IMPACT 25

MAKING SENSE OF LEVEL 2/3 INTERCHANGE & VISA'S CEDP PROGRAM

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- Background, Eligible Card Products, and Qualifications

- Commercial Enhanced Data Program (CEDP)

- Implementation Timeline

- Merchant Impacts – Requirements, Interchange Rates, Verified Status

- Q & A

EXISTING COMMERCIAL CARD INTERCHANGE

Mastercard

Data Rate 1

Data Rate 2

Data Rate 3

Visa

CNP/Product 1 or CP/Product 2

Level 2

Level 3

COMMERCIAL INTERCHANGE BACKGROUND

- Incentivize businesses to provide detailed data on commercial and government transactions.

- Lower Interchange for L2/L3 reducing merchant expenses and lowering effective rates.

- Reduce chargebacks and fraud.

- Increase transparency for the cardholder with L3.

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01

Business Cards

Target users: Small businesses and sole proprietors
Purpose: Everyday operational spending

Data Level: L2 (L3 starting Oct/2025)

02

Corporate Cards

Target users: Mid-size and large organizations
Purpose: Employee expense management and travel

Data Level: L2 and L3

03

Purchasing Cards

Target users: Corporate Procurement and Accounts Payable departments. Includes Government and Fleet
Purpose: Streamlining supplier payments and B2B purchases

Data Level: L2 and L3 +

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ELIGIBLE CARD TYPES

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REQUIREMENTS FOR QUALIFICATION

Level 1: Custom Payment Service (CPS) Qualified

- Auth/Settlement MCC must match

- AVS on Keyed

Level 2: CPS Qualified and pass Level 2 Data

- Tax amount between 0.1% and 22%

- Purchasing card products will qualify when tax exempt

Level 3: CPS Qualified, pass Level 2, and pass Level 3 Data

- Quantity, unit of measure, freight/shipping amount, commodity code, discount amount, duty amount, product code, unit cost, discount per line item and line item total.

THE PROBLEM

01

Filler Data

Processing equipment uses filler data to enhance transactions.

02

Reconciliation Headaches

Data provided not used to reconcile purchases back to the card. This results in more time and resources spent each month on reconciling expense reporting.

03

Exploiting Interchange Incentives

Merchants reap the rewards of lower Interchange rates without providing quality, accurate, usable data to the card holders.

THE SOLUTION: CEDP

Visa's Commercial Enhanced Data Program (CEDP) requires the exchange of high-quality, invoice-level data.

VISA'S CEDP

Commercial Enhanced Data Program

WHAT IS VISA'S CEDP?
Commercial Enhanced Data Program

Focused on providing and validating high-quality invoice-level data over the Visa Network.

As part of the program, Visa will perform:

- Daily data quality reviews on all eligible transactions

- Recurring merchant data quality validation (verified vs non-verified)

- Apply interchange incentives to eligible transactions that contain high-quality invoice data

01

Business Cards

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02

Corporate Cards
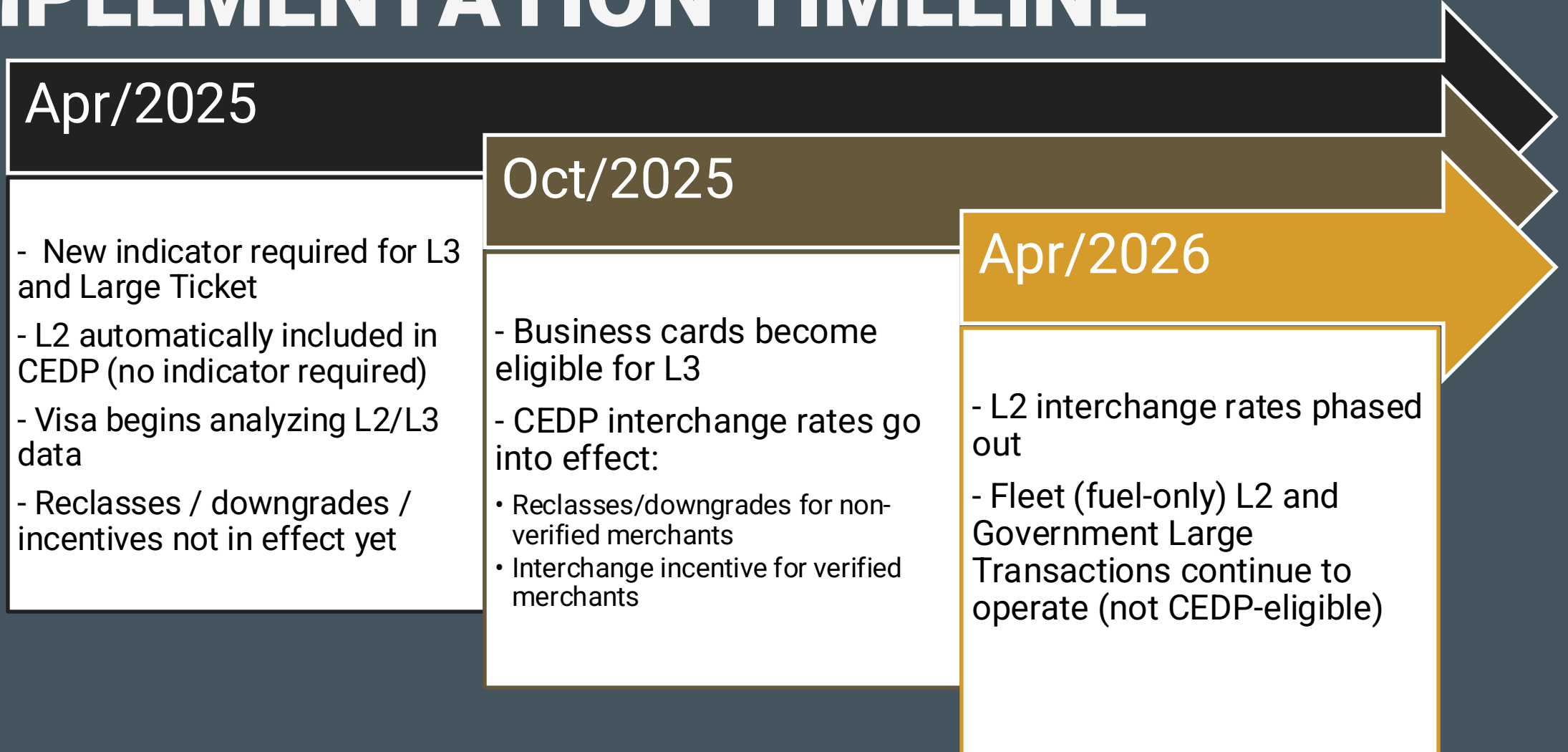
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IMPLEMENTATION TIMELINE

Apr/2025

- New indicator required for L3 and Large Ticket

- L2 automatically included in CEDP (no indicator required)

- Visa begins analyzing L2/L3 data

- Reclasses / downgrades / incentives not in effect yet

Oct/2025

- Business cards become eligible for L3

- CEDP interchange rates go into effect:

• Reclasses/downgrades for non-verified merchants
• Interchange incentive for verified merchants

Apr/2026

- L2 interchange rates phased out

- Fleet (fuel-only) L2 and Government Large Transactions continue to operate (not CEDP-eligible)
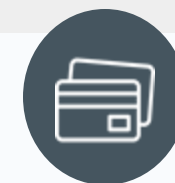
VERIFIED VS NON-VERIFIED MERCHANTS

Visa evaluates merchant data quality over review periods and
assigns **Verified** or **Non-verified** status

Verified

~90% of data meets Visa standards
Eligible for reduced interchange rates
Can be reclassified if data quality drops

Non-verified

Data doesn't meet Visa standards
Not eligible for reduced interchange rates
Can become Verified if data quality improves

- Transactions settle at L3 interchange rates
- Visa evaluates data quality
  - If data is valid, nothing else happens
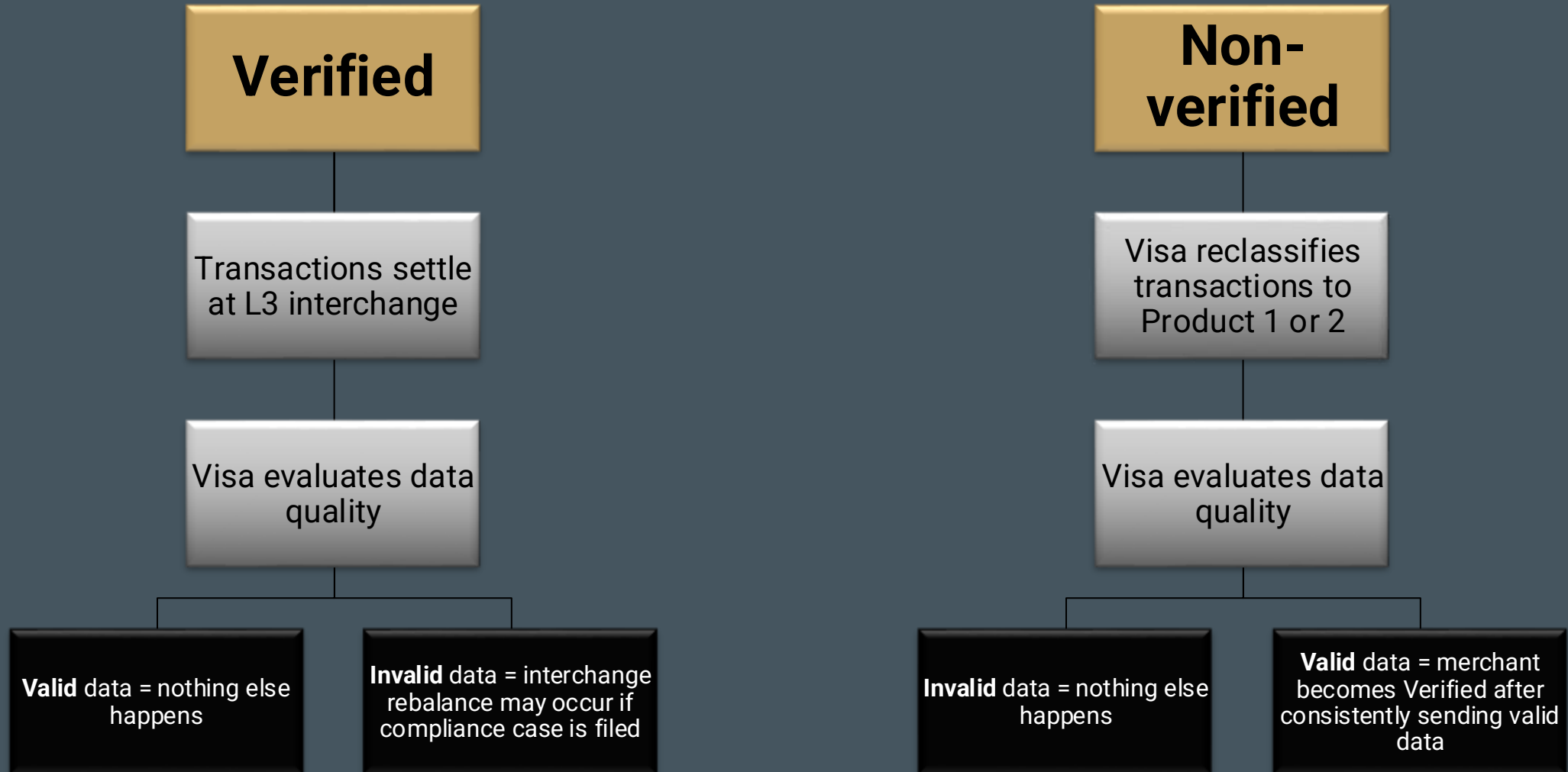 - If data is not valid, interchange rebalance may occur if compliance case is filed

- Visa reclassifies transactions to Product 1 or 2
- Visa evaluates data quality
  - If data is not valid, nothing else happens
  - If data is valid and meets threshold, merchant becomes Verified

USE CASES

Verified

Transactions settle at L3 interchange

Visa evaluates data quality

Valid data = nothing else happens

Invalid data = interchange rebalance may occur if compliance case is filed

Non-verified

Visa reclassifies transactions to Product 1 or 2

Visa evaluates data quality

Invalid data = nothing else happens

Valid data = merchant becomes Verified after consistently sending valid data

INTERCHANGE FEES

Data Level	Existing Interchange Category	Rate
N/A	Visa Business Credit T1 – Product 1 (CNP)	2.65% + $0.10
N/A	Visa Business Credit T2 – Product 1 (CNP)	2.80% + $0.10
N/A	Visa Business Credit T3 – Product 1 (CNP)	2.85% + $0.10
N/A	Visa Business Credit T4 – Product 1 (CNP)	2.95% + $0.10
N/A	Visa Business Credit T5 – Product 1 (CNP)	3.00% + $0.10
N/A	Visa Business Credit T1 – Product 2 (CP)	1.90% + $0.10
N/A	Visa Business Credit T2 – Product 2 (CP)	2.05% + $0.10
N/A	Visa Business Credit T3 – Product 2 (CP)	2.10% + $0.10
N/A	Visa Business Credit T4 – Product 2 (CP)	2.20% + $0.10
N/A	Visa Business Credit T5 – Product 2 (CP)	2.25% + $0.10
N/A	Corporate Credit – Product 1 (CNP)	2.70% + $0.10
N/A	Corporate Credit – Product 2 (CP)	2.50% + $0.10
N/A	Purchasing Credit – Product 1 (CNP)	2.70% + $0.10
N/A	Purchasing Credit – Product 2 (CP)	2.50% + $0.10

Transactions from **Non-verified** merchants that contain L2/L3 data, will initially qualify for these categories, regardless of whether data meets CEDP standards or not.

* Additional 5 BPS participation fee applies to all CEDP transactions, regardless of merchant status

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INTERCHANGE FEES

Transactions from **Verified** merchants will qualify directly for these categories:

Data Level	Existing Interchange	Existing Rate
L2	Visa Business T1 – Level 2	1.90% + $0.10
L2	Visa Business T2 – Level 2	2.05% + $0.10
L2	Visa Business T3 – Level 2	2.10% + $0.10
L2	Visa Business T4 – Level 2	2.20% + $0.10
L2	Visa Business T5 – Level 2	2.25% + $0.10

Data Level	New Interchange	New Rate
L2 + L3	Visa Business T1 – Product 3	1.75% + $0.10
L2 + L3	Visa Business T2 – Product 3	1.90% + $0.10
L2 + L3	Visa Business T3 – Product 3	1.95% + $0.10
L2 + L3	Visa Business T4 – Product 3	2.05% + $0.10
L2 + L3	Visa Business T5 – Product 3	2.10% + $0.10

Data Level	Previous Interchange Category	Previous Rate	New Interchange Category	New Rate
L2 + L3	Corporate Credit – Non-Travel Service L3	1.90% + $0.10	Corporate Credit – Product 3	1.75% + $0.10
L2 + L3	Purchasing Credit – Non-Travel Service L3	1.90% + $0.10	Purchasing Credit – Product 3	1.75% + $0.10
L2 + L3+	Visa Commercial Credit – Fuel L3	1.90% + $0.10	Visa Commercial Credit – Fuel Product 3	1.75% + $0.10
L2 + L3+	Commercial Product Large-Ticket	1.45% + $35.00	Commercial Credit Large-Ticket	1.30% + $35.00

* Additional 5 BPS participation fee applies to all CEDP transactions, regardless of merchant status.

HOW TO GET VERIFIED STATUS

01 CONFIRM ELIGIBILITY

Ensure card types are in scope for merchant acceptance (business / corporate / purchasing)

02 BOARDING

Indicate on the application that merchant would like to participate in Visa's CEDP

03 EQUIPMENT

Ensure POS/terminal supports L2/L3 data fields and is configured to do so

04 FIX ERRORS QUICKLY

Common issues: missing tax amounts, bad PO numbers, incorrect item descriptors, timeliness, etc.

ELECTRONIC PAYMENTS WILL:

- Enable appropriate indicators in the back-end

- Monitor data-quality reports

- Notify agents of non-verified merchants that require action

Thank you!

Questions