

France Acquiring Guide

July 2015

Carte Bancaire and the French acquiring landscape

Carte Bancaire is the most widely used payment method in France. In 2014, more than 94% of the French population above 15 years of age had a “Carte Bancaire” card, and in 2015, there were 63.2 million “Carte Bancaire” issued cards, representing 1.4 cards in average per person.

The split of French-issued cards is as follows:

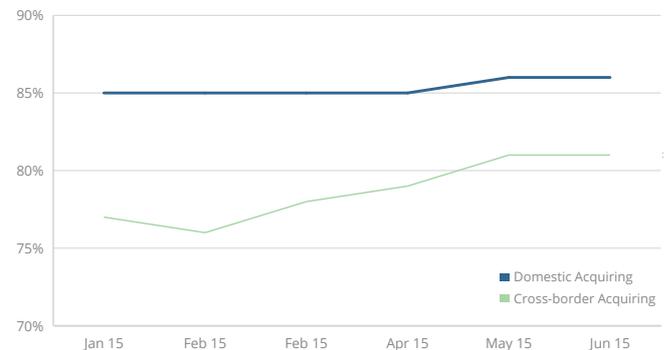
- Around 95% are co-branded Carte Bancaire & MasterCard or Carte Bancaire & Visa
- Around 4% are “MasterCard only” or “Visa only”
- Around 1% are “Carte Bancaire only”

This means that 95% of French cards can be processed on the local Carte Bancaire network, as well as on the international networks (Visa and MasterCard).

Benefits of local card processing in France

Processing French-issued cards via the local (i.e. Carte Bancaire) network has several key benefits. The most important benefit is that local acquiring in France effectively increases the authorization rate due to a complex issuing network. The following graph demonstrates this by comparing the authorization rate on French cards of all of our merchants via cross-border acquiring (in green) and Carte Bancaire (in blue). In fact, switching from international acquiring to local acquiring can generate an increase in the authorization rate from 0.5% to 6%, depending on the merchant.

Authorization rate: French-issued cards



Note: The above graph shows a slightly larger difference in authorization rates than most merchants will experience if they shift to local acquiring. This is due to the fact that the merchants currently using cross-border acquiring are not the same as the ones using domestic acquiring.

In addition to higher authorization rates, local processing enables merchants to process the 1% of “Carte Bancaire only” cards, and last but not least, being able to process a card on two networks (local or international) gives merchants increased agility and stability.

The ultimate acquiring setup: Local and cross-border

While local card processing in France delivers better results for the above-mentioned reasons, the most effective setup is a

dynamic combination of local and cross-border acquiring. This setup delivers the following benefits:

Back-up routing

Co-branded French cards allow us to have two acquiring routes and build a back-up routing functionality. When incidents occur on the primary route (Carte Bancaire for instance), traffic is automatically routed through the back-up route (international acquiring).

Retry

The retry functionality makes it possible to automatically retry certain Refusals via the back-up Acquirer (whether international acquiring or Carte Bancaire), without the merchant or shopper needing to initiate a new transaction. This functionality improves authorization rates and the shopper experience at the same time.

Smart-routing

The objective for merchants that combine local and cross-border acquiring is now to find the optimal mix and dynamically route BINs to the acquirer that performs the best (whether Carte Bancaire or international acquiring).

Adyen performed A/B testing on a number of merchants, in which 50% of French traffic was routed via international acquiring and 50% via Carte Bancaire, enabling us to compare authorization rates on a BIN level. Results demonstrated that although Carte Bancaire has better authorization rates on average, international acquiring actually performs better on the BINs of some French issuers.

Based on the results, we developed a new feature enabling merchants to dynamically route dual-branded cards via Carte Bancaire or via international acquiring. The optimal route is decided based on continuous analysis on BIN level and flagging configurations.

Related information

Carte Bancaire chargebacks

The scheme Carte Bancaire does not consider commercial disputes as an interbank issue, meaning, there are no chargebacks for commercial reasons such as non-delivery of products or services, defective merchandise, goods not as described, and so on. Therefore, commercial disputes must be resolved directly between the merchant and the shopper. 99.9% of the chargebacks received by Adyen are issued with the same reason code: "45: Disputed transaction" (i.e. fraud). However, enabling Dynamic 3D Secure resolves most of the chargebacks.

Since June 1st 2015, the fee for fraudulent chargebacks via Carte Bancaire is €7.50. This is cheaper than the equivalent scheme fees of €12 for Visa fraudulent chargebacks (effective since October 2014) and €15 for MasterCard chargebacks (from August 2015).

French blocked cards

As a direct member of Carte Bancaire scheme, Adyen now receives the referral list of all French blocked cards on a daily

basis. This is a unique feature for the French market and has allowed Adyen to implement a new risk check: "Carte Bancaire Scheme Blocked Cards referral list".

Risk check	Score	Active	Config
Card/Bank Account number referral list	100	<input checked="" type="checkbox"/>	
Shopper IP originates from high-risk country	105	<input checked="" type="checkbox"/>	
Shopper IP referral list	106	<input checked="" type="checkbox"/>	
Issuer referral list	100	<input checked="" type="checkbox"/>	
Issuing Country referral list	100	<input checked="" type="checkbox"/>	
Shopper Email referral list	20	<input checked="" type="checkbox"/>	
Carte Bancaire Scheme Blocked Cards referral list	1	<input checked="" type="checkbox"/>	

By putting a score of 100 on this new risk check, transactions issued from Carte Bancaire—blocked cards will be refused by risk before being sent to the network. The key benefit is that by stopping transactions that would be refused by the networks anyway (as well as unnecessary retries), authorization rates increase. This results in an upward spiral—the higher authorization rate, the less the issuer refuses, further increasing the authorization rate. In fact, we estimate that this risk check will deliver approximately a 0.7% authorization rate increase on French traffic.

In addition to this, other benefits of the risk check include:

- Avoiding unnecessary costs from sending bad traffic to Carte Bancaire.
- More information received on the reasons for refused transactions. This means that instead of receiving the code "05: Do not honor", as previously occurred in most cases, these transactions would be refused by RevenueProtect, the Adyen risk tool.

Merchant application requirements for Carte Bancaire

Merchants do not need to have a French entity to process French cards via Carte Bancaire, but a SEPA entity is required. Merchants with a French entity will get their application within 2 working days and merchants with a SEPA entity within 5 to 8 working days.

Adyen as a Carte Bancaire member

Adyen is an official member of the Carte Bancaire scheme. Through participating in every member forum and meeting, Adyen stays up-to-date with all scheme developments, and is able to use this knowledge for the benefit of our merchants.

Conclusion

Adyen has a unique product in France, available for international merchants with a EU entity. By using Adyen's multi-acquirer solution, merchants will improve revenue through increased authorization rates and higher customer satisfaction, while avoiding unnecessary costs. To find out more about how Adyen's multi-acquirer solution in France can help your business, please contact your account manager or [contact us](#).