



Issuing BIN Expansion

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The payments industry's next "Y2K event" is right around the corner. Is your organization prepared for 8-digit issuing BINs?

New ISO guidance and industry adoption

In response to a sharp increase in the number of card issuers, the International Standards Organization (ISO) has announced an expected shortage of novel combinations for Issuer Identification Numbers (IINs), commonly referred to in the industry as the issuing Bank Identification Number (BIN). Revising their official guidance (ISO/IEC 7812-1), ISO is now calling for an expansion of the issuing BIN from six to eight digits. While the length of the primary account number (PAN) will remain variable — ranging from 10 to 19 digits — the issuing BIN change will require action across the entire payments industry, including banks, processors, fintechs, and the vendors who support them.

More than "just a network change" – issuing BIN expansion requires a well-planned, transformational approach

The parallels to Y2K are easy to draw. A widely used numeric is expanding by two digits, creating the need to first identify—and then address—potentially wide-sweeping operational and technology impacts.

And while April 2022 may appear to be in the distant future, there is significant risk for payments organizations who fail to put a plan in place now.

Amid the COVID-19 pandemic and the current economic climate driving cost pressures for financial institutions, some payments organizations may be tempted to defer their readiness efforts. However, a lack of urgency in determining the breadth of potential impacts may not allow for enough time to implement the needed changes. Issuing BIN expansion calls for a comprehensive assessment on the use of issuing BIN across an organization's systems, processes, and vendors.

Visa and Mastercard confirmed their support of ISO's revised guidance and plan to adopt the new standard in 2022. Both networks have stated that acquirers and acquirer processors will need to be ready to operate on 8-digit BINs. Visa will only issue 8-digit BINs after April 2022. Mastercard will also issue 8-digit BINs after April 2022 but has not set a date for discontinuing issuance of 6-digit BINs. Issuers will be able to convert existing 6-digit BINs to one hundred 8-digit BINs, however the networks have not mandated conversion of existing issuing BINs.

Mastercard has also announced that by 2022, issuers are encouraged to enable account ranges, and acquirers will need to be ready to operate on 8-digit BINs and 11-digit account ranges.

Other major networks, including American Express, Diners Club/Discover, and China Union Pay, have not announced timelines for adopting the new 8-digit BIN.

What this means for banks, processors, and other payments industry members

After April 2022, the payments industry will be operating with both 6- and 8-digit BINs. Most payments organizations will need to update processes and systems to support to the new issuing BIN length and avoid compromising customer service and cardholder protection. The level of preparation will vary significantly depending on how the issuing BIN is used, ranging from limited adjustments to broad changes across multiple functional areas and IT systems.

For example, some acquiring banks use the issuing BIN to route transactions for authorization. To account for the updated issuing BIN length, acquiring banks need to consider a range of potential impacts, including: issuing BIN reference tables, coding and configuration of underlying applications, and point-of-sale systems.

While the level of preparation will vary, participating in the payments ecosystem after April 2022 will require the ability to process 8-digit BINs. All payments industry organizations should begin now by conducting a comprehensive impact assessment across the entire organization and suite of supporting applications to help mitigate risks and inform the scope, resource requirements, and timeline for implementing necessary changes.

The issuing Bank Identification Number (BIN) is the first 6 digits – and with this change, 8 digits – of the Primary Account Number (PAN), located on credit, debit, and prepaid cards. The issuing BIN is used globally to identify the bank that issued the card. Issuing banks can have more than one issuing BIN (most do), but each unique issuing BIN can only be licensed by a single issuing bank.



Critical next steps for payments industry organizations

1. Assemble a working team across your entire organization

Ensure ongoing communication across lines of business and geographies. Even if operations and supporting applications are different, there are still valuable opportunities to share learnings and identify cross functional impacts.

2. Identify and engage impacted vendors

Identify impacts and required updates for vendors. For your organization to be ready, vendors that support key capabilities also need to be prepared.

3. Assess the use of the issuing BIN across systems and operations

Many payments organizations use the issuing BIN not only in core processing, but also across supporting functional areas such as data analytics and reporting.

4. Conduct an in-depth product portfolio review

Issuers can use this change as an opportunity to revisit outdated legacy practices, such as PAN randomization starting at the 7th digit, and realign issuing BIN usage with product portfolio strategy. Issuers can also identify and return unused account ranges to simplify conversion to 8-digit BINs and reduce issuing BIN-related fees.

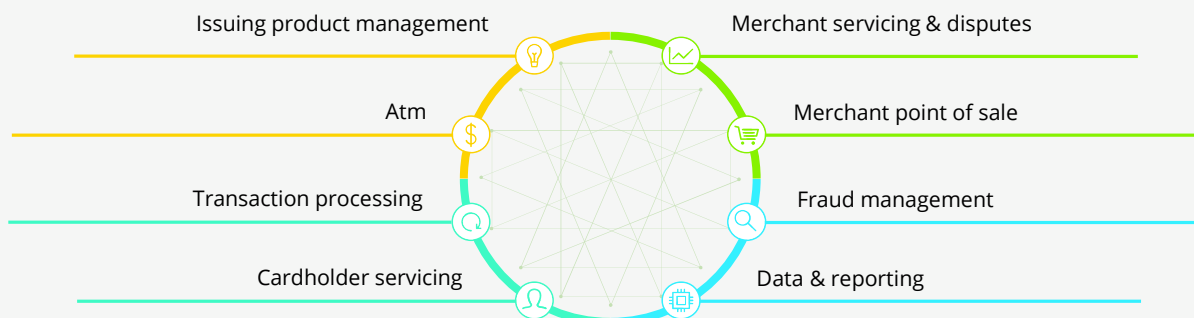
5. Conduct reviews of ATMs and POS terminals

Acquirers should conduct an end-to-end review of ATM and POS terminal processes (e.g., hard-coded terminal logic, use of reference tables) to enable transaction processing and other services.

6. Alert clients of potential impacts

Informing merchants and co-brand card partners about possible changes may help reveal unforeseen requirements. Proactive communication will also serve as an opportunity to partner with clients and support them through this industry change.

Key impact assessment areas



Conclusion

The payments sector is constantly evolving and reinventing itself, but the broad, global nature of the 8-digit BIN expansion makes it unlike most industry changes. Every organization that uses issuing BINs will be impacted, and all industry players need to act now to understand the risks and prepare for this significant change.

Reach out to the **Deloitte Issuing BIN Expansion team** 8DigitBIN@deloitte.com to schedule an initial readiness diagnostic and request a demo of our Impact Assessment digital accelerator.



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