APEXX

TRAVEL | ROUTING

APEXX Intelligent Routing Engine (AIRE)

Product Overview

Merchant Cost Background

The sheer number of Interchange and Scheme Fees in each market, coupled with the ever changing rates, can make keeping on top of costs difficult, for merchants with global volume. As the complex nature of all three pricing elements are required to be built on each Acquirers platform, variances can appear on a like for like transaction across different Acquirers. In addition to routing between two or more Acquirers, the Travel* Industry merchants have a unique opportunity for additional routing, based on the merchant outlet location. APEXX' unique position as a gateway, is in a prime position to route transactions across different Acquirers and Geographies, where the cost opportunity occurs.

ACQUIRER RATE BUILDS

Acquirers build the Interchange and Scheme Fee costs on to their billing platform, to ensure charges are passed to merchants correctly (in the case of IC+ and IC++ pricing plans), as well as passing on the MSC
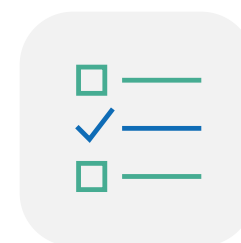
SCHEME RULES

Scheme rules for Travel merchants allows for additional merchant locations to be set up in countries where they operate. This allows travel merchants to match where the cardholder is based, in order to secure "Domestic" rates
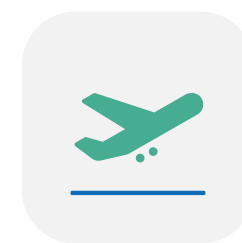
DOMESTIC/NON DOMESTIC

Typically, Domestic rates are marketed as cheaper, however this is not always the case. For example; US Domestic higher Consumer Credit and low regulated Debit rates, coupled with many markets having varying Market Development Scheme Fees, creates routing opportunities
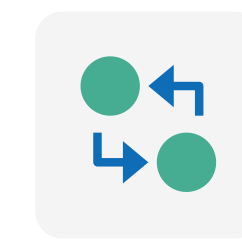
INTERCHANGE RATES

Interchange rates can vary by Product type, Transaction Security, Input Method, Settlement Time, MCC as well as many other factors. A like for like transaction between Country A and Country B can carry different Interchange rates

SCHEME FEE VARIANCES

As scheme fees are not regulated, their complex nature, coupled with a mix of volume fees, behavioral/compliance fees and market specific fees, can create mismatches between the overall rate applied by acquirers on a like for like transaction
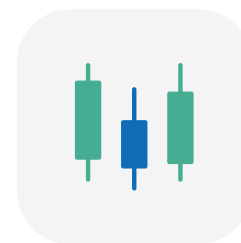
ACQUIRER MSC

The merchant MSC will also vary between acquirers, creating additional disparity on the overall fee applied to a transaction
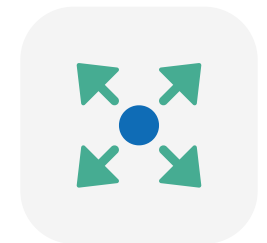
OVERALL RATE

Combining the three pricing elements can present a very different overall effective rate on a transaction between Acquirer A & Acquirer B

APEXX POSITION

APEXX' unique position as a gateway can utilize these discrepancies and route transactions between two or more incumbent Acquirers based on the cheapest cost

Available Routes to Merchants
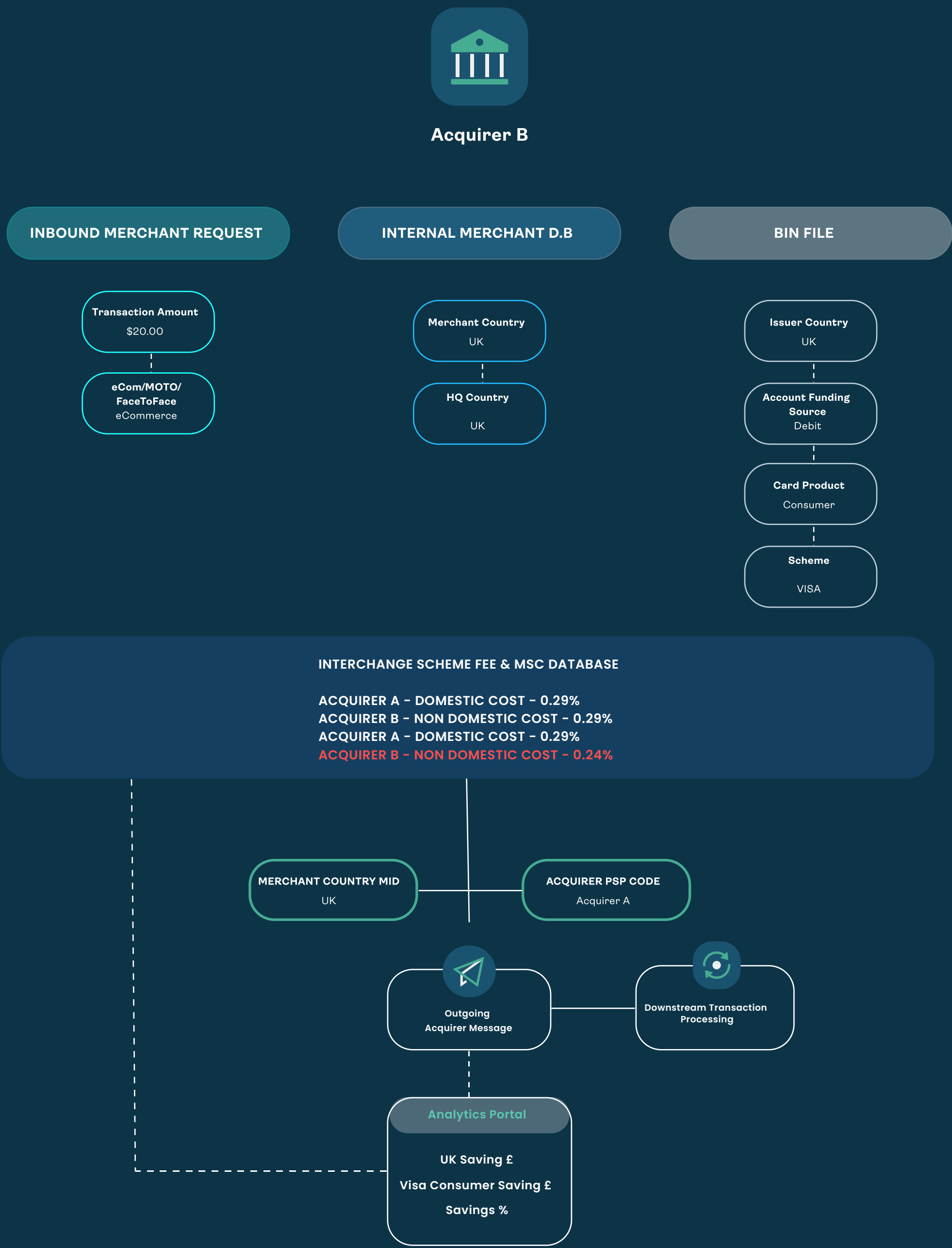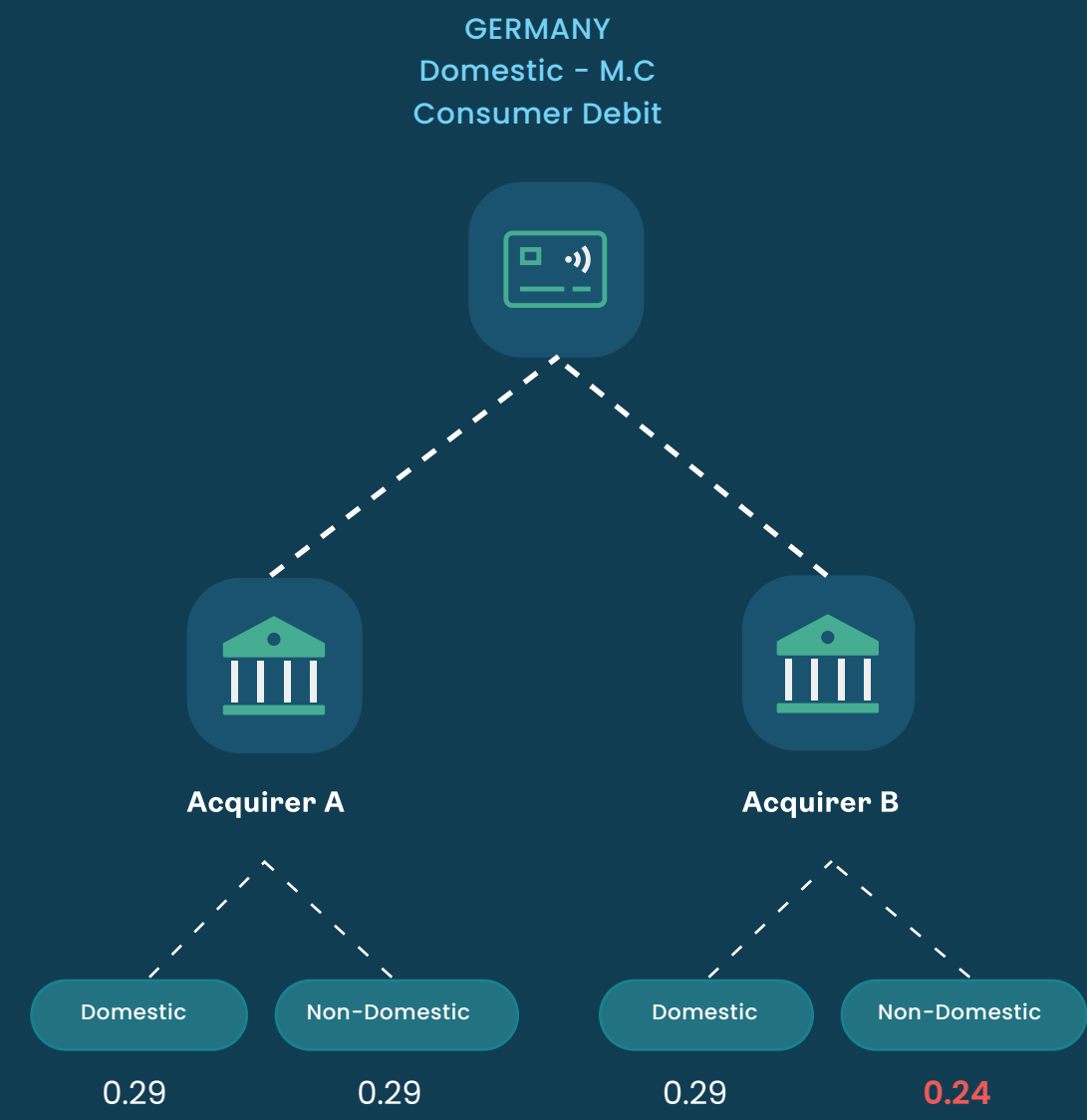
Delivering Value for Enterprise Merchants

All merchants wishing to save money on cost can route transactions between incumbent Acquirers where there is more than one Acquirer available in a particular market

*Travel merchants additionally benefit from being able to utilise the above, as well as the merchant location being that of the cardholder or the HQ country

Technical | How AIRE picks the route

A cost repository database is maintained in order to assess the applicable merchant Acquirers cost amounts across 9 metrics. AIRE will assess the metrics below to pick the cheapest route based on the field data present in the inbound message. The cheapest Acquirer PSP is then used to populate the outgoing Acquirer message

*Travel – Airlines, Hotels, Car Rental, Taxi Ride Services (excluding BPS/OTA Bookings)

GERMANY
Domestic - M.C
Consumer Debit

Acquirer A

Acquirer B

Domestic	Non-Domestic	Domestic	Non-Domestic
0.29	0.29	0.29	**0.24**

Acquirer B

INBOUND MERCHANT REQUEST

Transaction Amount
$20.00

eCom/MOTO/
FaceToFace
eCommerce

INTERNAL MERCHANT D.B

Merchant Country
UK

HQ Country
UK

BIN FILE

Issuer Country
UK

Account Funding Source
Debit

Card Product
Consumer

Scheme
VISA

INTERCHANGE SCHEME FEE & MSC DATABASE

ACQUIRER A - DOMESTIC COST – 0.29%
ACQUIRER B - NON DOMESTIC COST – 0.29%
ACQUIRER A - DOMESTIC COST – 0.29%
ACQUIRER B - NON DOMESTIC COST – 0.24%

MERCHANT COUNTRY MID
UK

ACQUIRER PSP CODE
Acquirer A

Outgoing Acquirer Message

Downstream Transaction Processing

Analytics Portal

UK Saving £

Visa Consumer Saving £

Savings %

Cascading **| Protecting the downside**

Where routing occurs that results in the transaction becoming cross border, or routed to an Acquirer with higher decline rates, cascading safeguards are automatically implemented to ensure Acceptance isn't detrimentally impacted as a result of cost routing

Soft Declines

Where a soft decline occurs on the authorisation decision, AIRE will automatically re-attempt under conditions, to maximise chances of different approval

Re-Routing

Should the transaction be routed to cross border in the first instance, a reattempt will be made under Domestic parameters to increase the likelihood of approval

Data Enrichment

Depending on the nature of the decline, additional information may be required on the authorisation message. AIRE will perform data enrichment of the authorisation message (where applicable) to increase likelihood of approval

Latency

AIRE is stress tested for latency whilst the shopper is awaiting an approval decision, to ensure the cardholder doesn't abandon the basket whilst waiting on a decision

AIRE **| Merchant Value Delivery**

Soft Decline Recovery

15 – 30%
CONVERSION OF SOFT DECLINES

Improved Sales Conversion

2 – 5%
INCREASE IN ACCEPTANCE RATES

Reduced Msc Unit Cost

10 – 20%
MSC COST SAVING WITH ROUTING

Margin Improvement

5 – 10%
IMPACT OF COST & CONVERSION OPTIMIZATION

APEXX

Any Questions?

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