

Advancing a Healthy Payments Ecosystem



Brand Protection

The Mastercard Franchise Management Program applies to all issuers, acquirers, and non-customers (service providers and payment facilitators). The program is dedicated to supporting healthy customer and service provider growth. The program works with customers and service providers to ensure that they understand and operate within franchise architecture and standards to minimize operational, financial, reputational and compliance risk.

In addition, the Franchise Management Program provides industry best practices to support business growth by enhancing the overall operational efficiency and profitability of the issuing and acquiring portfolio while maintaining losses at an acceptable level.

Customer Franchise Review Process

Mastercard requires that each customer (parent and child member ID/ICA number) conduct its issuing and acquiring activities in a prudent and financially sound manner so as to avoid inordinate risk to itself and other customers. Mastercard selects customers for a customer review of their systems and programs, in an effort to determine whether the selected customer has put in place adequate and effective measures and processes to avoid inordinate risk. A Mastercard customer must submit to and cooperate in a customer review.

Customer review conditions are located in Chapter 13 of the Mastercard Security Rules and Procedures and include high fraud and noncompliance with Mastercard standards. Upon initial contact, a two-day onsite review is conducted in collaboration with the customer and involves employee meetings and a walkthrough of the customer's procedures and daily activities. Upon Mastercard staff's completion of the onsite review, key findings are shared with the customer prior to the formal submission of the report within the month. The report contains key findings, recommendations, and a project plan to track the implementation of recommendations.

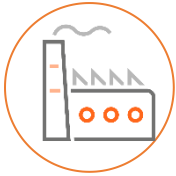
The customer receives a detailed and comprehensive gap analysis report containing recommendations and benefits of critical findings during the course of the review. If required, the report is supplemented by an action plan.



Issuer Review Topics

An issuer review will cover the following topics, where applicable:

- Account Data Compromise (ADC) Event or Potential ADC Event identification and analysis
- Authorization function, process, and performance
- Card acquisition channels
- Card application process, including application fraud
- Cardholder communication strategy
- Chargebacks and recoveries
- Credit scoring and bureau information
- Cybersecurity
- Data security/PCIDSS
- Description of customer implementation strategy with regard to EMV chip/PIN, Mastercard® SecureCode™, and Mastercard® MasterPass™ technologies
- Direct sales agency
- Fraud and Loss Database
- Fraud detection performance and effectiveness
- Fraud loss control programs
- Licensing and Registration
- Management information systems analysis and methodology
- Operational statistics
- Organizational structure
- Third-party onboarding
- Third-party risk management
- Transaction verification strategy
- Use of Mastercard Connect™



Acquirer Review Topics

An acquirer review will cover the following topics, where applicable:

- Acquirer compliance programs
- ADC Event or Potential ADC Event identification and analysis
- Authorization function and process
- Credit bureau information
- Data security/PCIDSS
- Description of customer implementation strategy with regard to EMV chip/PIN, Mastercard SecureCode, and Mastercard MasterPass technologies
- Direct sales agency
- E-commerce and Internet site data integrity
- Fraud detection performance and effectiveness
- Fraud loss control programs and merchant monitoring
- Licensing and Registration
- Management information systems analysis and methodology
- Member Alert to Control High-Risk (merchants) (MATCH™)
- Merchant acquisition channels (retail and e-commerce)
- Merchant agreements
- Merchant application process, including application fraud
- Merchant site inspections (retail and e-commerce)
- Merchant support and services
- Operational statistics
- Organizational structure
- Point-of-sale (POS) terminal capability
- Transaction verification strategy
- Use of Mastercard Connect
- Use of website monitoring solution to avoid potential illegal or brand-damaging violations



For more information on the Franchise Management Program, please contact us at FMP@mastercard.com