



Checkout

Standard ▼

Advanced ▲

Integrate

Android SDK

iOS SDK

Customize ▲

3D Secure ▼

Acquirer Reference Number

Card Fields Style Guide

Card Field Properties

Card Field Events

Fraud Protection

Real-Time Account Updater

SCA Payment Indicators

Level 2/Level 3 Processing

Third-Party Network Token Processing

Update Order Details

Handle Buyer Errors

Initiate Future Transactions

Card Decline Errors

Copy and Paste

Pay Later Offers ▼

Pay with Venmo ▼

Save Payment Methods ▼

Alternative Payment Methods ▼

Payment Methods

Checkout / Advanced / Customize / Level 2/Level 3 Processing

Level 2/Level 3 processing

DOCS CURRENT ADVANCED Last updated: May 24th 2023, @ 6:14:20 pm

What are Level 2 and 3 card payment transactions?

Card payment processing has 3 levels: Level 1, Level 2, and Level 3. The levels differ in the amount of information required to complete the payment as a Level 1, Level 2, or Level 3 eligible transaction. Level 1 requires less information and therefore generally incurs higher interchange fees compared to transactions processed with Level 2 and Level 3 data. Most businesses can operate at Level 1, however, when processing corporate and purchase credit cards, IC++ merchants can benefit from reduced interchange fees by providing additional transaction information called Level 2 and Level 3 data.

Which types of card payments qualify?

Corporate and purchase credit cards are eligible for Levels 2 and 3 processing if the required information is provided. Consumer cards are only eligible for Level 1 processing.

Level 2 and Level 3 cost optimization benefits do not apply to debit cards.

How do merchants benefit?

Merchant benefits from Levels 2 and 3 processing may include reduced interchange fees, based on the merchant's pricing model, and fewer chargebacks.

Which card networks support Level 2 and 3 processing?

Visa and Mastercard offer Levels 2 and 3 processing. American Express offers Level 2, and Discover offers only Level 1 processing.

How does a payment qualify?

To qualify for Levels 2 and 3 processing, merchants must send the following information. However, the card network and cardholder issuing bank ultimately make the determination of whether a transaction qualifies for Level 2 or Level 3 processing:

Level 2 data

- Card number, expiration, billing address, shipping address, and invoice number.
- Customer Code or PO number: a unique reference ID for the order.
- Tax amount: an amount must be submitted separately from the total transaction amount.

Level 3 data

- Level 2 data, and,
- Unit amount or unit price.
- Unit of measure.
- Freight or shipping amount: the total shipping and handling charges.
- Duty amount: the total charges for any import or export duties.
- Discount amount.
- Item commodity code.
- Item description.
- Item product code.
- Item quantity.
- Unit tax amount.
- Unit discount amount.
- Ship-from ZIP code.

Note: The partner, merchant, or other initiating party needs to provide the Level 2 and 3 payment details when using the [Orders v2 API](#) to start a payment.

Create Order request

This code sample shows Level 2 and 3 data in the body of a `POST` call to the [Create order](#) endpoint of the Orders v2 API. This

On this page

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Create Order request

```
12     },
13     "shipping": {
14       "address": {
15         "address_line_1": "123 Main St.",
16         "admin_area_2": "Anytown",
17         "admin_area_1": "CA",
18         "postal_code": "12345",
19         "country_code": "US"
20       }
21     }
22   }
23 }
24 ]
25 }'
```

- Lines 25-31 declare a `level_2` object inside `purchase_units.supplementary_data.card`, including the invoice ID and the taxes charged for the payment.
- Lines 32-82 declare a `level_3` object inside `purchase_units.supplementary_data.card`. Data includes shipping, duty, and discount amounts, as well as line-item information and units of measure.

See also

See the Level 2 and Level 3 Processing [FAQ](#).