



## Point of Sale & Transactional Data Technical Information

The following information is provided for informational purposes only to provide technical background information on the Point of Sale & Transactional Data initiative to vendors.

### Transactional Data

- Level-3 “transactional” Data: is an “electronic invoice” with line-item details. It defines “what” is being purchased, “how” the sales takes place, “who” is involved in the transaction, and “when” it takes place, it combines that information with the basic payment data and delivers it electronically to the issuer.
- Level-3 line item detail provides data elements such as a description of the product, quantity, unit-of-measure, price, price discount applied and sales tax information when applicable. It adds transparency and accountability to the taxpayer’s money spending process.
- These data elements are combined with basic transaction information such as the merchant establishment information and cardholder information.

### Value Proposition for Vendors:

- **Faster funding:** Improves profitability by reducing payment time from 30-45 days on an invoice to 2-3 days for electronic payment. Faster payments reduce your cost of floating funds until payments are received
- **Savings –** MasterCard and Visa have created special rates to support Purchase Card programs reducing the merchant transaction costs (Interchange) if Level-3 line item detail information is transmitted with the card payment file. By providing Level-3 data, a supplier may reduce their credit card processing fees – often by 30% to 40%.
- ***NOTE:*** *The examples below show the “Wholesale” Cost from Visa and MasterCard (Interchange) to the Acquiring Banks. The true cost to the Vendors/Merchants will be higher because they will include additional charges from the Bank and/or Independent Agents servicing their merchant processing accounts. Most independent sales agents work on commissions or “residual income”.*
- ***SUGGESTION:*** *Vendors should ask their merchant processor for a pricing model which shows the true interchange cost, plus a constant profit margin (sometimes called “Interchange Plus”, or “Pass-Through Plus” by the Processors).*
- **Example #1, Visa Interchange Exercise:**
  - Cost for a \$5000 Visa transaction without Level 3 Data: \$139 or 2.78%
  - Cost for a \$5000 Visa transaction with Level 3 Data: \$99 or 1.98%
  - Cost for a \$3000 Visa transaction without Level 3 Data: \$99 or 3.30%
  - Cost for a \$3000 Visa transaction with Level 3 Data: \$75 or 2.50%
- **Example #2, MasterCard Interchange Exercise:**
  - Cost for a \$5000 MasterCard transaction without Level 3 Data: \$147.50, or 2.95%
  - Cost for a \$5000 MasterCard transaction with Level 3 Data: \$102.50, or 2.05%
  - Cost for a \$3000 MasterCard transaction without Level 3 Data: \$88.60, or 2.95%
  - Cost for a \$3000 MasterCard transaction with Level 3 Data: 77.58%, or 2.58%



## Point of Sale Discounts

- Contractor shall recognize the GSA SmartPay® card by Bank Identification Number and automatically charge a price no higher than the Schedule price
- The point of sale (POS) discount shall apply to all purchases for items on schedule, except when the ordering agency specifies that it is using another acquisition vehicle.
- Schedule pricing shall be honored through all purchase channels including Retail Storefront, Phone, or Vendor Website

### BIN Recognition

- Bank Identification Number or “BIN”: industry term used to describe the first four digits (or “prefix”) in the card number. When extended to six digits, it represents the bank that issued the card and the program type. In the SmartPay® environment, we have 3 issuing banks that service the government BIN’s (Citibank, JPMorgan Chase and US Bank). This is also known as the Issuer Identification Number (IIN) under the existing ISO/IEC 7812
- BIN Recognition: by recognizing the BIN you will be able to “outsort” the government charge card transactions by using the built-in logic of your POS system in order to apply the price discounts established in your GSA Schedule agreement
- POS Systems: most proprietary and complex POS Systems (PC or Cash-register based) have BIN recognition capabilities. The BIN numbers can be easily programmed for instant identification
- BIN Recognition is commonly used today in order to identify check cards (“signature debit” vs. PIN-Based debit)
- Some users of “off-the-shelf” systems may not have this capability. *For example, older model terminals may not have enough memory space to support the additional data elements required for L3.*
- The GSA SmartPay® Program BIN’s are:
  - **Visa®: 4614, 4716 and 4486**
  - **MasterCard® 5565 and 5568**

### POS Software with Level 3 Data Capture/Processing Capabilities

- As a general proposition, credit card processing terminals (I.e, Hypercom T7P, Verifone Omni 3200, Lipman 2085, etc.) do not have the capability to capture and transmit Level 3 Data due to memory limitations. There are some exceptions; vendors are encouraged to consult with their merchant acquiring bank/sales agent to determine whether their equipment can perform this function.
- There are many POS Software Applications with the functionality necessary to capture and transmit Level 3 Data. Vendors can make an Internet search (I.e., Google, Yahoo, Ask, etc.). Positive results may be obtained when search under “Level 3 Data Capable Software Providers” “Credit Card Processors & Level 3 Data”, or similar search categories.
- Most large credit card processors, such as First Data Corporation, Chase-Paymentech, Total Systems, National Processing Center, Fifth Third Bank, Elavon, WorldPay and credit card processing software providers (also called “Third Party Servicers” in the industry) have applications that are fully capable of performing this function.
- The cost of these applications is highly variable, however there are many companies with inexpensive solutions that can be used by vendors. Consultation with their credit card processor representative is always recommended.