SHIFT4™

Business Guide

Decline Handling Guidelines

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Introduction

Do you sometimes feel that you do not really know why a transaction was declined by the issuer?

Many issuers use a generic decline reason that makes it hard for merchants to understand whether a decline is temporary or final. This drives merchants to resubmit the same transaction multiple times, creating a high volume of retries that leads to increased costs and confused shoppers.

In recent years, the card schemes introduced rules for transaction retry and for fraud prevention. These rules are intended to create more clarity and transparency and to reduce fraudulent activity thus improving your payments performance. Some of these rules incur fees that may be applied to noncompliant merchants.

This guide presents the Visa and Mastercard guidelines and requirements for how to handle declined transactions. It includes decline codes management guidelines and technical information you might need to implement the card schemes' requirements. Further technical information can be found in the *Shift4 Payment Platform API* Specifications in our Developer Portal.

Shift4 Retry Optimization Service

In order to help you handle declines, we offer a service that automatically blocks any attempt to resend a transaction that violates the rules set by each scheme. This solution minimizes the development required from your side, ensures that you are properly following the card scheme requirements, and helps you avoid high fees charged for resending declined transactions.

To learn more and to add this service to your account, contact your Shift4 account manager.

Visa Guidelines for Decline Handling

Visa deals with transaction reattempts by using dedicated response codes which it divides into 4 categories, each incurring different fees.

Each category indicates whether retries are allowed, how many retries are allowed, and how long you can keep retrying. Use this information as a guideline when setting up transaction processing.

Note that a decline code that is listed in more than one category will incur a fee depending on the overall decline handling behavior.

All the declines codes are listed in Appendix D of our *Shift4 Payment Platform API* Specifications accessed from our Developer Portal.

Decline Code Categories

Category 1 – Issuer will never approve

This category indicates that a card is invalid, never existed, or is blocked; meaning there are no circumstances under which the issuer would approve the transaction.

The following decline codes are included in category 1:

Decline Code	Meaning
04	Pick up card (no fraud)
07	Pick up card, special condition (fraud account)
12	Invalid transaction
14	Invalid account number [no such number]
15	No such issuer [first 8 digits of account number do not correspond to an issuing identifier]
41	Lost card, pick up
43	Stolen card, pick up
46	Closed account
57	Transaction not permitted to cardholder
R0	Stop payment order
R1	Revocation of authorization order
R3	Revocation of all authorizations order

Category 2 – Issuer cannot approve at this time

This category indicates that the issuer may approve but cannot do so now due to a system issue or lack of cardholder funds. It is a temporary decline and may change over time and if retry attempts are revised.

The following decline codes are included in category 2:

Decline Code	Meaning
03	Invalid merchant
19	Re-enter transaction
39	No credit account
51	Insufficient funds
52	No checking account
53	No savings account
59	Suspected fraud
61	Exceeds approval amount limit
62	Restricted card (card invalid in region or country)
65	Exceeds withdrawal frequency limit
75	Allowable number of PIN-entry tries exceeded
78	Blocked, first used or special condition [account is temporarily blocked]
86	Cannot verify PIN
91	Issuer or switch inoperative
93	Transaction cannot be completed – violation of law
96	System malfunction
N3	Cash service not available
N4	Cash request exceeds issuer or approved limit
Z5	Valid account but amount not supported

Category 3 – Issuer cannot approve with these details

This category indicates that the issuer cannot approve the transaction based on the details provided, for example due to an incorrect card verification value or expiration date issue.

The following decline codes are included in category 3:

Code number	Meaning
54	Expired card or expiration date missing
55	PIN incorrect or missing
70	PIN data required [Europe Region only]
82	Negative Online CAM, dCVV, iCVV, or CVV results
1A	Additional customer authentication required [Europe Region only]
6P	Verification Failed [Cardholder Identification does not match issuer records]
N7	Decline for CVV2 failure

Category 4 – Generic response codes

This category includes all decline codes that are not included in categories 1, 2 and 3.

Fees and Conditions

Visa has set limits for each category, and charges a fee for every transaction exceeding the limits, as follows:

• Domestic and interregional transactions: USD 0.10

• International transactions: USD 0.15

The fees are charged from the first transaction exceeding the conditions detailed in the table below. They will be charged as an Adjustment as defined in the Operational Terms & Conditions.

Fee	Category	Condition
Issuer will never approve reattempt fee	• Category 1 – Issuer will never approve	The fee will be applied for any attempt to reauthorize a transaction that has received a category 1 decline.

Fee	Category	Condition
Excessive reattempt fee	• Category 1 – Issuer will never approve • Category 2 – Issuer cannot approve at this time • Category 3 – Issuer cannot approve with these details	The fee will be applied for every transaction resubmission attempt above 15 attempts per card in a 30-day period after receiving category 2, 3 or 4 declines.
Data quality fee	• Category 3 – Issuer cannot approve with these details	The fee will be applied for any attempt to authorize a transaction after receiving 25,000 category-3 declines in a 30-day period per merchant.

Recurring Payment Declines and Fees

Visa has assigned dedicated decline codes for cases in which a cardholder requests to stop recurring payments transactions to a merchant:

• R0 - Stop payment order

• R1 - Revocation of authorization order

• R3 - Revocation of all authorizations order

 These codes are part of *Category 1 – Issuer will never approve*, but incur a behavioral fee that is different from Category 1 fees.

When receiving these decline codes, Visa allows up to three authorization attempts for the same card. For the fourth and every subsequent recurring transaction decline, Visa charges a fee of EUR 1.00 per authorization.

Mastercard Guidelines for Decline Handling

Mastercard deals with declines by providing more information on the decline reason through a dedicated value that advises merchants whether the decline is final or not, as well as the course of action the merchant can take.

Decline Values

When you send a transaction, Shift4 returns a response code that indicates the status of the transaction (parameter z6). This response code indicates whether the transaction was completed successfully, and some limited information in cases where it was unsuccessful.

Mastercard provides more accurate decline responses for some transactions declines using a Merchant Advise Code (MAC), which is a dedicated value that clearly indicates to the merchant whether an attempt to retry the transaction is advised (parameter z44).

The table below shows the possible values of the Merchant Advice Code (MAC) returned via our Shift4 API. Full information on the parameters and transaction flow can be found in *Shift4 Payment Platform API* Specifications accessed from our Developer Portal.

Parameter Name	Type	Length	Description
z44	[0-9]	2,2	Merchant Advice Code (MAC) Possible values: • 01: Updated or additional information needed • 02: Try again later • 03: Do not try again **Note: This indicates a final decline** • 04: Token requirements not fulfilled for this token type • 21: Payment cancelation **Note: This indicates a final decline** • 22:Merchant does not qualify for product code • 24: Retry after 1 hour • 25: Retry after 24 hours • 26: Retry after 2 days • 27: Retry after 4 days • 28: Retry after 6 days • 29: Retry after 8 days • 30: Retry after 10 days • 40: Non-reloadable prepaid card • 41: Consumer single-use virtual card number

Fees and Conditions

Mastercard charges four types of fees, based on transaction retry guidelines. The fees are charged based on the merchant descriptor, even if the resend attempt is processed through an acquirer different from the acquirer in the original transaction.

These fees are charged every month on the activity of the previous month and appear in your statement as Adjustments, as defined in our Operational Terms & Conditions.

The guidelines, conditions and pricing are listed below per fee.

Do Not Retry Fee

Mastercard charges a fee of EUR 0.50 for every attempt to reauthorize a transaction that was declined and received a final decline advice code within 30 days of the final decline.

Final decline codes are:

• MAC 03 – Do not try again

• MAC 21 – Payment cancelation

First Decline Fee

Mastercard charges a fee of EUR 0.04 for every card-not-present transaction that received certain combinations of Response Code and Merchant Advice Code as appears in the table below:

Response Code [z6]	Merchant Advice Code [z44]	What it means
79 or 82	01	Updated information is available in the Account Updater service. If you want to try again, use the updated card information
	03	Do not try again
83	01	Check the card information accuracy or perform customer authentication (for example, 3D Secure)
	03	Suspected fraud – Do not try again

Insufficient Funds Fee

Mastercard charges a fee for every recurring card-not-present transaction that received an 'insufficient funds' decline code (z6 = 51), with certain MAC values as appears in the table:

Response Code [z6]	Merchant Advice Code [z44]	What it means
51	24	You can retry after 1 hour
	25	You can retry after 24 hours
	26	You can retry after 2 days
	27	You can retry after 4 days
	28	You can retry after 6 days
	29	You can retry after 8 days
	30	You can retry after 10 days

The fee is charged according to the country in which the merchant is incorporated:

• EEA countries, UK and Gibraltar: EUR 0.004

• Switzerland: EUR 0.01

Excessive Authorization Fee

Mastercard charges a fee of EUR 0.55 for every transaction resubmission attempt of the same card and same merchant descriptor, that exceeds the following thresholds:

- The card was already declined 10 times in the past 24 hours with any decline code

- The card was already declined 35 times in the past 30 days period with any decline code. *(Effective as of August 2024)*

Technical Implementation

To implement the requirements, you can choose between two possible approaches:

- **Develop the decline handling logic on your system:** Rely on the information provided through the Shift4 Payment API response messages to manage your checkout process according to the requirements.

- **Sign up for Shift4 Retry Optimization service:** The service automatically blocks any attempt to resend a transaction that received a final decline response.

Depending on your implementation approach, build the necessary logic to let your customer know the transaction was declined.

Developing your own checkout logic to handle final declines

If the issuer's decline reason is a final decline, the [z44] parameter will be returned with one of the following values:

- [03] – 'do not try again'
- [21] – 'payment cancelation'

In these cases you should not attempt to resend the same transaction again. That is, do not send the same card and the same transaction amount from the same merchant descriptor within 30 days of the final decline. Make sure to display to your customer a message that indicates they should provide a different payment method in order to complete the checkout process.

All other z44 parameters include indication regarding reattempts, and you should build your logic based on the information received in them.

Shift4 Retry Optimization Service

The service automatically prevents the resending of a transaction that violates the card schemes' rules.

If you attempt to resend a transaction that violates the card schemes' rules, you will receive a response from the Shift4 Payment API with z2=07. In this case you should not attempt to resend the transaction again, and instead display to your customer a message that indicates they should provide a different payment method to complete the checkout process.

Need Support?

Contact our 24/7 Client Relations Centre for any additional information or technical issue:

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