



Mastercard Installments with Merchant Participation

Frequently asked questions
for merchants



Frequently Asked Questions

1. What is the Mastercard Installments Program with merchant participation?

- The Mastercard Installments with Merchant Participation program is a network-level installments solution where transactions are split into equal repayments according to applicable tenure. A merchant must opt-in to the program to offer extended installments.
- For a participating merchant, all transactions > \$100 AUD are automatically converted into installments. Longer installment periods are offered for higher transaction sizes.

2. When will this be available to customers in Australia?

- The Mastercard Installments Program with merchant participation will be product ready in November 2024. Merchants will be able to opt-in to the Mastercard Installments with Merchant Participation Program via their acquirer from September 2024.

3. How does the Mastercard Installments Program work?

- Mastercard Installments with Merchant Participation is a Program with its own interchange table. This is an installments solution where transactions are split into equal repayments according to applicable tenure. A Merchant must opt into the program to offer extended installments. All transactions on this program are on a line of credit.
 - For an Installment Participating Merchant, installment pricing is applied to domestic transactions. This pricing is based on the transaction amount and the corresponding installment tenure.
 - For a Non-Participating Merchant, the transaction or cross-border transaction is subject to the product-specific Non-participating Merchant interchange pricing that applies to the resulting purchase transaction.

4. Where can the Mastercard Installments Program be used?

- It can be used wherever Mastercard is accepted.

5. What product code will be used for the Mastercard Installments Program?

- An Issuer provides an Installment credential using GCS (Mastercard Installment Payments T) product code, which supports both domestic and cross-border border transactions.

6. What is the user experience for consumers?

- Customer will sign up to the Mastercard Installments with Merchant Participation card via a participating issuer. Once the customer has received the card, transactions will be split into equal repayments according to the issuer installment rules.

7. What are the benefits of the Mastercard Installments Program for merchants?

- **Increased average order value, sales, and revenue** – BNPL solutions have proven to enhance cart conversion, increase average order value, and attract new consumers who would otherwise not be able to transact. 45% of BNPL users said they used these services to make purchases that otherwise would not fit their budget [Mastercard Payments Index, 2021].
- **Approval rates** –
Merchants access to growing network of trusted lenders who bring pre-approved consumers – hence, Mastercard Installments transactions have a high likelihood of being approved, thereby improving conversion rates and avoiding disruption to the merchant experience.
- **Speed to market** – No integration or technical work needed for merchants, and no disruption to their existing customer experience.
 - Pre-purchase use case - No integration or technical work needed for merchants, and no disruption to their existing customer experience.
- **Competitive economics** – Highly competitive program economics for merchants – for more details, merchants should contact their acquirer.
- **Security** – Incorporates standards, and processes for disputes, returns, and fraud liability which includes tokenization, dispute resolution, and zero fraud liability.
- **Returns and disputes** – Merchants can leverage their current infrastructure for other Mastercard transactions, making it easy and simple for merchants to handle disputes.

8. What do merchants need to do to participate in the Mastercard Installments Program?

- Acquirers can only enroll a merchant into the program after the merchant has communicated their intention to participate.
- Upon receiving a merchant's request to participate in the Mastercard Installments

Program, the acquirer must submit the Merchant Participation information either through the Merchant Participation form or Merchant Participation API to Mastercard.

- Please refer to AP 10114.1 Introducing the Mastercard Installments Program with Merchant Participation in Australia for more details.

9. What pricing will apply to the Mastercard Installments Program transactions?

- The Installment Transaction Interchange Fee pricing will be announced in August 2024. Merchants are to reach out to their acquirer to learn more.

10. What specific chargeback protections apply to Mastercard Installments Program transactions?

- The same liability and chargeback rules/processes will be applicable to Mastercard Installments Program transactions, as are applicable to transactions on other Mastercard products.

11. Are Mastercard Installments Program transactions compatible with 3D Secure authentication and fraud liability shifts?

- Yes, 3D Secure authentication can be performed on Mastercard Installments Program transactions, similar to other Mastercard transactions.

12. How can merchants opt-in to the Mastercard Installments Program?

- Merchants have the option to opt-in to the Mastercard Installments Program at any time by informing their acquirer.
- Upon receiving a merchant's request to opt-in to the Mastercard Installments Program, the acquirer must either:
 - Submit a Merchant Participation Form to Mastercard. Acquirers can submit a request to opt-in either one or multiple merchants at a time through this form.
 - Send information to Mastercard via Merchant Participation API. More details on the API available at Mastercard Developers.

13. How long will it take for a merchant's opt-in request to be processed and become effective?

- Mastercard will process opt-in requests from Acquirers between 1 and 5 working days after a successful acquirer submission.

14. Can merchants modify their participation status and opt-out from the Mastercard Installments Program participation?

- Yes, at any time, merchants that have opted into the Mastercard Installments Program may request their acquirers to opt out from participating in the Mastercard Installments Program.

- To opt-out a merchant from the Mastercard Installments Program, acquirers must resubmit the Merchant Participation Form or API and indicate the modification of a prior request.

15. Will there be an Installment MAID in the Auth Response?

- Yes. According to AP 9971.1 Enhancing Processing of Mastercard Installments Program with Merchant Participation in Australia, Mastercard is including an installments Mastercard Assigned ID (MAID) value in the Authorization Response for participating merchants in Australia.
- This update applies only to domestic transactions on product code GCS (Mastercard Installment Payments T) acquired at merchants who are participating in the Mastercard Installments Program.
- Mastercard will apply the assigned installments MAID value from the Authorization and use it in the interchange calculation in the associated clearing transaction. Acquirers are not required to provide this Installments MAID value in the associated Clearing transaction.
- However, acquirers in Australia must be prepared to receive the installments MAID (DE 48 SE 32) in the Authorization Response for participating merchants.

16. For a non-participating merchant currently identified as a Strategic Merchant, will there be a Strategic Merchant MAID in the Auth Response if submitted in the Auth Request?

- Yes, as per BAU standard transaction flow.

17. What will be the interchange rate of Australia's domestic transaction on product code GCS for a non-participating merchant?

Non-participating merchants will be subject to interchange per the published non-participating merchant rate, and the Installment Transaction Interchange Fee will not apply. The Non-Participating Installment Merchant table demonstrates Charity and Strategic Merchant 1 rates will apply for eligible non-participating merchants.

18. What will be the interchange rate of cross-border transactions on product code GCS for a non-participating merchant?

- Yes, the standard interchange rate applies as per the current AP interregional / AP intraregional interchange structure.

19. What IRD should be used for Mastercard Installment transactions?

- IRD O4 for domestic transactions and applicable IRDs for cross-border transactions

20. If Strategic Merchant participates in the Mastercard Installment Program, what will happen to the Strategic Merchant MAID in the Auth Request?

- For participating merchants, Mastercard will enrich the Auth message with Installments MAID and will override the Strategic Merchant MAID in clearing with the Installments MAID for participating merchants.

21. Who do I contact if I have questions or need additional information?

- Please contact your Mastercard representative for more information.