



Instructions MIT, Card on file and Recurring

Description

MIT (Merchant Initiated Transactions)

This transaction is always initiated by the Customer and therefore belongs to a category of transactions known as MIT (Merchant Initiated Transactions).

If the Customer needs to implement Transactions without the Cardholder actively participating or reasonably being deemed able to participate in the implementation of the Transaction (e.g.Recurring), an MIT can be carried out if the Customer and Swedbank Pay have agreed on this in writing.

The Customer carries out an MIT by using stored Credit Card information based on a written agreement between the Customer and the Cardholder containing conditions regarding how and for what purpose the Credit Card information may be used by the Customer.

When an agreement regarding an MIT has been entered into with the Cardholder, the initial Transaction must always be executed with Strong Customer Authentication.

Subsequent MIT's are initiated without Strong Customer Authentication.

A MIT can be a Recurring (Recurring) or an Unscheduled MIT.

A MIT may increase the Merchant Service Charge.

The Customer bears the risk for all MIT transactions in accordance with paragraph 10 of the Terms of Service Card acquiring.

Unscheduled MIT

This transaction is primarily used when the purchase amount may vary between withdrawals, and differs from a Recurring transaction, where the amount must always be the same at each withdrawal. The Cardholder gives its approval to the Customer that the amount may vary due to the nature of the goods/services being supplied.

In sectors such as Hotels and Vehicle Rental, there are special types of Unscheduled MIT's. Contact Swedbank Pay for more information.



Differences between recurring's and Unscheduled MIT's

	Recurring	Unscheduled MIT
Requirement for written agreement/consent between the Customer and the Cardholder	Yes	Yes
Amount policy	Only fixed amount at each withdrawal, variable amounts are not allowed	Variable amounts are allowed
Frequency	Only fixed agreed frequency is allowed for each withdrawal, variable frequencies are not allowed	Variable frequencies are allowed
Strong Customer Authentication required	No, only at the time of the initial transaction or in the event of changes	No, only at the time of the initial transaction or in the event of changes
Cardholder active at the time of the purchase	No, only at the time of the initial transaction when the agreement is entered into	No, only at the time of the initial transaction when the agreement is entered into
The Customer initiates the Transaction	Yes, only Recurring	Yes, only Recurring
Risk reduction/Liability shift (protection against Chargeback of fraudulent Transactions)	Only for the initial Transaction when the consent of the Card Customer is registered in connection with a purchase (the amount is known)	No, because the amount in the initial Transaction is zero.
Reference number (known as the Trace/Transaction ID) from the initial transaction is required for Recurring withdrawals	Yes	Yes
Saved/stored Credit Card information held by the Customer (Payment Service Provider) is used	Yes	Yes

Card on file (COF)

COF is a form of payment in which the Cardholder conveniently uses Credit Card information that is saved/stored with the Customer and therefore does not have to enter it manually at each purchase. This is also known as "Card on file" or "COF".

A COF transaction is always initiated by the Cardholder and therefore belongs to a category of transactions known as CIT (Consumer Initiated Transactions).

In the case of COF, saved Credit Card information is retrieved using Technical Equipment or equivalent.

All purchases must, required by law, be initiated by the Cardholder and be authorised with Strong Customer Authentication.

Before a Cardholder registers for COF, he or she must accept the Customer's terms of purchase, including information regarding the purpose of using COF.

The Cardholder must be able to cancel their COF payment without obstacles and with immediate effect.

The authorisation must contain amounts and, in the event no amount is to be charged in connection with the registration, the customer must carry out a Status Check with Strong Customer Authentication. A Status Check of this type contains zero amounts.



COF information, including all information about previously conducted payments, requires the Cardholder to identify themselves at the Customer by logging in or equivalent. Usernames must contain at least six characters and passwords at least six characters, including at least two although not more than four digits. The password must not contain known Cardholder data such as names or personal identity numbers.

A login session from the Cardholder at the Merchant will expire after a maximum of 15 minutes of inactivity, or alternatively the password must be entered prior to each Transaction.

In the event the Merchant offers an App or equivalent, the Cardholder will be reminded to install and use virus protection and a firewall. The Cardholder will also be instructed to use the latest version of the operating system. Furthermore, there may not be any backdoors or potential for remote administration.

When installing the App, the Cardholder will be notified that it is not permitted to install the App on a manipulated device (known as jailbreaking). The App or an equivalent interface should, if possible, detect whether the Cardholder's device (e.g. mobile phone) is manipulated and, if this is detected, deny the use of COF.

Common requirements

Credit Card information that is saved/stored for the purpose of enabling Recurring or COF must be saved in accordance with the security requirements issued at the time by the Trademark Associations and in accordance with PCI DSS. Only truncated Credit Card information may be saved by the Customer.

The Cardholder provides the Customer with written consent to debit saved Credit Card information. This consent must always be authenticated with Strong Customer Authentication.

The terms and conditions of purchase must also include information about how amendments to the terms and conditions will be notified to the Cardholder.

When new or altered Credit Card information for Recurring or COF is registered, this must be authenticated with Strong Customer Authentication and the Security Code.

Swedbank Pay may, where applicable, request that logging in to the Cardholder's profile at the Customer with the underlying saved Credit Card information must be carried out with Strong Customer Authentication.

In the event of any change to the Cardholder's user information or password, the new information must be confirmed via an e-mail sent to the Cardholder.

A Transaction to Swedbank Pay must contain specific information about Recurring or COF and, where applicable, the type of Unscheduled MIT.

Recurring

Recurring is a form of repeated payment where the Cardholder allows the Customer to withdraw a predetermined fixed amount from the Cardholder's Credit Card and to determine the frequency, for example once a month. It is also known as "Recurring". Recurring transactions are always initiated by the Customer and therefore belong to a category of transactions known as MIT (Merchant Initiated Transactions). Recurring has an extensive regulatory framework, both from Visa and Mastercard, which is also in line with the requirements from consumer rights organisations. This regulatory framework is summarised and described as instructions in this document.

The following rules apply to recurring withdrawals that are initiated by the Customer making the Recurring, where the Cardholder has consented to the Customer providing ongoing and/or periodic deliveries of a service, membership, physical products, or digital goods.

- The Customer's telephone number or website address must be sent as the merchant name in each Transaction.
- The fixed amount and the frequency that the Cardholder has approved for withdrawals may not be altered without the consent of the Cardholder, which takes place with Strong Customer Authentication.

Authorisation must always include the agreed amount.



- In the event no amount is to be charged in connection with the registration, the Customer must carry out a Status Check with Strong Customer Authentication. A Status Check of this type contains zero in the amount.
- The amount in a Recurring must always be the same for each withdrawal. If it is possible that the amount may differ for each withdrawal, a different type of transaction within the category MIT must be used (see Unscheduled MIT).
- The reference number ("Trace ID"), which is obtained during the initial transaction where the Cardholder approves the consent, must always be saved and then included in subsequent withdrawals. Check with your Payment Service Provider how to access this reference number.
- Subsequent withdrawals with Recurring are always initiated by the Customer and therefore cannot be carried out using 3D Secure and the Security Code. However, the Customer bears all the risk in the event of, for example, fraudulent Transactions.
- All Recurring must be sent for Authorisation. In the event that Authorisation is declined, withdrawals may not be carried out.
- If an Authorisation is declined because the card has been blocked, no new Authorisation attempt may be carried out. If Authorisation is declined for other reasons, a maximum of two new attempts may be carried out.
- Before a Cardholder registers for Recurring, he or she must accept the Customer's terms of purchase, including information about the amount and frequency, as well as any time limit on when withdrawals will take place.
- The Customer must present the subscription terms at the same time as a request for registration of Credit Card information. The information must include the price that will be charged as well as the frequency (for example, "You will be charged SEK 199.00 per month until you cancel the subscription"). If the Customer uses trial services/free offers, the terms and conditions for the trial period must also be presented, including any initial charges, the length of the trial period, the price and the frequency of the subsequent subscription (for example, "You will be charged SEK 29.00 today for a 30-day trial period. At the end of the trial period, you will be charged SEK 199.00 per month until you cancel the subscription.").
- The Customer must present the subscription terms clearly on all web pages for payments and orders.
- Save the Cardholder's active selections and their approval of the subscription terms. Providing a link to another web page or requiring the Cardholder to expand a message box or to scroll down the web page to view the subscription terms does not meet this requirement.
- Immediately after the Cardholder has placed an order for a subscription, the Customer must immediately send confirmation to the Cardholder by e-mail or some other electronic communication method, setting out the subscription terms and clear instructions on how the Cardholder can cancel the subscription.
- Every time the Customer conducts an approved Authorisation, the Customer must provide the Cardholder with a transaction receipt by e-mail or some other electronic communication method containing instructions on how to cancel the subscription (and thereby withdraw consent for any subsequent recurring debits/withdrawals). The Cardholder can opt out of receiving these messages.
- The Customer must provide an online or electronic cancellation method (similar to unsubscribing from e-mails or some other electronic method) or clear instructions on how to cancel that are easily accessible online (such as a "Manage subscription" or "Cancel subscription" link on Customer's website).
- For all subscriptions where the withdrawal frequency is every six months (180 days) or less, the Customer must send an electronic reminder to the Cardholder at least seven days but not more than 30 days before the next withdrawal date, which includes the subscription terms and clear instructions on how the Cardholder can cancel the subscription. In the subject line, the communication must clearly indicate that it relates to future withdrawals for the Cardholder, for example "Important information about upcoming withdrawals on your card". The message must differ from marketing communications that are otherwise sent to the Cardholder.



Trial services/free offers (free trials)

In this case, the Cardholder is offered the opportunity to purchase a subscription in order to automatically receive one or more physical products (such as cosmetics, healthcare products or vitamins), digital goods or services on a recurring basis (weekly, monthly, half-yearly or annually). In the sense it is used in this section, the term “product” refers to a physical product or digital goods.

- The subscription is initiated through an agreement between the Cardholder and the Customer, whereby the Cardholder agrees to receive a sample of the product or the services (either free of charge or at a price) from the Customer during a trial period. The sample may be larger than, equal to or smaller than the product that is supplied by the Customer during the subscription period.
- A trial period refers to a predetermined period of time during which the Cardholder can evaluate the characteristics of the product or service, such as its quality or usefulness, in order to determine whether the Cardholder wishes to purchase the product or service on a one-off or recurring basis or to return the product (if possible) to the Customer.

After the expiry of the trial period, the Customer can use Credit Card information provided to the Customer by the Cardholder to submit withdrawals on a recurring basis every time the Product is dispatched, delivered or otherwise made available to the Cardholder, until:

- The Cardholder takes steps to terminate the agreement with the Customer by notifying the termination of the subscription
- The Customer terminates the agreement; or
- The Subscription expires.

The following applies to recurring withdrawals in association with trial services/free offers where the Customer is offering digital goods or services:

For digital goods and services

- For digital goods and services offering a trial period longer than seven days: At least three days and not more than seven days before the end of the trial period, the Customer must send a reminder to the Cardholder notifying that the subscription will commence if the Cardholder does not terminate the subscription, or whenever the terms and conditions change. This notification must contain the basic terms of the subscription plan and clear instructions in case the Cardholder wishes to cancel the subscription. This reminder can be sent by e-mail or other electronic method.

For physical products:

- Recurring withdrawals must include the same Customer number and market name that are used in the initial transaction.
- After the expiry of the trial period for a physical product, the Customer must provide the following information to the Cardholder and obtain the express consent of the Cardholder in connection with this information before the Customer can submit an Authorisation regarding the initial recurring withdrawal for the Transaction for the full size or regular price product:
 - Date when the subscription period begins
 - The Transaction amount
 - The Transaction date



NB: After the Cardholder has given his or her consent, the Customer may not change this transaction date. However, a later payment date may be offered by the Customer prior to consent, if the Authorisation is refused by the Card Issuer due to the Cardholder having insufficient funds.

- The Customer's name as it will appear on the Cardholder's bank statements/online bank
- Instructions for terminating the recurring debit, such as cancelling the subscription at the request of the Cardholder.

Every time the Customer has conducted an approved Authorisation, the Cardholder must receive a receipt by e-mail or other electronic communication method (such as a text message) including instructions for terminating the recurring withdrawal (i.e. cancelling the subscription). If the Customer provides the Cardholder with a receipt despite the fact that the Authorisation has been rejected, this receipt must indicate the reason for the rejected Authorisation.

- The Customer must provide the Cardholder with written confirmation, either in hard copy or in electronic format, at least seven (7) days in advance when one or more of the following events occurs:
 - The Cardholder's trial period expires
 - The Customer revises the terms and conditions
 - The recurring withdrawal has been terminated by either the Customer or the Cardholder. In this case, the notification must be sent no later than seven days after the Cardholder's decision to cancel

Examples of a few use-cases regarding Recurring

1. Registration of Credit Card information for future Recurring without a purchase/order

A Cardholder can save their Credit Card information with the Customer for future Recurring without making a payment at the time when the information is saved. In this use-case, Swedbank Pay requires that the Customer, through its Payment Service Provider, should initiate a request for authentication of the Cardholder via 3D Secure, marked as a payment authentication (message category "01"), but with the amount zero. The security value (known as AAV) that is obtained from this 3D Secure request must then be used in an Authorisation with the aid of a Status Check (known as AVR/ASI), with the amount zero. Check with your Payment Service Provider how this affects your connection to the Payment Service Provider.

If Credit Card information is to be saved without making a payment initially for a subscription, but where the future recurring amount range is known, the 3D Secure authentication must be performed for the anticipated maximum future transaction amount in the same series of recurring transactions. However, the amount in the Status Check must still be zero.

Transaction flow (amount unknown)

- a) Authenticate amount 0 (zero) in 3D Secure
- b) Send Status Check with amount 0 (zero)
- c) If Status Check is approved, save the Credit Card information

Transaction flow (amount known)

- a) Authenticate the highest anticipated transaction amount in 3D Secure
- b) Send Status Check with amount 0 (zero)
- c) If Status Check is approved, save the Credit Card information



2. Subscription, fixed frequency

The Cardholder must pay SEK 399 to gain access to the subscription for 4 months. The subscription terminates automatically after 4 months.

Transaction flow

- a) Authenticate the amount SEK 399 in 3D Secure
- b) Send Authorisation initially with the amount SEK 399
- c) Withdraw SEK 399 in the first month
- d) Do not send an Authorisation or withdrawal every month, because the subscription has already been paid in advance

The transaction must NOT be marked as a Recurring.

3. Subscription until further notice with promotional price

The Cardholder must pay SEK 30 per month for 3 months. After this, the subscription costs SEK 149 (regular price) per month. If the subscription is terminated within 3 months, the subscription ends after the promotional period and the total cost will be SEK 90. If the Cardholder chooses not to terminate their subscription, it automatically switches to an ongoing subscription at SEK 149 per month.

Transaction flow

- a) Authenticate the maximum calculated monthly amount, SEK 149 in 3D Secure
- b) Send Authorisation initially with the amount SEK 30
- c) At each withdrawal, send Authorisation for SEK 30 each month.
- d) If Authorisation is approved, withdraw SEK 30
- e) After the end of the promotional period, Authorisation for SEK 149 will be sent at each withdrawal
- f) If Authorisation is approved, withdraw SEK 149

4. Subscription with no fee for the first month

Registration of Credit Card information for future Recurring in connection with a purchase/order, with first month free and subsequent withdrawals at SEK 199 per month.

Transaction flow

- a) Authenticate the maximum calculated monthly amount, SEK 199 in 3D Secure
- b) Send Status Check initially with the amount SEK 0
- c) After the first free month, send Authorisation for SEK 199 every month at each withdrawal
- d) If Authorisation is approved, withdraw SEK 199

5. Increased price

On 1 April, the price of the subscription will be increased from SEK 159 to SEK 179 per month. Existing Cardholders will have access to the subscription at SEK 159 per month up to and including 1 August. After that, it will switch to the new price. A new written consent needs to be obtained from the Cardholder.

Transaction flow

- a) Authenticate the new monthly amount of SEK 179 in 3D Secure in connection with obtaining new written consent
- b) Send Authorisation initially with the amount SEK 179
- c) If Authorisation is approved, withdraw SEK 179

6. Switching from Recurring to Unscheduled MIT

The starting point is that the Customer currently has Recurring. Because the amount in the subscription may vary, for example every month, there must be a transition to Unscheduled MIT. A new written consent needs to be obtained from the Cardholder if one exists for Recurring.

Transaction flow

- a) Authenticate a zero amount in 3D Secure in connection with obtaining new written consent
- b) Send Authorisation with the relevant amount
- c) If Authorisation is approved, withdraw the relevant amount on the relevant agreed date

Examples of some use-cases regarding COF

1. Registration of Credit Card information for future COF without a purchase/order

A Cardholder can save their Credit Card information with the Customer for future COF without making a payment at the time when the information is saved. In this use-case, Swedbank Pay requires that the Customer, through its Payment Service Provider, should initiate a request for authentication of the Cardholder via 3D Secure, marked as a payment authentication (message category "01"), but with the amount zero. The security value (known as AAV) that is obtained from this 3D Secure request must then be used in an Authorisation with the aid of a Status Check (known as AVR/ASI), with the amount zero. Check with your Payment Service Provider how this affects your connection to the Payment Service Provider.

Transaction flow (amount unknown)

- a) Authenticate amount 0 (zero) in 3D Secure
- b) Send Status Check with amount 0 (zero)
- c) If Status Check is approved, save the Credit Card information

2. Registration of Credit Card information for future COF in connection with a purchase/order

A Cardholder can save their Credit Card information with the Customer for future COF in connection with a payment at the time when the information is saved. Check with your Payment Service Provider how this affects your connection to the Payment Service Provider.

Transaction flow (amount known)

- a) Authenticate the transaction amount in 3D Secure
- b) Send Authorisation with the same transaction amount as above
- d) If Authorisation is approved, save the Credit Card information
- e) Supply goods/services



3. Subsequent purchases with COF

Transaction flow

- a) Authenticate the transaction amount in 3D Secure
- b) Send Authorisation with the same transaction amount as the above authentication
- c) If the Authorisation is approved, supply the goods/service