

## Ensure Online Gambling Transactions Are Legal and Properly Coded

AP, CEMEA, Europe, LAC | Acquirers, Processors, Agents



**Overview:** Acquirers should carefully review their e-commerce merchants’ transaction coding and business practices to ensure compliance with the Visa Rules and applicable laws.

Although online gambling may be legal in some countries, it is also heavily regulated or prohibited in many jurisdictions. To help card issuers operating in global markets comply with laws governing gambling transactions, acquirers are required to ensure that gambling transactions are identified with the correct merchant category code (MCC) and point-of-sale (POS) condition codes.

**Related Training From Visa Business School:**

- [Fraud and Risk](#)

This article reviews the Visa Rules that govern online gambling transactions and clarifies the coding requirements for these transactions. Acquirers should carefully review their e-commerce merchants’ transaction coding and business practices to ensure compliance with the Visa Rules and applicable laws.

Visa was recently advised by the governments of Australia, Hungary, Poland, Slovakia and Turkey about their online gambling laws and the need to ensure transactions with cardholders in those countries comply with these local laws.

### Oversight by the Global Brand Protection Program

As part of the Global Brand Protection Program (GBPP), Visa monitors online gambling transactions to ensure that they are properly identified and contain the required data elements.

The Visa Rules require that online gambling merchants use the following authorization data elements to correctly identify their transactions.

Identifier	Description
MCC 7995 (Field 18)	Betting Including Lottery Tickets, Casino Gaming Chips, Off-Track Betting, and Wagers at Race Tracks
Processing Code 11 (Field 3)	Quasi-Cash / Internet Gambling Transactions (Government lotteries are not subject to quasi-cash indicator requirements)
POS Condition Codes 01, 08, 59 (Field 25)	Card Not Present / Mail / Telephone Order / Electronic Commerce

Acquirers that violate the GBPP may be subject to non-compliance assessments starting at USD 25,000 or EUR 25,000 in Europe per violation (ID#: 0026387). Clients with an excessive number of GBPP violations may also be subject to an on-site operational review to confirm compliance with the [Visa Global Acquirer Risk Standards](#) (English only) and/or be subject to imposition of Corporate Risk Reduction Measures as specified in the Visa Rules (ID#: 0007121 and 0026387).

## Visa Rules Compliance

Visa was recently notified by regulators in Australia, Hungary, Poland, Slovakia and Turkey about online gambling laws that restrict or prohibit gambling transactions in those countries. Acquirers with gambling merchants that conduct business with cardholders in such countries are required to conduct an enhanced due diligence review of their merchants' business practices to ensure they comply with applicable law. Acquirers and their e-commerce merchants that fail to comply with applicable law may be exposed to civil or criminal penalties imposed by local governments.

Acquirers are reminded that the following Visa Rules prohibit merchants from introducing illegal gambling transactions into the payment system. Acquirers must take actions to ensure gambling transactions are properly identified in the authorization message so they may be blocked by issuers where required by law. Acquirers must also take actions to ensure their merchants block transactions from markets where gambling transactions are prohibited.

- **Applicable Laws:** Clients must comply with all applicable laws, and all transactions must be legal in both the cardholder's jurisdiction and the merchant outlet's jurisdiction. In the event of any conflict between the Visa Rules and any applicable law, the requirements of applicable law govern (ID#: 0000385).
- **Submission of Illegal Transactions:** Acquirers must not knowingly submit transactions that are illegal or that the acquirer or merchant should have known were illegal (ID#: 0028040).
- **Online Gambling Merchant Requirements:** If a client, merchant, payment facilitator or sponsored merchant is unable to distinguish an online gambling transaction from other transactions, it must (ID#: 0002474):
  - Identify all transactions as online gambling transactions.
  - Inform the cardholder that transactions may be identified on the billing statement as gambling transactions.

These requirements also apply to e-wallets or merchants that sell tokens that are used as currency at other e-commerce merchants.

- **Online Gambling Transaction Identification Non-Compliance Assessment:** Acquirers are subject to non-compliance assessments for online gambling transactions that contain incorrect data (ID#: 0008753).

## Acquirer Due Diligence Requirements

Certain illegal internet gambling merchants may attempt to manipulate the payment system through "transaction laundering," a process by which a merchant attempts to process gambling or other prohibited transactions by submitting false merchant applications to an acquirer to conceal its true business activity. It is the acquirer's responsibility to employ enhanced merchant underwriting and monitoring processes to prevent the approval of false merchant applications. Acquirers are responsible for ensuring the merchants in their portfolios comply with the Visa Rules and applicable laws.

Acquirers that suspect a merchant of transaction laundering are encouraged to conduct the following additional due diligence measures.

- Revalidating the merchant application, including:
  - Identities of all principals
  - Any partners or processors utilized by the merchant
  - Products and services sold

- Address(es)
- Phone numbers
- Financials
- Ensuring the merchant, principals, partners or URLs are not listed by the Terminated Merchant File (aka MATCH), Visa Trace System, Visa Merchant Alert Service (aka VMAS), or any applicable sanctions list.
- Conducting a thorough online scan and review of the merchant's websites, links and principals, including:
  - Search engine reverse text and image searches from the merchant's reported websites.
  - An investigation of the merchant's reputation on social media and online consumer complaint boards.
  - If WHOIS and Domain Name System (DNS) records are hidden, require an explanation from the merchant.
- Implementing transactional velocity checks to identify sudden business changes and contacting the merchant when triggered by factors such as:
  - Changes in average ticket size
  - Spikes in monthly volume
  - Large volume of foreign-issued card sales
  - Excessive chargeback and fraud volumes
  - Excessive credit volumes
- Periodically secret shopping the merchant via telephone and/or Internet to ensure the merchant provides the described products or services.
- Conducting regular audits of and training for payment facilitators used by the acquirer to ensure miscoded gambling merchants are not concealed in their portfolios.
- Carefully screening e-wallet merchants and token providers to ensure they are not being used to conceal online gambling transactions.
- Educating independent sales organizations (ISOs) about the risks of transaction laundering and taking steps to ensure unregistered sub-agent ISOs are not allowed to operate.
- Exercising extreme caution with agents / ISOs that offer "offshoring" and specialize in high-risk acquiring.
- Implementing controls to ensure agents / ISOs cannot establish dynamic merchant name descriptors.
- Utilizing the services of a third party to monitor e-commerce portfolios for transaction laundering.
- Employing your institution's internal audit function to conduct a self-audit using the *Visa Global Acquirer Risk Standards*.

## Additional Resources

[Visa Global Acquirer Risk Standards](#) (Clients only)

[Global Brand Protection Program Guide for Acquirers](#) (AP, CEMEA, LAC) (Europe)

**Note:** For Visa Online resources, you will be prompted to log in.

## For More Information

Contact your Visa representative. Third party agents should contact their issuer or acquirer.

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