC*BESIDEYOURSELF

To insure the Merchant Descriptor works properly and poses no conflict to an existing descriptor, please consult with Chase Paymentech.

Make Room for Multiple Locations and Installment Billing

If you have multiple locations, use the identical merchant name spelling for each location. Please note that an asterisk may not be used for retail identification. If there is more than one location in a given city, a store number or street number must be used to identify the store (i.e. **CHUCKS RECORD STORE4**).

Don't forget installment billing! If the transaction represents an installment payment, the Merchant Name must also include an appropriate installment number (i.e. **BIG COMPUTER*1 OF 4**).

For more information on Installment Billing, please consult with Chase Paymentech.

Punctuation

Why and How you Should Use the Asterisk

As far as VISA is concerned, everything to the left of the asterisk in the Merchant Name field is the corporate name or D.B.A. If you want to roll up several merchant names under one corporation for VISA monitoring purposes, VISA requires that an asterisk separate the corporate name/D.B.A from the product description. This will enable VISA to count deposits and chargebacks under the proper corporate name. Again, be sure to use a consistent corporate name/D.B.A or appropriate abbreviations for all transactions from your company. And remember, the asterisk can only appear in positions **4**, **8**, or **13** in the Merchant Name field.

Use of Certain Punctuation Marks

For MasterCard Transactions, if you submit certain punctuation marks, they will be converted to another symbol on the cardholder statement:

- If the merchant submits (M-record or Division level) a backslash (\) in the merchant descriptor, it will be converted to a hyphen (-)
- If the merchant submits (M-record or division level) a question mark (?) in the merchant descriptor, it will be converted to a space

Merchant Name Placement on the Cardholder's Statement

When you send us your deposit file, the Merchant Name may be the first record in the file. You can either fill it in as described above or leave it blank. If you fill in the Merchant Name Record, that Merchant Name is what we will use when we pass on your transactions to the cardholder's bank. If the Merchant Name Record is blank or missing, we will default to the Merchant Name set up on your file at Chase Paymentech.

To ensure that you are communicating what you want in the Merchant Name, Chase Paymentech will work with you during the initial set-up. Should you decide to make changes at a later date (i.e. when setting up a new catalog or if you want to take advantage of installment billing), please contact Chase Paymentech for assistance.

Whatever the case, the subsequent Merchant Name information is passed along to the issuing banks in the deposit file. The issuing banks then pass this information on in the cardholders' monthly billing statements.

The AMEX Exception

American Express handles the Merchant Descriptor differently from other Card Brands. At the time of set-up, American Express allocates eight fields for the Merchant Descriptor. The first four fields contain the Merchant Name, City, State, and Item Descriptions respectively. The four remaining fields are optional. They are available to clarify what your product is all about.

For Example:

A typical American Express Descriptor could look like this:

1. BEST CATALOG COMPANY
2. NEWTON
3. MA
4. CUSTOM EYEWEAR
5. MT. EVEREST SUNGLASSES <Optional Field>
6. SUMMER WEAR <Optional Field>
7. METALLIC BLUE FRAME <Optional Field>
8. GRAY LENSES <Optional Field>

This is the default for American Express. However, if you want to use the Merchant Name with American Express, you can.

For Example:

If your Division Name is BEST CATALOG*SUNGLASSES, the first four fields will remain the same as in the above example, but the Merchant Name will occupy the American Express's first optional field and push down the former four optional fields, as shown below:

1. BEST CATALOG COMPANY
2. NEWTON
3. MA
4. CUSTOM EYEWEAR
5. BEST CATALOG*SUNGLASSES <Optional Field>
6. MT. EVEREST SUNGLASSES <Optional Field>
7. SUMMER WEAR <Optional Field>
8. METALLIC BLUE FRAME <Optional Field>

If, as in this example, all eight fields were originally filled, the insertion of a new field will cause the loss of the content of the original eight field. Chase Paymentech can help you decide what is best.

Division Names for Reporting Flexibility

One of the best ways to track the performance of individual products, product groups, division, or catalogs is to send each one under a unique division number. When a new merchant or new business for an existing merchant goes live, a six-digit identification number (Transaction Division number) is assigned that identifies those transactions as being associated with the new business. Chase Paymentech doesn't generate or segregate reports by Merchant Name, only by Division Number. If you wish to see reports segregated by product, you must set up specific reporting divisions and deposit those transactions under the appropriate division number. You'll get reports back with the transactions for each division clearly listed and tallied.

However, if you don't need the detailed reporting and only wish to help describe the transaction better to the cardholder, you should use the Merchant Name record rather than setting up a division for each descriptor.

Saving Money and Customer Satisfaction

When cardholders can't recognize transactions on their statements, they are more likely to call your customer service number. This ties up phone lines and personnel with unnecessary calls. At worst, they could call their card issuing bank. In either case, inconvenience and confusion can lead to customer dissatisfaction.

Not recognizing transactions can also lead to many unnecessary chargebacks – and the more chargebacks you have, the worse the consequences. If a merchant's chargeback rate exceeds card association limits, the card association can revoke the merchant's acceptance privileges and levy a fine for every chargeback.

The card associations can also fine a merchant for using a merchant name that is not recognizable to the cardholder and causes the cardholder bank economic harm to straighten out.

Merchant City and State Fields

The Merchant City field also offers you an opportunity to better serve your business.

- Retail Merchants – the Merchant City field must contain the name of the city in which the retail store is located.
- Direct Response Merchants – taking non-face-to-face orders through the mail, over the phone or from Internet sites, the merchant's location is usually irrelevant and may even be confusing to the consumer reading the statement. This is particularly true for television direct response merchants who often present only a product identity, not a corporate identity. For example, while infomercial customers will easily recognize the product name of the **Slide'n'Glider** exerciser, they may question a transaction listed as **DIRECTV, INC. of HOT SPRINGS, AR**, the marketer's corporate name and city.
- For ecommerce merchants, online service providers and merchants that process recurring payments with eligible merchant types, the Merchant City field may facilitate online communication with customers.

That's why Chase Paymentech recommends you use the Merchant City field instead to display your customer service telephone number. That way, should a customer have a problem with a charge on their statement, they will call you first rather than their card issuer.

But that's not all. Placing a service telephone number in the Merchant City field is a requirement to qualify for the VISA CPS (Card Not Present) interchange rate.

When you put your service telephone number in the 13-character Merchant City field, the first three characters must be numbers, followed by a dash (-). The remaining characters can be letters (**617-SERVICE**), this enables you to display it as such.

The Merchant City field is set up in your Chase Paymentech master file. It is fixed and cannot be changed with the use of the Merchant Name Record.

The Merchant State is always the state where the merchant has a location. However, if you use a service bureau, such as a fulfillment house or telemarketing house, you can substitute the service bureau's state code for yours.

Online service providers or e-commerce merchants may place a url or email address in the Merchant City Field. Merchants who provide both e-commerce transactions and other forms of card not present sales may only use this feature when the sale is an internet transaction. Merchants using this option will also qualify for the VISA CPS (Card Not Present) interchange rate only if the Merchant is an Internet Service Provider (ISP) using MCC 4816 or if the Merchant sells on the internet and uses a transaction type 5, 6, or 7.

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Merchant City and State Fields, Continued

Merchants who process recurring payment transactions may also place a url or email address in the Merchant City Field. In order to qualify for the VISA CPS (Card Not Present) interchange rate, the transaction type must equal 2 for recurring payments. Eligible merchant types (MCC codes) are as follows:

Merchant Type (MCC)	Description
4812	Telecommunications equipment & telephone sales
4814	Telecommunications services
4899	Cable and other pay television service
4900	Utilities, gas, water and sanitary
5960	Direct Marketing, Insurance
5968	Direct Marketing, Continuity/Subscriptions
6300	Insurance sales
7298	Health and beauty spas
7997	Membership clubs
8675	Automobile associations
8699	Membership organizations

In all uses, the url and email address must include a period (.) or an ampersand (@). Each punctuation mark is considered to be one character in the 13-character field.
