



What is a BIN

Consumer v Commercial BIN the Difference

January 2016

Background

- With the changes in interchange coming in that affect only consumer bins there has been a renewed focus from many brands and issuers on what constitutes a commercial BIN.
- Interchange on these commercial BINs remains unchanged and thus significantly higher than the new consumer rates.
- On 20 April 2015 the Council of the European Union formally adopted the Regulation on interchange fees for card-based payment transactions. The stated aim of the EU Council is to reduce costs for both retailers and consumers, to help create an EU-wide payments market and to help users make more informed choices about payment instruments.
- The EU regulations came into force in December 2015. As a Regulation, its provisions become effective immediately: they do not need to be transposed into local law. But as usual with the EU not everything is quite black and white. Whilst the headline numbers are easy to read Member States are permitted for domestic transactions, to set lower caps or allow a fixed fee of no more than five euro cents, which can be combined with the 0.2% or 0.3% fee cap.
- Also, during the first five years of application, Member States may apply the caps calculated as an annual weighted average of all domestic debit or credit card transactions within each payment card scheme. Further for domestic so-called "*universal card*" payment transactions, i.e. those that are not distinguishable as debit or credit card transactions, the debit card cap applies. Again, there is a Member State derogation, but applying only for the first year of application of the caps. So whilst the headline provides nice clean numbers in effect each member state can interpret them slightly differently within overall boundaries – leading to a number of variations of grey.

What is a BIN

- BIN = Bank Identification Number (or IIN Issuer Identification Number), in effect the first six digits of a PAN
- The following table represents a possible usage of the Primary Account Number (PAN) structure. It provides mapping to:
 - Unique cardholder numbers
 - Product/Programme
 - SubBIN
 - BIN

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
BIN						Sub BIN		Product/ Programme		Card Number					Check Digit
B	B	B	B	B	B	X	X	Y	Y	N	N	N	N	N	C
5	3	2	9	1	6	0	0	9	9	0	0	0	0	0	1

Understanding BINs

- Programme Managers by using sub bin ranges' can run multiple programmes on a single BIN, but all types of programme on the BIN must conform to the right type for the BIN, i.e. commercial or consumer
- The following is typical of how a PAN number on a card (in effect the BIN number) could be broken down:

BIN

- PAN digits 1-6. The allocated range of card numbers that can be processed by Scheme via YellowBank as an issuer.

SubBIN

- PAN digits 7-8. This can be used for several different purposes including identifying currencies, or countries, programmes or programme/Brand managers. It is widely considered that it is easier if only 10 BIN ranges are utilised per BIN.
- Cardholder Billing currency of all card numbers within the SubBIN.
- Used to represent a single card programme or a distributor/Brand with multiple programmes each of which is defined by digits 9/10.

Product/Programme

- PAN digits 9-10. Can be used to subdivide a SubBIN into specific programmes when the SubBIN has been allocated to a distributor. Can be used to subdivide a SubBIN into products when the SubBIN has been allocated to a single programme.

Card Number

- PAN digits 11-15 OR digits 9-15, when Product/Programme is not in use for a specific programme i.e. the programme has been set up using SubBIN and has not made use of Product/programme to further subdivide the range). The unique number allocated to an account.

Check Digit

- PAN digit 16. Luhn check digit.

BIN Types

- There are many types of prepaid card programs, or rather there are many applications for prepaid card programs marketed.
- MasterCard offer different categorisations dependent on the reason for identification.
- This can lead to confusion – for the purpose of simplicity this paper particularly identifies the load categories and the spend categories.
- This is particularly helpful when choosing the type of BIN (IIN) which applies.
- From a load point of view MasterCard Categorises Prepaid Card Programs into three categories:
 1. Consumer
 2. Commercial
 3. Government
- MasterCard formally define the BIN types in the form for ICA and BIN's:
 - Commercial Cards: A card issued to an entity or public sector entity or one of its employees and that is intended for use in connection with business expenses made by that entity or public sector entity or by its employee, or a card issued to a self-employed natural person engaged in a business activity and that is intended for use for business expenses. Cards meeting this definition that are issued in the EEA after 31 December 2010 must be identified as Commercial Cards.
 - Consumer Cards: A card issued to a natural person that is not used primarily for business expenses.
- http://www.mastercard.com/how_to_guide/wce/PDF/658c_EUR_ICA_BIN.pdf

Commercial BINs

- There are two types of Prepaid BINs, Corporate/Commercial and Consumer.
 - The BIN's types relate to the spend on the program and have no relation to the deposit identified program types, as covered later.
- A Corporate/Commercial BIN carries a different interchange to a Consumer BIN.
- A Corporate/Commercial BIN describes a BIN where the spending is for and on behalf of the Corporate:
 1. Expenses
 2. Purchasing
 3. Supply Payments
- The key words are 'spending for and on behalf of the corporate', this has implications in that the ownership of unspent funds in the program remain with the corporate.
 - They are not the end users/consumer funds, the end user does not have rights over the funds, they are spending funds for the corporate
- Typical products wrongly allocated are payroll, whilst it is corporate funds loaded, the funds then become the property of end user, the card is thus a consumer BIN, likewise expense reimbursement is consumer, whilst expense cards are corporate

Commercial BINs

- Although there is a simple rule of thumb that a commercial BIN has products which are corporately loaded for the purpose spending on behalf of the Corporate there is what appears to be an exception.
- With MasterCard this exception is for corporates that would cover what are loosely called 'emergency or hardship payments' to consumers.
- Potentially it would also cover aspects such as insurance payouts, or situations where the funds that are unspent are returned to the corporate
- Whilst this could be considered consumer spend, the funds remain in the ownership of the corporate/airline so unspent funds are returned. Essentially it is a replacement for airside petty cash.

Consumer BINs

- A Consumer BIN describes a BIN where the spending is for and on behalf of the Consumer:
 - Payroll
 - Incentives
 - Travel
 - General Spend
 - Expense re-imburement
 - Per Diem expenses
- Ownership of the unspent funds in the program remain with the consumer/end user.
- Often the confusion arises when discussing Corporate and Consumer loaded programmes as it is assumed wrongly that all corporate loaded programmes are counted as corporate BINs as can be seen this is not the case.

Loading Identifier

- The load functionalities have implications when it comes to Risk Review, Anti-Money Laundering Monitoring and Customer contract and communication.
- The load does not necessarily identify the ownership of funds once loaded or how the BIN is designated by the scheme

Commercial Prepaid Card Programs

- Funds are deposited by a commercial entity/corporate. The funds once deposited may belong to the corporate, a consumer or a third party entity as designated by the corporate.
- If loads are allowed by a consumer then this would be identified as a Consumer Programme.
- A Payroll program would be a Commercial Prepaid Card Programme
- A Payroll Plus (Consumer deposit enabled) would be a consumer Programme
- An Expenses Product would be a Commercial Prepaid Card
- Funds maybe owned by Corporates or Consumers

Loading Identifier

Government Prepaid Card Programmes

- Funds are deposited by a government entity. The funds once deposited may belong to the government, a consumer or a designated third party.
- Where a program allows consumers to deposit then it becomes a Consumer Programme
- Funds maybe owned by the Government (Expenses/Purchasing/Emergency Funds) or by Consumers

Consumer Prepaid Card Program

- This identifies any type of program which enables Consumer Deposits.
- Funds are owned by consumers.



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