New Merchant Category Code for Electric Vehicle Charging

Global │ *Acquirers, Issuers, Processors, Agents*
Visa, Interlink Networks; V PAY; Europe Processing

Overview: Clients should update their systems to account for a new electric-vehicle charging merchant category code (MCC).

As growth in eco-friendly transportation continues to increase, electric passenger vehicles are becoming more prominent. To meet the need for electric-vehicle charging (EVC) infrastructure, charging stations are being deployed in a variety of environments, including gasoline station forecourts and retail and employment parking lots.

> **Mark Your Calendar:**
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> - The Electric Vehicle Charging MCC will be effective **(18 October 2019)**

Historically, transactions involving EVC fit between two MCC categories: MCC 5542—Automated Fuel Dispensers and MCC 7523—Parking Lots, Parking Meters and Garages. EVC is differentiated from automated fuel dispenser transactions by the longer charging time and the lower average cost to charge; it is differentiated from parking transaction by its fueling component, even though parking is a part of the transaction. Therefore, **effective 18 October 2019**, Visa is creating MCC 5552—Electric Vehicle Charging for global use.

Transaction Processing

EVC will not follow the same transaction processing rules as automated fuel dispensers, which use a variety of authorization models globally, such as status checks and completion advices.

EV charging merchants will have two options in authorizing transactions:

- Authorizing for a known amount

- **Effective 18 October 2019**, as announced in in this edition of the *Visa Business News*, authorizing for an estimated amount and using incremental authorizations

When authorizing for an estimated amount, if the final amount is less than the estimated amount, the merchant will be required to partially reverse the difference. Additionally, if the final amount exceeds the estimated amount, the merchant will be required to use incremental authorization(s) or submit a second authorization for the additional amount. For merchants that use estimated and incremental authorizations, they should consult with their acquirer and processing partners to ensure they are following the merchant initiated transaction framework.

The framework requires certain estimated and incremental indicators to be included, which ensures proper processing tied to tokens and other data elements.

No segment-specific interchange rates are being created for EVC transactions at this time.

Transaction Identification

Today's EVC market has two predominant methods for accepting payments:

- Card-not-present (CNP) / app-based payments

- Card-present payments

CNP / app-based payments: Many charging operators provide a mobile app or issue a proprietary payment device / dongle. In these use cases, the credentials are not being shared from the device directly but have been stored and kept on file by the merchant with the consumer's consent.

Card-present payments: In a growing number of cases, charging stations also provide a physical acceptance terminal where consumers pay with a card. It is anticipated that the majority, if not all, of these stations will operate in an unattended environment.

Merchants deploying unattended charging terminals must populate the Unattended Cardholder Activated Terminal (UCAT) indicator, which is Field 60.1, position 10, with a value of either "1" or "3." In a select number of countries, unattended electric charging merchants are permitted to deploy contactless-only devices, as specified in the Visa Rules (ID# 0026670).

Recently, there is growing support for a tap-in / tap-out solution in both parking and EV charging. These devices promote ease and simplicity by allowing the cardholders to tap their card or other contactless form factor on the reader to start the session and re-tapping to stop the session. No credentials need to be stored and the cardholder can simply start / stop a session without any other steps. It is anticipated that this use case will grow particularly fast in the shopping and retail charging environments.

MCC Usage

Many merchants offering EV charging may also offer parking services at the same location. As referenced in the *Visa Merchant Data Standards Manual*, the merchant should select the MCC that reflects the merchant's primary business. This means if the merchant offers EVC charging for free but charges for parking, the transaction should be classified under MCC 7523. If the merchant only charges for EV charging but not for parking, then the transaction should fall under the new MCC 5552. If the merchant charges for both EV charging and parking, the merchant can use the MCC that has the highest sales volume.

Best Practices for Implementing MCC 5552

Acquirers and Merchants:

- Merchants should follow the authorization procedures as outlined above and not use authorization models associated with automated fuel dispensers, such as $1 status checks or submit completion advices, tied to EV transactions. If an EVC merchant does adopt estimated and incremental authorizations, it is critical they follow the merchant-initiated transaction framework for storing credentials on file and processing estimated and incremental transactions, including populating the estimated and incremental indicators.

- Merchants using estimated and incremental authorizations must either communicate on the reader or in their mobile application when an estimate is being used and the amount of the estimate that will be held. This helps to avoid cardholder confusion that can lead to potential customer service calls and complaints.

- The merchant should submit partial reversals as soon as possible when they become aware the estimate exceeded the final amount. Delays in sending the reversal can result in declines for the cardholder on other transactions.

Issuers:

- Issuers should be prepared to receive both card-present and card-not-present authorizations from EVC merchants. In addition, they should be aware that EVC merchants may submit estimated authorization requests.

- If in the case the estimate exceeds the final amount, merchants are required to submit a partial reversal. Upon receiving the partial reversal, it is critical for issuers to drop any related holds as soon as possible to avoid impact to the cardholder's open-to-buy.

For More Information

Merchants and third party agents should contact their acquirer.