

*MasterCard
International*



An Introduction for Online Merchants



MasterCard® SecureCode™

**Building Consumer Confidence,
Extending Your Market Reach**



Introducing **MasterCard**



The possibilities of the online marketplace are virtually unlimited, if you have the right solution.

- ... Online shopping is at all-time highs, but nowhere near its potential.
- ... Security concerns are fewer, but there's room for improvement.
- ... Consumer confidence is growing, and so are your options for maximizing it!

Introducing MasterCard® SecureCode™...

- Inspired by market demand.
- Informed by consumer insight.
- Enabled by MasterCard expertise.

MasterCard International presents an authentication tool that takes online shopping security and consumer confidence to a new level. It's MasterCard SecureCode and it will set a whole new standard for how merchants and cardholders do business online. Merchants adopting MasterCard SecureCode will find that it is an easy, cost-effective way of improving customer confidence in e-commerce transactions. **Best of all, it fills a void for online merchants by providing a straightforward, new means of achieving fully guaranteed e-commerce transactions.**

SecureCode

Across town...and across borders, MasterCard SecureCode is designed to help online merchants increase sales volume by:

- Enabling fully guaranteed, online payments
- Building confidence in virtual transactions
- Accelerating growth in online shopping
- Capturing new, cross-border sales opportunities

MasterCard®
SecureCode™

Today's Online Shopping Environment

For all its potential, the e-commerce environment also presents significant challenges. Unlike the traditional shopping experience, there is **no signed sales receipt**, and, therefore, **no sure way for a merchant to dispute a cardholder claim that a purchase wasn't made**. In fact, our data shows that "I didn't do it" or

"cardholder non-authorization"*

chargebacks represent an increasingly large percentage of all e-commerce chargeback expenses—over 80%¹ in recent years. This poses a serious dilemma for merchants interested in tapping into today's new business channels.

MasterCard SecureCode
Online
Transactions:

Guaranteed

Consumer Concerns about Online Shopping

At the same time, industry data suggests that many consumers are holding back on Internet

*Reason Code 37

¹MasterCard International INET Reports, Fourth Quarter 2000

purchases due to lingering security concerns. MasterCard research shows, for example, that 90% of online non-buyers worry that their personal and financial information may fall into the hands of hackers. Seventy-one percent are concerned about credit card fraud. This level of reluctance is a very real barrier to building online business.

Introducing MasterCard® SecureCode™

MasterCard SecureCode was designed to go right to the heart of today's online security concerns. With this solution, **cardholders are able to authenticate themselves to their issuer through the use of a unique, personal code**.

Much like the familiar authentication process required for use of a bank ATM, MasterCard SecureCode requires cardholders to enter their special code in a pop-up box from their issuer before the transaction can be authorized. **Use of this unique personal code gives cardholders the added peace of mind that comes with knowing that no one else has access to their SecureCode™**. It's a small, extra step, but a welcomed confidence booster.

Merchant	Golf Shop
Amount	\$250.00
Date	07-30-2002
Card Number	XXXX-XXXX-XXXX-0071
Personal Greeting	Hi Susan
SecureCode	<input type="text"/>

Inspired by Market Demand. In

MasterCard SecureCode Meets the Concerns of Merchants and Consumers

- Carries unique authentication data that links the cardholder to a specific e-transaction, giving the merchant explicit evidence of an authorized purchase;
- Provides the basis for a guaranteed online transaction—like that available for physical point-of-sale transactions for many years;

MasterCard SecureCode, and its associated positioning, have been thoroughly tested in consumer research. A wide-ranging global roll-out is underway to promote MasterCard SecureCode, enabling online merchants to benefit from the broad awareness MasterCard will be generating for this new service.

Meeting Your Business Objectives

Security and cardholder authentication for virtual channels are critical issues facing merchants today. They represent an unpredictable—and increasing—business expense in the form of chargeback processing costs. Perhaps most important for the long run, consumer security concerns represent a stubborn marketing challenge for merchants seeking to do business online.

It is estimated that **fewer than half** of potential online users have ever participated in a virtual transaction. For online merchants worldwide, this represents an **untapped \$3 trillion plus market*** opportunity. MasterCard SecureCode is designed to help merchants take advantage of all the revenue-generating possibilities posed by virtual transactions. It addresses head-on the merchant's need for explicit evidence of an authorized purchase and the consumer's need for confidence-boosting technology that

*eMarketer, 2002

secures his or her right to privacy and fraud protection. Furthermore, MasterCard SecureCode achieves all of this with minimal cost impact and time investment on the part of the participating merchant.

Global Data Collection and Transportation

MasterCard SecureCode requires a merchant plug-in, hidden fields, and the deployment of a simple, common method of collecting and passing cardholder authentication data at the merchant web site. Known as the **Universal Cardholder Authentication Field or UCAF™**, this globally interoperable data transport mechanism standardizes the way cardholder authentication data is carried among all parties in a transaction—cardholders, issuers, merchants and acquirers.

By utilizing the UCAF infrastructure, cardholder authentication data can be used to link cardholders to the transaction much like a signature in the offline payment environment. This then gives the merchant and card issuer explicit

MasterCard Se
**Cross-
Sales:**



formed by Consumer Insight. Ena

- **Boosts consumer confidence in e-commerce overall by reducing chances that others can use their account numbers online;**
- **Has minimal cost impact on merchant and processor systems;**
- **Supports MasterCard and Maestro credit and debit transactions, opening up many new cross-border transaction opportunities;**
- **Standardizes the way cardholder authentication data is carried among the parties in a transaction, promoting deployment throughout the online merchant community;**



SecureCode Border

evidence that the cardholder authorized the purchase — thus **reducing fraud and chargeback costs.** And, because it fully supports Maestro® debit transactions in addition to MasterCard transactions, MasterCard SecureCode (and its underlying UCAF data transport mechanism)

gives merchants a new means of enabling PIN-based debit transactions over the Internet, thus **opening the door to more e-commerce transactions and cross-border options.** This is a particularly valuable feature in countries where debit is more heavily used than credit.

In this way, MasterCard SecureCode enables online merchants to receive a **global payment guarantee** similar to the one that they have enjoyed with physical, point-of-sale transactions for the past 35 years. In order to qualify for MasterCard's new global payment guarantee, participating online merchants must implement the UCAF hidden fields as well as a merchant plug-in and display the MasterCard SecureCode logo on their websites.

Getting MasterCard SecureCode for Your Business — A Big, but Simple, Step in the Right Direction

Merchant requirements are straightforward and quite manageable, especially considering the ultimate benefits. To implement MasterCard SecureCode on your website, all you need to do is contact your transaction processor to ensure UCAF processing support and update your site to include the special UCAF hidden data fields and the merchant plug-in application. Cost impact for the UCAF hidden fields and plug-in is designed to be minimal, both initially and on an ongoing basis. MasterCard SecureCode integrates easily into both new and existing platforms so that a broad spectrum of cardholder authentication schemes can be supported.

And costs are expected to remain relatively low when there's a need to change or upgrade technology, because the method of transporting the authentication data is standardized through UCAF.

Once you have deployed the UCAF fields, it is up to the issuer to authenticate its cardholders for online transactions. The authentication data, together with an authorization approval, precludes issuers from utilizing "cardholder non-authorization" chargebacks. This global payment guarantee allows you to focus on the business of fulfilling orders, rather than dwelling on transaction authentication concerns.

Enabled by MasterCard Expertise.

- Integrates into both new and existing platforms to support a broad spectrum of cardholder authentication schemes.



MasterCard SecureCode
**Internet Sales
Volume:**

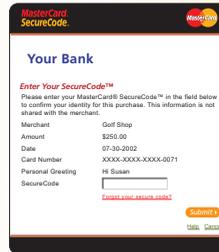
Increased

1.



Merchants deploy a series of discrete, hidden HTML fields "behind" their online checkout page as well as a merchant plug-in application. These hidden fields are invisible to the cardholder and have no impact on the shopping experience.

2.



Cardholders shop online with an issuer-defined security solution at SecureCode-enabled merchants. Upon successful authentication of the cardholder by his or her card issuer, MasterCard

SecureCode generates an electronic equivalent of the cardholder's signature, or an authentication "token." This token is the key that binds the cardholder to the transaction.

3.

Merchant collects the transaction details and authentication information presented and passes it along with required merchant information to their acquirer.

MasterCard
SecureCode™

4.

MasterCard transports the transaction information and passes it along to the issuer for authorization processing.



Here's How It Works

The time is now for reducing the costs and hassles associated with chargeback processing ... and for tapping a vast market of potential online shoppers estimated at \$3 trillion plus worldwide.



MasterCard SecureCode is one more example of how MasterCard is putting the full power of e-business to work for you. Our goal is to provide you with the tools you need to efficiently and effectively tap into the enormous opportunities of today's online marketplace. It's the commitment that you and your customers have come to expect from MasterCard.

For more information on MasterCard SecureCode, please contact your transaction processor or e-mail us at e-Business@mastercard.com



www.mastercardonline.com

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