Lifecycle of a Card Payment

ENCODED
secure automated payments

1 The card holder, or customer makes a purchase with their payment card for the details to be securely collected

Card Holder

14 If the transaction is authorised a receipt with the Merchant ID and the authorisation code is produced and goods or services released

2 The Merchant collects the card details with a payment solution such as a Chip & Pin or a Virtual Terminal and sends them to a Payment Service Provider (PSP)

SUPERMARKET

Merchant
Supermarket

13 The authorisation code is passed back to the Merchant

3 The PSP carries out fraud detection and checks the card data prior to sending it through to the payment gateway for distribution to the correct merchant bank

PCI DSS

Payment Service Provider (PSP)
Encoded

12 The authorisation code continues on to the Payment Service Provider (PSP)

4 The Gateway forwards the card data on to the relevant merchant bank based on the Merchant ID

The Payment Gateway
Such as Cashflows

11 The authorisation code makes its way back up the chain to the Gateway. At this point the Gateway can reverse the transaction if CV2/AVS data does not meet the Merchant's criteria

5 The request arrives at the Merchant Bank. The Merchant's ID is checked and the Merchant bank now requests an authorisation code to accept the transaction. This process is carried out via the original card issuer scheme. This could be Visa, Amex or MasterCard or a number of other networks

Merchant Bank
Streamline, BMS... etc

10 The authorisation code makes its way back up the chain to the Merchant's Bank

6 The Card Scheme is based on the payment network the card details relate to, for example Visa, Amex or MasterCard. This looks up the account number of the card holder and requests a funds check and authorisation

Card Scheme
Visa, Amex, MasterCard.. etc

9 Authorisation Code transmitted via Card Scheme

7 Account Number identified and authorisation requested

Card Holder's Bank
HSBC, Barclays... etc

8 Authorisation Code generated or payment declined