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# Merchant Connection

ADDRESSING THE NEEDS OF OUR CUSTOMERS TO ENSURE YOUR BUSINESS RUNS EFFICIENTLY



*Public attention may be fixed on high-profile data losses, but experts studying financial fraud say hackers increasingly are targeting small, commercial websites.*

## Message from the President

With a cold winter behind us that impacted many of us all the way into the deep southeast, we are stepping up our efforts to help our merchants validate their government agencies and businesses before the July 1st Payment Card Industry (PCI) compliance deadline. Many of you have already met this important mandate while others are currently in the process. We still have a lot of work to do and will continue our educational webinars for those merchants who have yet to begin the process. The protection of sensitive cardholder data should remain a top priority for all of us this spring.

There are certainly plenty of newsworthy events involving data compromise but a recent study conducted by Symantec Corporation™ is certainly an eye-opener. According to the 2010 State of Enterprise Security Report, 75% of organizations experienced some form of a cyber attack. The top three losses stemming from those attacks were intellectual property theft, customer credit card data theft, and theft of other personally identifiable customer data. These hackers are not limited in their focus with just large enterprises. Recent compromises in the hospitality and restaurant industries involving smaller merchants are continually increasing.

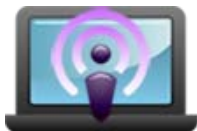
Becoming compliant this year means that your business is exhibiting best practices to prevent cardholder information or data security breaches. While PCI compliance is not a guarantee of security, it's an important step in prevention.



PCI DATA SECURITY  
PCI DATA SECURITY

## AMS Education Series

Meeting the PCI DSS Mandate  
"The Roadmap for Success"  
One-Hour Webinar



600

## Available Dates

Tuesday, April 6 2010 11:00 AM EST  
Thursday, April 8 2010 2:00 PM EST  
Tuesday, April 13 2010 11:00 AM EST  
Thursday, April 15 2010 2:00 PM EST

To register for one of the sessions visit the AMS homepage at <http://www.automatedmerchant.com>

# April 2010 Interchange Adjustments



Visa has announced plans to offer its **No Signature Required (NSR)** program to the majority of merchant categories in the United States beginning July 2010. Under the new expanded program, for domestic transactions \$25 and less, retailers can accept U.S.-issued Visa cards for purchases without requiring a cardholder signature. This program has the potential to increase speed at the point of sale and enhance customer satisfaction for merchants.

Visa has also recently announced additions to its **CPS/Small Ticket Interchange Program**. Effective October 2010, Small Ticket Interchange will be extended to most MCCs. Current Small Ticket Interchange applies to transactions less than \$15. The current Visa Small Ticket Credit Interchange is 1.65% + \$0.04 and the Visa Small Ticket Debit Interchange is 1.55% + \$0.04.

Lastly, there was a **rate decrease** of .08% to make note of for Visa's CPS Retail Debit interchange category which is now listed at 0.95% + \$0.20.



MasterCard is revising the qualification criteria for Commercial Face to Face and Commercial Data Rate II. Effective April 2010, zero will no longer be accepted as a valid tax value to qualify for these rate categories. Only non-zero tax values that fall within the specified valid range will be accepted. Therefore, if a commercial transaction has no sales tax, the transaction will **downgrade** to a lower Interchange level.

MasterCard is introducing new **interregional interchange programs**. A unique brand product classification has been defined for each of the consumer credit, debit, and commercial product families.

MasterCard World Card, MasterCard World Elite, World MasterCard for Business, MasterCard Corporate World, and MasterCard Corporate World Elite brands will qualify for this program.

MasterCard is also adding a new interchange program for MasterCard **Enhanced Small Business**. MasterCard BusinessCard Card, MasterCard Professional Card, and MasterCard Executive BusinessCard Card programs will be supported.

| MasterCard Interchange Description | Business Enhanced | Business World | Business World Elite | Rate % Increase |
|------------------------------------|-------------------|----------------|----------------------|-----------------|
| Commercial Face-to-face            | 2.32% + 0.10      | 2.37% + 0.10   | 2.42% + .0.10        | <b>NEW</b>      |
| Commercial Data Rate II            | 2.32% +0.10       | 2.37% + 0.10   | 2.42% + .0.10        | <b>NEW</b>      |
| Commercial Data Rate 1             | 2.77% + 0.10      | 2.82% +0.10    | 2.87% + 0.10         | <b>NEW</b>      |
| Commercial Standard                | 3.07% +0.10       | 3.12% + 0.10   | 3.17% + 0.10         | <b>NEW</b>      |
| Commercial T&E Rate II             | 2.47% + 0.10      | 2.52% + 0.10   | 2.57% + 0.10         | <b>NEW</b>      |
| Commercial T&E Rate I              | 2.62% + 0.00      | 2.67% + 0.00   | 2.72% + 0.00         | <b>NEW</b>      |
| Utilities                          | 0.00% + 1.50      | 0.00% + 1.50   | 0.00% + 1.50         | <b>NEW</b>      |

## NSR Chargeback Protection

Under Visa's NSR program merchants are protected from chargeback's under reason code 81 (Fraudulent Transaction, Card Present Environment).

MasterCard's Acquirer Brand Volume Fee is based on the following criteria:

- All outgoing domestic and international transactions including sales and unique transactions
- Manual and ATM cash disbursements that process through interchange
- All sales not processed through interchange

### Did You Know

There are three primary costs that make up your merchant rates.

**Interchange:** Interchange fees are collected and paid to the card issuing bank. Interchange is the single largest component of your merchant discount rate pricing. **ALL** banks and merchant processing companies operate from the exact same Interchange.

**Dues & Access Fees:** Dues, Assessments and Access fees are collected and paid directly to the Card brands (Visa, MasterCard, Discover). **ALL** banks and merchant processing companies operate from the exact same Dues & Access Fees.

**Merchant Services:** This is the cost of service delivery including marketing, under writing, risk management, customer service, terminal management and the net work / communication costs for authorizing, settling and funding each transaction to your business.

# New Product Spotlight

*Merchants now have the ability to offer customers another convenient way to make a payment by check with RemitQuick TEL*

The latest addition to our Check 21 and ACH (Automated Clearing House) family of payment solutions is now available. **RemitQuick TEL**, our web based checks by phone payment application will allow you to process call-in payments by check, online in a secure, fast and efficient manner resulting in increased revenues for your agency or business. All you need to get started is our web based software and an internet connection. The easy to use software allows you to take the necessary information over the phone from your customers and process the checks by phone electronically.

The Checks by Phone Process:

|   |  |  |  |
|---|--|--|--|
| 1<br>Take the customers banking information by phone. | 2<br>Enter the information into the RemitQuick TEL software. | 3<br>Submit the information via our secure software. | 4<br>The customer is debited & money funded to you |
|---|--|--|--|

## Simple and Powerful Solution

Using RemitQuick TEL to accept check by phone payments through the ACH network can be a great fit for any type of merchant whether you're a government agency looking to provide added convenience for utility payments or any business that wants to collect money remotely for products and services.



Once a customer has registered their account information the first time in the RemitQuick TEL system you can easily retrieve their banking credentials for repeat and subsequent payments. Each customer has the ability to provide you with multiple checking accounts that can be stored in the system so they have added flexibility to make payments to your business or agency.

When establishing a new account for your customer, the system will validate the routing number against an industry database in real-time to ensure your being provided with a legitimate and active checking account. RemitQuick TEL offers extensive **online reporting** and user security and authorization levels are easily customized based on their role in your agency or business.

Our online check payment service also provides automated email notifications to customers and company staff and easy search and retrieve capability to resolve any customer inquiries quickly and efficiently. City and county government agencies already using our **WEB Checks** software, combined reporting for both RemitQuick TEL and WEB Checks transactions can be viewed in one easy console. RemitQuick TEL easily integrates into your existing accounting solution including SunGard Public Sector's cash receipts module.

There are many **advantages** to taking check payments over the phone including:

- ✓ Faster settlement timeframes
- ✓ Shorter return notification windows due to insufficient funds
- ✓ Increased customer satisfaction
- ✓ Low cost per transaction



### ACH in Plain English

ACH stands for Automated Clearing House (ACH) Network. The ACH Network is a highly reliable and efficient nationwide electronic funds transfer and clearing system.

### Factoid

The ACH Network serves 20,000 financial institutions, 3.5 million businesses, and 115 million individuals. Electronic payments of all kinds are used frequently by companies, institutions, government agencies and non-profit organizations as a safe, reliable and convenient way to conduct business.

### "The Check is in the Mail"

RemitQuick TEL offers your business many great advantages including reducing the likelihood of the widely used check in the mail syndrome. Other ways you can benefit are:

- Accept payments from consumers who don't have credit cards or have modified their behavior to use them less or not at all
- Reduce the time & cost of processing paper checks
- Funds available to you in as little as 48 hours
- Gain a competitive advantage by offering an additional payment option
- Provides a convenient option for customers to avoid late payment penalties due to mail transit

To learn more about how you can reap the benefits of adding this payment option to your portfolio contact an AMS representative today at **407.331.5465**.

# AMS and SunGard Public Sector Combine PCI Efforts for Government Agencies

*Template addresses requirements pertaining to cardholder data storage in SunGard's applications*

To make the process of completing the Self Assessment Questionnaire (SAQ) a little easier for our merchants, we recently collaborated with SunGard Public Sector to “pre-answer” those questions specific to how cardholder data is encrypted and stored within the Click2Gov™, and One-Point™ Point-of-Sale (PoS) solutions that many of our merchants utilize.

We've created two versions of this helpful guide for both the Application Service Provider (ASP) environment where cardholder data is maintained in SunGard's data facility and premise-based environments where cardholder data is stored locally with your agency.

The guide will assist merchants who are completing either **SAQ C** *Payment Application Connected to Internet, No Electronic Cardholder Data Storage* and **SAQ D** *Payment Application Connected to Internet, Electronic Data Stored Locally with Merchant*.



So, when you complete your applicable SAQ with our partner company SecurityMetrics® or another Qualified Security Assessor (QSA) or Approved Scanning Vendor (ASV) of your choosing, you'll simply select “yes” for those questions we've answered for you. To get a copy of your guide contact AMS at (407) 331-5465 or send an email to mpetrovich@automatedmerchant.com.

## My Payment Application is Compliant, Do I Still Have to Validate?



The answer to this question is a definitive yes, while your application may be certified as a *Payment Application Data Security Standard (PA-DSS)* approved solution, as a merchant you'll still need to validate your business or agency as being compliant with (PCI DSS) which is *Payment Card Industry Data Security Standard*.

The thing to remember is that these standards complement one another, but they do not supersede each other. In general terms, one can state that PCI DSS is a certification for an organization or an organizational unit while PA DSS is a certification for a payment application.

PCI DSS is the standard that credit card companies established for providing **overall guidelines** for organizations on creating a more secure environment with the goal of protecting customers' data while PA DSS is the standard that credit card companies established in order to provide guidelines for software vendors on how to manufacture secure payment applications.

So as part and parcel of validating that your business or agency meets the compliance mandate, you're also attesting that the payment application's you're using to process transactions are also compliant and protect sensitive cardholder data properly.

On **July 1st of 2010** the PCI Security Council is requiring that all merchants who are deploying a new application or those currently in use be certified as PA-DSS compliant. As your acquirer we are currently working with our merchants to ensure everyone is using an approved solution.

Lastly when implementing any approved solution always do so per the vendor's Implementation Guide and take the time to review it beforehand. A properly configured and installed application will help to reduce your overall scope of compliance.

### SecurityMetrics

If your business or agency is ready to validate with PCI simply call the compliance department at (801) 705-5665 and let them know you're a merchant of AMS.

### Take Note

If you are a merchant who has a pre-existing relationship with an ASV or QSA and have passed your SAQ or network scan if required recently, please forward a copy of your passing SAQ and/or vulnerability scan so that we may make note in our customer database.

AMS reports each merchant's compliance status to the Payment Card Associations such as Visa and MasterCard twice annually.

### Hackers “Check-in” to Hospitality Industry in 2009

According to recent study on data breach investigations conducted by Trustwave Corporation®, hotels were breached more than financial institutions last year, and nearly all attacks were after payment-card data.

Of 218 data breach investigations in organizations across 24 countries. Financial services companies accounted for about 19 percent of the breaches, but that was far fewer than in the hospitality industry, where **38 percent** of all breaches took place. Retail (14.2 percent) and food and beverage (13 percent) also suffered a fair chunk of attacks, according to Trustwave's data.

Not at all surprising, 98 percent of targeted data was payment card information because it's the easiest to turn into cash quickly.