

A hand holding a credit card is shown in the foreground. The background features a digital overlay with a world map, data charts, and a grid pattern. The overall theme is electronic transactions and digital finance.

Payment Facilitator Guidelines

Third Edition

Prepared by
**The Electronic Transactions
Association**

March 2021



TABLE OF CONTENTS

Guidelines on Merchant and ISO Underwriting and Risk Monitoring	3
1. Introduction to the ETA Payment Facilitator Operational Guidelines	6
1.1. Purpose and Scope of the Payment Facilitator Guidelines.....	6
1.2. Additional Policies Required But Not Outlined in These Guidelines.....	7
1.3. Objectives of the Payment Facilitator Guidelines.....	7
1.4. Special Considerations for the Payment Facilitator Guidelines.....	7
1.5. Laws, Regulations, and Regulatory Guidelines Considered in These Payment Facilitator Guidelines.....	8
1.6. Organization of These Payment Facilitator Guidelines.....	8
2. Guidelines for Underwriting Submerchant Accounts	9
2.1. Special Considerations for Underwriting Submerchant Accounts.....	9
2.2. Submerchant Underwriting Best Practice Guidelines.....	9
2.3. Activities That Support Submerchant Underwriting Objectives.....	10
2.4. Submerchant Underwriting Policy Guidelines.....	10
2.5. Submerchant Periodic Review.....	15
2.6. Submerchant Changes.....	17
2.7. Monthly Management Reporting.....	17
3. Merchants Requiring Enhanced Underwriting Due Diligence	18
3.1. Enhanced Know Your Customer Review.....	18
3.2. Enhanced Understanding of Internet Submerchants.....	20
3.3. Enhanced Review of Certain Marketing Practices.....	21
3.4. Enhanced Review of Certain Submerchant Types.....	25
3.5. Other Guidelines.....	26
4. Guidelines and Objectives for Risk Management of Submerchant Accounts	28
4.1. Special Considerations for Submerchant Risk Management Guidelines.....	28
4.2. Business Goals for Submerchant Risk Management.....	29
4.3. The Objectives of Submerchant Risk Management.....	29
4.4. Activities That Support Submerchant Risk Management Goals.....	29
4.5. Submerchant Risk Management Policy Effective Standards, Tools, and Strategies.....	29
4.6. Team Communication.....	30
4.7. Effective Tools and Strategies for Daily Exception Monitoring.....	31
4.8. Effective Tools and Strategies for Monthly or Periodic Exceptions.....	36

4.9. Submerchant Graduation Review	37
4.10. Submerchant Changes	37
4.11. Monthly Refund Exception Effective Tools and Strategies	37
4.12. Monthly Chargeback Exception Effective Tools and Strategies.....	38
4.13. Effective Tools and Strategies for Investigating Exceptions	40
4.14. Submerchant Remediation	41
4.15. Submerchant Reserves.....	41
4.16. Chargeback Mitigation Services	41
4.17. Monthly Management Reporting Effective Tools and Strategies	41
5. Risk Management for Merchants Requiring Enhanced Due Diligence	42
5.1. Enhanced Due Diligence Process.....	42
5.2. Performance Improvement Expectations	42
5.3. Reputation Monitoring	43
5.4. Secret Shopping	43
5.5. Cardholder/Customer Interviews	43
5.6. Chargeback Monitoring and Reporting to Card Schemes.....	43
5.7. Enhanced Review of the Sales Processing Method.....	44
5.8. Increased and Expanded Affiliate/Affiliate Network Marketing Review	45
6. Requirements for Settlement	46
6.1. Guidance on Financial Operations.....	46
6.2. Graduating Submerchants.....	47
7. Guidance on Transaction Receipt, Authorization Request, Clearing, Chargeback, Representment Records, and Billing Descriptor Requirements	48
8. Conclusion	49
9. Appendix	50
Exhibit A: Quick Reference Guide to Applicable Laws and Regulations	50
Exhibit B: Website Basic Review Checklist.....	52
Exhibit C: Quick Reference Guide to Online Review Resources.....	53
Exhibit D1: Sample Periodic Merchant Review 2	54
Exhibit D2: Sample Period Merchant Review 2 (Filled In)	55
Exhibit E: Sample Bank Statement Summary.....	56
Exhibit F: Quick Reference Guide to Website Meta Tag Review	57