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# BIN Filtering

## Disclaimer

This White Paper was prepared by OmniFund® and reflects OmniFund's interpretation of relevant credit card association rules and regulations. This White Paper is for general informational purposes only, and OmniFund® recommends that the reader consult directly with the appropriate credit card association with specific questions regarding the interpretation of any Visa or MasterCard rule or regulation.

## Executive Summary

There has, in recent years, arisen the need to incorporate card BIN filtering into the B2B and B2B2C payment environments. This is due to two primary causes. First, are the ever-increasing complexity and cost of the card association interchange matrix. Each quarter brings a change or fee increase (or both), related to an existing card type or a new card category introduced by one of the card brands (specifically Visa and MasterCard who hold the dominant market share of the card acceptance landscape). Second, is the manipulation of the BINs for additional revenue by backend processors. Such manipulation is opaque and leaves everyone scratching their heads as to why one card is priced differently from another similar card. Admittedly, the second reason is limited to a tiered pricing program, but nonetheless, it is relevant to many businesses in the B2B and B2B2C community.

The difficulty arising from these two issues, and their related impact on operational costs, is the inability for a company to effectively manage which brands they can accept and which cards within the brand they may wish to omit from processing within their payment offering to vendors or consumers (or both). It would be impractical to eliminate a specific brand entirely to ensure one or more card types provided by the brand are not accepted. Doing so would reduce overall consumer payment convenience and be detrimental to most business' cash flow practices.

To effectively manage BINs and reduce the cost of card acceptance, it is important that a business be able to:

- Have a list of BINs with associated interchange costs
- Delimit card brands as required
- Blacklist or whitelist individual BINs
- Have "on the fly" access to BIN filtering
- Set card flags
- Control access to employee users

While BIN management can seem overwhelming at first, with the right system in place to quickly and efficiently manage BINs, it is quite easy and a great cost-saving tool for certain business payment acceptance environments. While not every company needs to be concerned with BIN

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filtering, most non-retail payment programs related to invoice, statement, recurring subscription and vendor payments will positively benefit from implementing a BIN filtering strategy.

Blindly accepting any card presented in environments where a single transaction, however infrequent, can be substantial, may result in unexpected and unnecessary costs. With the right payment platform, BIN filtering is an included service and does not add cost to the payment process. Payment platforms should inherently provide the ability to implement a BIN filtering strategy to save the client business processing dollars, not add to them. Any platform that cannot filter BINs, or charges a fee for the ability to do so, should be subject to additional scrutiny before they are engaged.

**OmniFund® Card Management Control Panel**



### Debit Only Environments

From time to time, the need to eliminate all cards except debit cards arises in the business community. This can be related to a particular industry, or governmental or card association regulations related to how consumers can submit payment to a specific business category. In these environments, a credit instrument may be an unacceptable form of payment. It may be necessary to eliminate all cards except debit/check cards issued by one or more of the card brands. Each debit card comes with a unique BIN making it possible, with the right payment platform, to eliminate all cards from all brands except check debit cards issued by one or more brands.

Debit cards are a very different financial instrument than credit cards, and as such, have specific regulations related to each. A credit card is considered a credit or loan instrument while a debit transaction is a bank account cash transaction. Credit cards have set balance limits while debit cards are limited to the current amount available in the associated checking account. In some environments, cash transactions are the only type accepted which, until recently, forced the business to use the ACH network to receive payments if they used anything electronic at all. In these environments, card payments cannot be used because, while they could accept check debit cards, they would also be unable to ensure that a credit card was not used to pay a bill. With the ability to filter by category, a business can eliminate whole classes of cards not applicable to their business processes.

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**OmniFund® Override Controls**

## Overrides

Master overrides allow for overall control over cards accepted via the credit or debit networks. These will take precedence over individual network settings.

| Network | Allowance |
|---------|-----------|
| Credit | disable **enable** |
| Debit | disable **enable** |
| EBT | **disable** enable |

## Card Categories

The organization of card categories are known as interchange charts and includes both the card designations (i.e., Commercial, Foreign, Prepaid, etc.), and the associated interchanger cost assigned to the particular card. Interchange rates can be found on both Visa and MasterCard websites and are unique to the respective brand. American Express and Discover price a bit differently, and their costs per categories are not as extensive or complicated as Visa and MasterCard. Current Interchange rates for each card brand are found here:

- **Visa** - https://usa.visa.com/dam/VCOM/download/merchants/visa-usa-interchange-reimbursement-fees-2016-april.pdf

- **MasterCard** - https://www.mastercard.us/content/dam/mccom/en-us/documents/merchant-interchange-rates.pdf

- **Discover** - https://www.discovernetwork.com/en-us/home/data/acqIntchgLanding.html

- **American Express** - https://s3.amazonaws.com/helpsite-uploads/r20ayi0djcwlkbq4yno8yjh0ou0%2Fic-ukNUycIY1467898082000-AMEX+OPT+BLUE+FEE+ATTRIBUTES+RETAIL.pdf

The ability for a business to preclude one or more of the card designations listed will aid in controlling unexpected cost increases and the potentially fraudulent use of a particular card type.

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**OmniFund® Card Flags**

**Card Flags**

Card flags allow you to further define which types of card you want to allow.

| Flag | Allowance |
|------|-----------|
| Commercial | disable **enable** |
| Foreign | **disable** enable |
| Prepaid | disable **enable** |
| Fleet | **disable** enable |
| GSA | disable **enable** |
| FSA/HSA | disable **enable** |

## Filtering by Specific BIN Numbers

Drilling down beyond the brand and a specific card category is the ability to filter by individual card BIN numbers. This allows for greater specificity of acceptance requirements. A list of individual BIN numbers can be added and then either "whitelisted' or "blacklisted" so that only the exact card types required by a business are processed correctly. Notification to a consumer attempting to use an unapproved card to make a payment can be in the form of an explanation to "use a different card" type of a decline.  The BIN matrix is typically provided to a business by their payment platform, with additional assistance available in setting up the correct filtering parameters to ensure optimization of card acceptance programs and policies.

**OmniFund® BIN Control Tools**

**BIN Control List**

The BIN control list allows you to customize ALLOW and DENY rules for individual credit card BINs. The rules defined here will override any enable/disable selections made in the Card Network section. Cards will be matched against ALLOW rules first, followed by DENY rule matching.

| Enter BIN ex: 510510 | DENY ▾ | Add |
|---|---|---|

| BIN | Rule | Created | |
|-----|------|---------|---|
| 418581 | **DENY** | 2017-07-17 12:32:08 | ⊗ |
| 6011 | **ALLOW** | 2017-07-17 12:32:17 | ⊗ |
| 4704 | **DENY** | 2017-07-17 12:32:32 | ⊗ |

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## OmniFund® Industry Certifications

OmniFund® is a Certified PCI-DSS Level 1 Service Provider. OmniFund® has a certified PCI-DSS ISA with CISSP Certification (internal security auditor) on staff to provide laser focus on regulatory changes and system updates, processes and change management. OmniFund® is a QIR Certified Integrator and Reseller adding to the expertise within the staff at OmniFund®. Additionally, OmniFund® has on staff an AAP (NACHA Accredited ACH Professional) to ensure compliance with all current and proposed ACH/eCheck/Direct Debit and related transactions.

### OmniFund® Transaction Tokenization Diagram
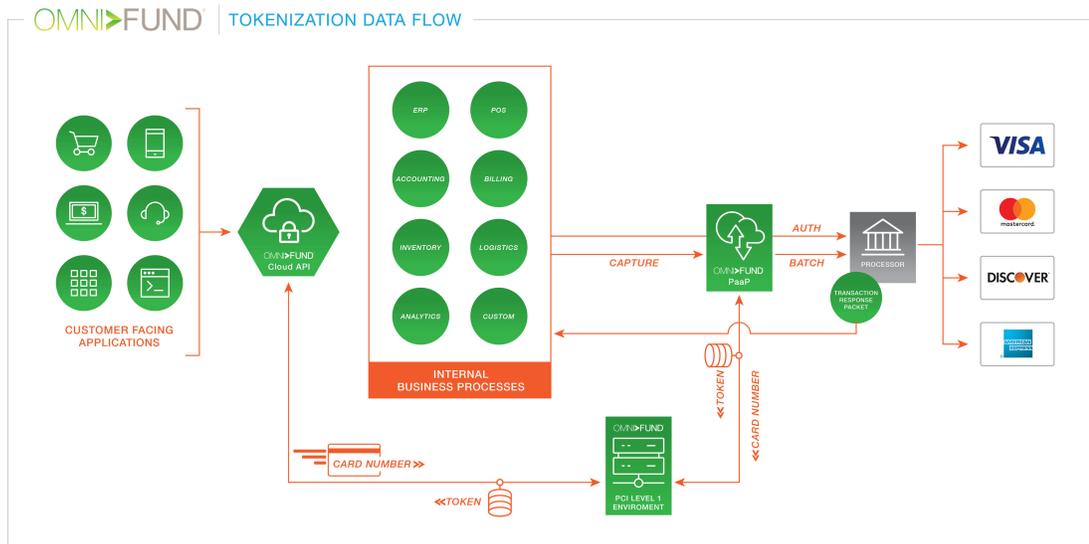


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