

A Cheat Sheet for Distinguishing Aggregator Models

The chart below summarizes the major differences between Merchants of Record, Payment Facilitators, Marketplaces, Staged Digital Wallet Operators, and the operational and compliance difficulties involved in pursuing each aggregator model.

	Merchant of Record (MOR)	Payment Facilitator	Marketplace (Visa Rules)	Staged Digital Wallet Operator (SDWO)
Basic Description	The MOR is the company that (1) represents itself as selling the goods or services to the cardholder; (2) uses its own name to identify itself to the cardholder; and (3) provides recourse to the cardholder in the event of a dispute.	A company that is permitted to submit the sales transactions of a group of identified sub-merchants for processing through its own merchant account.	A company that (1) provides an electronic commerce website or app to bring buyers and retailers together; and (2) manages payments on behalf of the retailers on the Marketplace by processing them through its own merchant accounts.	A SDWO is a company that provides digital wallet services involving (1) a funding transaction paid by debit or credit card to the SDWO and processed through its merchant account; and (2) a separate payment transaction from the SDWO to the merchant from which the cardholder wants to make a purchase that does not involve the use of the card.
Software Platform	No specific software platform required. Business model may require marketplace-like platform for selling goods and services.	No specific software platform required. Business model may require numerous software functions for authorization, settlement, and reconciliation.	Must offer a software platform that brings together cardholders and retailers through an e-commerce website or mobile app.	No specific software platform required. Business model requires a complex software platform for interfacing with cardholders, accepting load transactions, and making distributions to consumer or commercial recipients.
Eligible Transactions	To qualify as MOR, company must be the seller of the goods and services, which may require: <ul style="list-style-type: none"> • Purchasing products from network of sellers prior to sale to cardholder; and/or • Entering into employment/contractor relationships with network of service providers. 	Only sales transactions entered into between a cardholder and a sub-merchant with which the payment facilitator has an agreement.	May only submit for processing, through its own merchant account, the sales transactions of retailers on its retail platform.	No specific requirements, but merchant must agree to accept payment from the SDWO.
Settlement	Funds settle to MOR's account. MOR does not receive funds for distribution to others. Instead, MOR must purchase goods from network of sellers prior to sale and/or has separate obligation to compensate employees/contractors.	May receive settlement funds for distribution to sub-merchants or have processor (through acquiring bank) settle funds directly to sub-merchants.	Must receive settlement on behalf of its platform retailers and distribute funds.	Card transactions settle to SDWO's accounts. SDWO may promptly distribute to an identified merchant or hold funds for future transactions.

	Merchant of Record (MOR)	Payment Facilitator	Marketplace (Visa Rules)	Staged Digital Wallet Operator (SDWO)
Money Transmission / MSB Issues	Low risk, if structured correctly.	Yes, if payment facilitator receives funds and distributes them to sub-merchants.	Yes, because Marketplace is required to receive funds for distribution to retailers.	Yes, high risk due to fund transfers and stored value activities.
Size Restriction / Direct Agreement Requirements	No specific requirements. Underlying sellers or employees/contractors are not required to enter into direct agreements with the processor/acquirer.	Payment facilitator's sub-merchants must sign an agreement with the processor/acquiring bank after exceeding \$1 million in annual volume for either Visa or MasterCard transactions.	No platform retailer may (1) have more than \$10 million in Visa volume through the Marketplace; or (2) represent more than 10% of the Marketplace's annual Visa volume. No direct specific requirement for retailers to enter a direct agreement with the processor/acquiring bank. However, the Visa Rules do not address whether the Merchant Size Restrictions above can be resolved by having the platform retailer sign a direct agreement with the processor/acquiring bank. Because "Marketplace" is not yet recognized as a separate category for MasterCard, presumably, retailers must sign a direct agreement with processor/acquiring bank after exceeding \$1 million annual volume for MasterCard transactions.	No specific requirements.
Dispute Resolution	MOR sets terms and conditions for transactions and is directly responsible to cardholder for returns, refunds, and dispute resolution.	Not applicable.	Must be financially liable for and resolve disputes between cardholders and retailers by providing (1) a decision that binds both cardholders and retailer; or (2) a money-back guarantee funded by the Marketplace.	No specific requirements. However, as the consumer-facing entity, the SDWO is responsible for resolving disputes concerning its own services.



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