The Green Sheet

DEDICATED TO THE EDUCATION AND SUCCESS OF THE ISO AND MLS

www.greensheet.com

November 09, 2009 • Issue 09:11:01

Reload with prepaid

Business is booming in the prepaid card sphere. In its sixth annual market assessment, Mercator Advisory Group reported that the total amount of funds loaded onto prepaid cards reached $247.7 billion in 2008, surpassing the totals for 2007 by $27.4 billion, or 12.4 percent.

In the closed-loop category, Mercator tracked double-digit growth for gift card incentive programs, cards used for digital media purchases such as online gaming time and music downloads, and gas cards. As for open-loop, network-branded cards, such as payroll, government payments and general-purpose reloadable cards, Mercator estimates its total size to be $60.42 billion, a 48.6 percent increase from the advisory's 2007 estimate.

Given this accelerating bounty, it is a no-brainer that every ISO either sells or resells a prepaid card solution to its merchants, right? Apparently not. Only 50 to 60 percent of ISOs offer gift, loyalty or other types of stored-value card programs, according to Douglas Hardman, founder and Chief Executive Officer at loyalty and stored-value network provider SparkBase.

Hardman believes the reason for this gap is that many ISOs were burned in the past by prepaid card providers' less-than-stellar programs. "It was initially they got a bad taste in their mouth from the way the programs were run," he said. "Those companies had issues with uptime. They'd go down a couple days before Christmas for five or six hours. That's detrimental to your business.

"And when I can't get a hold of somebody in customer service because they're off rock climbing, or you can't get a hold of someone you need to generate numbers, that wears on a person."

The Green Sheet Inc.
www.greensheet.com

AdvisoryBoard

Affiliations:

ETA   WPA

Produced and printed in the U.S.

NotableQuote

PayPal and Amazon.com already have 100 million accounts on file that include shipping information and payment preferences. Now, PayPal wants to open up its platforms to online software vendors. Soon, there will be an entire class of payment providers who will bypass the card brands.

Inside this issue:
CONTINUED

WINNER WINNER WINNER WINNER WINNER WINNER WINNER WINNER
APEX APEX APEX APEX APEX APEX APEX APEX

Green Sheet, Inc. — Winner
APEX Awards for Publication Excellence
in print and online— 8 consecutive years.
Plus, Grand Awards in 2004, 2005, 2006 & 2007

The Green Sheet Inc.

www.greensheet.com

President and CEO:
Paul H. Green...paul@greensheet.com

General Manager and Chief Operating Officer:
Kate Gillespie ....kate@greensheet.com

CFO/Vice President Human Resources & Accounting:
Brandee Cummins ....brandee@greensheet.com

Assistant VP, Editorial:
Laura McHale Holland ....laura@greensheet.com

Senior Editor:
Patti Murphy ....patti@greensheet.com

Senior Staff Writer:
Dan Watkins ....dan@greensheet.com

Staff Writers:
Michael Miller.. mike@greensheet.com
Joe Rosenheim .... joe@greensheet.com
Ann Wilkes... ann@greensheet.com

Assistant VP, Production and Art Director:
Troy Vera... troy@greensheet.com

Production:
Lewis Kimble, Production Manager ....lewis@greensheet.com

Assistant VP, Advertising Sales:
Danielle Thorpe..danielle@greensheet.com

National Advertising Sales Manager:
Rita Francis.. rita@greensheet.com

Advertising:
Kat Doherty, Advertising Coordinator............................kat@greensheet.com

Circulation:
Vicki Keith, Circulation Assistant................................ vicki@greensheet.com

Correspondence:
The Green Sheet, Inc.
800-757-4441 • Fax: 707-586-4747
6145 State Farm Drive, Rohnert Park, CA 94928
Send questions, comments and feedback to ....greensheet@greensheet.com
Send press releases to..press@greensheet.com
        NOTE – Please do not send PDF versions of press releases.

Print Production:
Hudson Printing Company

Contributing Writers:
Adam Atlas ....atlas@adamatlas.com
Tim Cranny...tim.cranny@panopticsecurity.com
Brandes Elitch ....brandese@cross-check.com
Jeff Fortney .... jeff@clearent.com
Scott Henry.. scott_henry@verifone.com
Vanessa Lang ....vanessa.lang@888quikrate.com
Biff Matthews ....biff@13-inc.com
Jon Perry ....jon.perry@888quikrate.com

Forum

Quest for knowledge

My name is Bill Brennan. I am the Director of Item Processing for Southwest Corporate Federal Credit Union in Plano, Texas. I have been in the check processing business for most of my 28 years in financial ser vices. I am now interested in lear ning about the credit/debit card business.

A colleague in the consulting business pointed me toward your Web site. I'm trying to find a place with documents and diagrams that can help me lear n about the business. Frankly , I'm star ting with "do-re-mi" if you will.

Can you suggest where I might find information on the basics from the perspective of both the merchant as well as the processor?

Bill Brennan
Southwest Corporate Federal Credit Union

Bill,

Here are some suggestions that may be helpful to you:

The Publications link at the top menu on our home page (www.greensheet.com) will take you to our Publications page, which points to a wealth of resources, including The Green Sheet and GSQ archives, which date back more than a decade.

The Green Sheet is published semimonthly and dedicated to the education and success of ISOs and merchant level salespeople (MLSs). It provides complete, original coverage of important, emerging issues and events in the ever-evolving payments industry.

GSQ is our quarterly publication. In it, we have covered POS equipment, Internet commerce, electronic check presentment, acquiring banks, rankings of merchant acquiring organizations, benchmarks throughout the industry, profiles of independent sales organizations, payments industry basics and much more.

You might want to begin with GSQ v12n3, "Life in the trenches: The MLS experience" and GSQ v11n3, "In search of knowledge," both of which delve into aspects being an ISO or MLS today , providing useful information and tips for beginners.

You might also want to review two popular series that are accessible from our Publications page:

1. Robert O. Carr's Knowledge is Power series was written more than a decade ago, and the industry has changed immensely since the articles were penned, but the series contains much useful information about how the industry works.

2. Street Smarts SM, which began in 2003, and continues in each issue of The Green Sheet today, is penned by expert contributing writers who write the column for one year and then pass the baton to the next payment professional willing to share knowledge with the payments community.

Street Smarts articles typically also contain insights from members of GS Online's MLS Forum, another recommended resource. The Forum contains discussion threads about anything and everything having to do with carving out a career in the payments industry . You'll need to register to join. Do that by clicking "Register today!" in the upper right-hand corner of our home page and following the prompts from there.

Once you are registered you can ask questions of other members, many of whom have decades of experience in the industry . The following publications also may be helpful to you:

- *How to Survive and Thrive in the Merchant Ser vices Industry, by Marc J. Beauchamp and William Graham, Performance Training Systems, 2003*
- *Paying with Plastic: The Digital Revolution in Buying and Borrowing, Second Edition, by David S. Evans and Richard Schmalensee, The MIT Press, 2005*
- *What Ever y Business Should Know About Accepting Credit Cards, by Anthony L Ogden, 2004*
- *The Electronic Transactions Association's Encyclopedia of Terminology for the Acquiring Industry*
- *Good Selling! SM The Basics and Good Selling! SM Thir teen Weeks to Personal Success, by Paul H. Green, The Green Sheet Inc., 2004*

Paul H. Green's books are downloadable from our W eb site as free PDFs. To do that, click the Book Review link from the Publications page. The Good Selling! books are the first two listed. We cannot attest to the pricing or availability of the other publications.

In addition, Visa Inc. and MasterCard Worldwide provide resources for merchants on their W eb sites, much of which is also very useful to payment professionals:

- *Visa: http://usa.visa.com/merchants*
- *MasterCard: www.mastercard.com/us/merchant*

I hope you find this information useful. Please let me know if I can be of further assistance. W elcome to the payments industry , and best of luck!

Editor

Call us, write us

Would you like us to cover a paticular topic? Is there someone you consider an industry leader? Did you like or dislike a recent article in *The Green Sheet*? What do you think of our latest *GSQ*? E-mail your comments and feedback to greensheet@greensheet.com or call us at 800-757-4441.

Eliminate the Paper Chase and Take Your Profits to the Next Level!

CLICK HERE
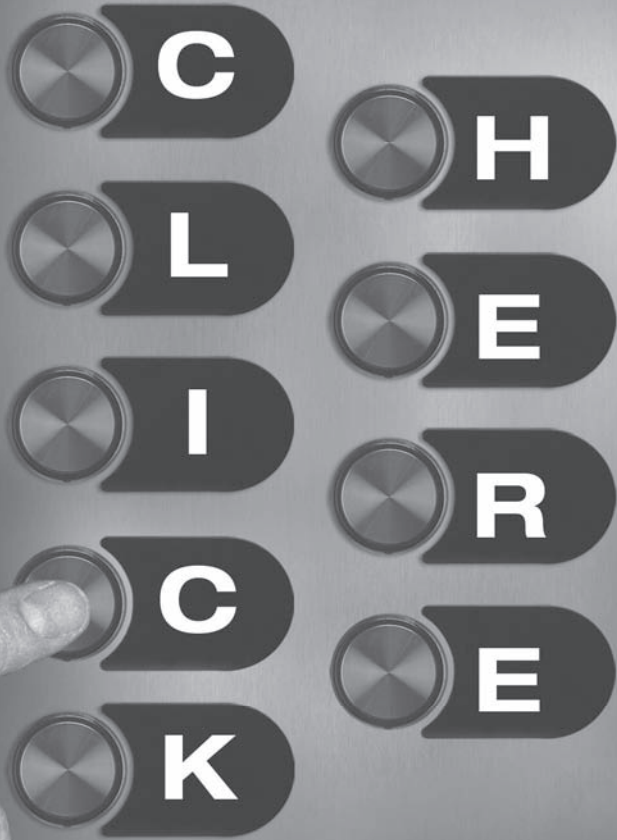
NorthAmerican™ BANCARD
A Better Opportunity. A Brighter Future.

Go paperless! No signatures! No mailing! No faxing!

- The industry's most innovative, efficient and secure merchant-facing "Click Here I Agree" application
- Receive an automated notification the minute your merchant gets started
- Completely customizable (including pricing and equipment) from your own FREE mirrored website

Easy to use and completely online.

NAB gives you just what you need to close more deals and make more money. Check out these additional cutting-edge sales tools:

Sales Partner Notification Systems
- Receive customizable email or text message alerts
- Stay on top of your merchants' needs and one step ahead of your competition

Agent Portal
- NAB's Agent Info Center puts the power of online sales support right at your fingertips
- Instant access to everything you need to increase your productivity and profits

Lead Wizard
- Grab millions of new and existing business leads as soon as they appear
- Seal the deal with new merchants before your competition even knows they exist

ELAP (NAB's online merchant application entry system)
- Set customized pricing and create individualized equipment set-ups
- Get accurate, live download instructions and merchant numbers within minutes

Enhance Your Image
- Get a FREE NAB email address and 800 number
- Get your very own professionally developed website complete with customized pricing

Focus On Growth
- Direct payment to sub-agents
- Expand your sales versus manage your office

Total sales support. Just one more way we are creating a better opportunity and a brighter future for our Sales Partners. Want to make more money? Make the switch to NAB today!

Call or visit us online today!

1-877-201-4833 • www.GONAB.com/gs

QSGS

A quick summary of key articles in this issue to help keep you up-to-date on the latest news and hot topics in the payments industry .

STABILITY

If you have found yourself uneasy about the security and future consistency of your residuals, consider a partnership with First American Payment Systems. With two decades of financial stability, you can trust us with your hard earned wealth. *Call us today.*

1-866-Go4-FAPS
(1-866-464-3277)

sales@first-american.net • www.first-american.net

◢ FIRST AMERICAN
PAYMENT SYSTEMS
Your Partner for Quality Payment Solutions

Hurry! Get Your Gift Cards Now for the Holidays

No Exchanges. No Returns. No Worries.
Help your merchants offer the #1 Gift of the season. Gift Cards!

People enjoy giving Gift Cards as much as receiving them.
Merchants enjoy the added sales and the benefit of not giving cash back on returns.

Place orders now and ensure your merchants offer the #1 gift choice for the holidays.

Act Now and Save!

Custom 100 Package:	$25	off
A-La-Carte 500:	$50	off
Custom 1000 Package:	$150	off

Offer valid through December 1st, 2009.

Back by popular demand, our seasonal holiday designs add variety to any gift card program.

Gift Card

23 designs to choose from or create fully custom Gift Cards!

Happy Holidays!

Jewelry
Gift Card

Global eTelecom, Inc.

877-454-3835
www.GiftCardTraining.com
Sales@GlobaleTelecom.com

48
News

A certified alternative

The ETA recently committed significant funding to begin developing a certification program for payments industry professionals, something the organization believes is a critical milestone for the industry. It is also something that many payment professionals have sought for years.

50
News

Dueling Strategies: VeriFone-Chase, Heartland-Hypercom

The race to secure POS transaction data is heating up as terminal manufacturers, acquirers and Visa Inc. scramble to get the upper hand with new techniques like data encryption. How are some of the industry's biggest players pushing for an edge in this high-stakes enterprise?

60
Education

Street Smarts℠: Why do we think we're different?

Bad stuff happens sometimes no matter what industry you work in. The key for everyone is to remain diversified. Too often, MLSs and smaller ISOs put all of their eggs in one basket. They have this unwavering belief that disaster won't happen to them. They point fingers, but who is really responsible if their businesses tank?

64
Education

Start with ripples, not waves

In the payments world, it is all too common to consider the value of merchants as solely the revenue earned on their processing and ancillary services. Yet, is that a true measure of a merchant's worth?

Look at us now…

Headquarters | Melville, NY
State-of-the-Art Facility

OnBoard
The Ultimate Boarding
and Tracking System

EVO Charge
Powered by NGT
Specialized Computer POS Software

EVO has built a strong foundation of proprietary products and services that are second to none in the payment processing industry. We recognize the value of these tools to our partners and centered our goals on long term prosperity and giving you the foundation you need.

Despite the economic environment, EVO has sustained steady growth and built an infrastructure that is here to stay. EVO has the strength and stability that you look for in a long term partner.

Over 200,000 merchants
300 million transactions
$20 billion transaction volume

Join the EVO family today.

$
Growth Capital

EVOtrac
Transaction Detail
and Reporting Platform

e-statements
EASY, FAST, AND ENVIRONMENTALLY FRIENDLY   SINCE 2008
Online Merchant Statements

Ownership/Portability Rights • BIN Relationships • First Rate Pricing

EVO
MERCHANT SERVICES

Go Direct. Go EVO.

Visit us online at www.goevo.com

Industry**Update**

NEWS

Hypercom prepares data security trifecta

Hypercom Corp. set into motion initiatives to help fight payment card data fraud. The electronic payment products and services provider is introducing its Asia-Pacific-based EFTSec Server encryption technology to North America, Latin America and Europe, teaming with Voltage Security Inc. for cryptographic technology and forming a global data protection business unit.

The business unit, directed by T.K. Cheung, Hypercom's Vice President, Global Quality and Security, will address customer-specific security threats.

Philippe Tartavull, Chief Executive Officer and President of Hypercom, said the security approaches must be as diverse as the threats. Hypercom outlined five key components to payment card data security: line encryption for data in transit, protection for data end-to-end, protection for data during operation and maintenance, virtual terminals, and card authentication.

Mobile payments without credit, debit or prepaid

Answering the demand of online shoppers for instant access on the go, **Telefonaktiebolaget LM Ericsson**, a provider of technology and services to telecom companies, now offers its Ericsson IPX platform. The platform allows smart-phone users to shop securely from phone browsers without entering credit card or account information.

With a mobile site, businesses can display lists of content, thumbnail graphics of items for sale, and sell information unsuitable for text messaging or multi-media text messaging. This is an approach newspapers may

consider to monetize some of their online content since they are struggling with declining print subscriptions. By using phone browsers, users avoid charges typically associated with premium simple text message services. Mobile carriers, which already have relationships with users, become the payment processors.

"The application stores launched by different device manufacturers have shown that allowing service providers to sell additional services inside an already installed application creates a new revenue stream for operators and at the same time provides higher completion rates and the possibility to sell new items to new customers," said Johan Rosendahl, Managing Director of Ericsson IPX.

Visa posts financials, authorizes share repurchase

Visa Inc. posted its 2009 fiscal fourth quarter financial results, reporting a net income of $552 million ($0.74 per diluted class A common share) for the quarter. Fourth quarter financial highlights included the following:

- Payment volume growth was down by 2 percent over the prior year.
- Total volume declined 3 percent year over year, to $1.1 trillion.
- The number of Visa-branded cards rose 5 percent worldwide year over year, to 1.7 billion.
- VisaNet processed 10.5 billion transactions for the quarter, a year-over-year increase of 9 percent.
- Service revenues were $808 million (up 3 percent from fiscal year 2008).

For the full fiscal year ending Sept. 30, 2009, Visa reported net income, adjusted to reflect restructuring and purchase amortization, of $2.4 billion. This also reflected the impact of Visa's sale of VisaNet do Brasil.

BOTTOM LINES
HEADLINES FROM THE RETAIL WORLD

- According to the **National Retail Federation**'s October 2009 Survey of Loss Prevention, return fraud is predicted to cost merchants $2.74 billion dollars this holiday season, down 17 percent from 2008's $3.10 billion total of returned merchandise.

- **eBillme**'s Q4 2009 Online Spending Index conducted by **Javelin Strategy & Research** anticipates that consumers will spend an average of $281 online during the upcoming holiday season, a 24 percent increase over Q4 2008.

- The **National Cash Register Corp.** reported in the Oct. 28, 2009, issue of *USA Today* that retailers generate approximately 228.7 million pounds of receipt paper annually, equal to nearly two Titanics. NCR said that by printing on both sides of the receipt, retailers could save 103 million pounds of paper yearly.

THANK YOU, PLEASE READ AGAIN!
TRANS ID:460465 EMP:120400

In addition, Visa's Board of Directors authorized a $1 billion share repurchase plan. The authorization will expire on Oct. 1, 2010, and is subject to extension or expansion at the discretion of Visa's board of directors.

ANNOUNCEMENTS

NFC for m-payments enabled

Charge Anywhere LLC enhanced its mobile-payment software for Nokia phones with near field communication (NFC) capabilities. The new solution allows for payment acceptance from NFC-enabled cards used at POS terminals powered by MasterCard Worldwide PayPass and Visa payWave technology.

Comodo clowns around

Paying homage to a popular television series, a new video produced by **Comodo Group** called *Intervention: Laptop*, illustrates the need for humor when tackling computer security. "We hope its humorous approach grabs viewers' attention and convinces them to install anti-virus and firewall software," said Melih Abdulhayoglu, Chief Executive Officer of Comodo.

Automation added to tokenization

CyberSource Corp. enhanced its Enterprise Security 2.0

solutions with automated account updating. Tokenized billing records on CyberSource's servers can be updated with new credit card numbers, expiration dates and so forth with the CyberSource Account Updater Service.

EPC launches direct debit schemes

The **European Payments Council** launched the SEPA Core Direct Debit Scheme and the SEPA Business to Business Direct Debit Scheme. It enables card users in Europe to transact domestic and cross-border, direct debit euro payments done in Single Euro Payment Area (SEPA) countries.

MCC unveils new program

Merchant Cash & Capital LLC released its Starter Plus cash advance program for businesses that cannot qualify for traditional cash advance. The new program is designed to help businesses graduate to more traditional cash advance in four to six months, according to Paul Giuffrida, Director of Renewals and Starter Plus Program at MCC.

Monitise an award finalist

Monitise Americas LLC is a finalist for the Mobile Excellence Award, administered by Little Monster Media. The award honors superior achievements in mobile entertainment by interactive media, film, television, music, games, agencies and high-tech enterprises. The awards ceremony is Dec. 7, 2009.

Flash memory card gets green light

Oberthur Technologies completed MasterCard compliance assessment and security testing certification for its flash-memory-based payment card. Using flash technology, issuers can securely load cards with customized debit, credit or other payment applications, sidestepping the masking process.

PayPal hosted developers' conference

PayPal Inc. held its first dedicated developer conference Nov. 3 to 4, 2009, in San Francisco, where developers had the opportunity to learn about PayPal's open platform and its possibilities for their businesses.

Tempo unveils platform

San Mateo-based affinity and co-branded debit provider **Tempo Payments Inc.** launched a Web-based platform that enables organizations to offer open-loop debit cards with rewards for use online or in card-present environments. Rewards range from cash back to charitable contributions. The cards are issued by First Bank & Trust, part of Fishback Financial Corp. of South Dakota.

In other company news, Tempo added three nonprofit organizations to its client roster: The Breast Cancer Fund, Greenpeace and Surfrider Foundation. These

Doin' it right

Security and anti-fraud technology solutions provider MagTek Inc. reported that its MagneSafe technology for Secure Card Reader Authentication (SCRA) not only meets but exceeds all 14 points of Visa Inc.'s 2009 published best practices for data field encryption.

Additionally, MagneSafe was recognized by Pricewaterhouse Coopers, in a September 2009 report to the PCI Security Standards Council (PCI SSC) entitled *Emerging Technology Research*, as the only solution to combine all five "emerging technologies" identified as dynamic payment card data (DPCD), magnetic stripe imaging, end-to-end encryption, tokenization and virtual terminals.

One and only

"Our interpretation is that we are the only security vendor to combine all of these technologies," said Andy Deignan, MagTek's Vice President of Global Marketing and Strategy. "No one security technology out there is going to deliver all the protection necessary.

"However, stopping the use of a fraudulent card is not being addressed by PCI initiatives. So we've taken that process one step further by not only protecting the data, but actually stopping counterfeit card use. We do this by leveraging encryption, tokenization, fraudulent card detection, tamper recognition and data relevance and integrity to validate and protect the entire transaction."

Deignan added that the most important feature of the MagneSafe solution is its ability to use existing mag stripe cards to generate DPCD. It is the static data, he said, that is so valuable to cyberthieves.

Too much static

"DPCD is the opposite of static data," Deignan said. "In the traditional payment, the static data on a card is the same from transaction to transaction. So that information has value for the bad guys because they can reuse that data again and again."

Deignan said that MagTek has solved the problem of static data susceptibility with its MagnaPrint solution, a dynamic card authentication technology that reads the individual "fingerprint" indigenous to every mag stripe card called the digital identifier.

"Every magnetic stripe card that has ever been manufactured has randomly distributed and randomly sized magnetic material that is as unique as your retina or DNA," Deignan said.

"If I take two magnetic cards and encode the same data on them, it is the same from card to card – but the material that the data is encoded onto emits an inherent or analog noise that is unique to that card.

"MagnaPrint is able to identify those fraudulent cards and determine whether they are authentic or counterfeit. Additionally, that transaction is only good one time. Once it's used, it can't be re-presented; there's no redemption value to that stolen data; that's why PWC said that this solution has the potential to eliminate PCI DSS [Payment Card Industry Data Security Standard]."

Problem affects all

MagTek is a company that believes industry-wide problems need industry-wide solutions. Deignan said that data breaches and counterfeit cards go hand in hand and he feels PCI DSS at this time serves only to place "a band-aid on a bleeding wound."

"We believe we're giving merchants a cure to this problem, so we're trying to educate the industry about dynamic authentication," Deignan said. "We can't keep shifting the liability to the next guy.

"No one is taking on the task of 'How do we fix the problem and stop the fraud?' so we see DPCD as a sensible and practical way of providing real security.

"Merchants don't want to invest in technology that won't give them future piece of mind. We're making excellent progress, though, and getting more players to join our cause because we're getting to the core of the problem to stop fraud altogether and forever." 🔳

organizations receive contributions based on standard card transaction fees each time members use their cards for purchases. The debit cards are made of polyethylene terephthalate (PTEG), a clear, amorphous, thermoplastic alternative to the polyvinyl chloride plastic used in most cards today.

Transactiv secures funding

Ohio-based **Transactiv** received $1.2 million Series A venture funding from Blue Chip Venture Co., CincyTech, Neyer Holdings Corp., Queen City Angels and Cincinnati-based private investors. Transactiv plans to use the funds for development of its e-commerce platform, intellectual property portfolio and technology leadership endeavors.

TSYS launches FI credit card program

Total System Services Inc. formed a new division to offer turnkey credit card programs for regional and community banks and credit unions in the United States. TSYS Program Solutions will be led by Andrew Mathieson, Patrick Fox, Fred J. Grigsby III and George Whitley. In other news, **TSYS Acquiring Solutions** introduced MobilePASS, a smartphone-based application that allows merchants to accept and process card payments anywhere. If coupled with the PayMate Pro 200, an optional Bluetooth magnetic stripe reader and thermal printer, TSYS said MobilePASS transactions qualify for card-present interchange rates.

Free ECR program surpasses expectations

The free electronic cash register program launched by **United Bank Card Inc.** in partnership with **Casio America Inc.** surpassed both companies' original expectations. "We are absolutely thrilled with the success of the program so far, and we don't expect the response to slow anytime soon. … This may very well be the most compelling marketing pitch that the ISO community has seen in the last 15 years," said Jared Isaacman, CEO of UBC.

IndustryUpdate

USA Technologies hits transaction record

In September 2009, **USA Technologies Inc.** surpassed its one-month record with more than $5 million in cashless micro-transactions processed through its network. The company processed 2,696,290 such transactions on its 57,000 cashless vending machines located in the United States and Canada.

VSoft in top 500 two years running

Software Magazine named **VSoft Corp.** to its 2009 Software 500 list for the second consecutive year. Company revenue determines rankings in the list. VSoft provides technology solutions for financial institutions, transaction processors and governments.

PARTNERSHIPS

Merchant Warehouse teams with Aldelo

To help hospitality organizations protect cardholder data from fraudsters when processing card payments, **Aldelo Systems Inc.** partnered with **Merchant Warehouse**. "The MerchantWARE solution integrates seamlessly with our EDC POS system and will give merchants the benefit of knowing their data and their

customers are secure at all times," said Harry Tu, CEO of Aldelo Systems.

Precidia's TransNet chosen by Axia, Unidine

Axia, a Santa Barbara, Calif.-based merchant program reseller, added **Precidia Technologies Inc.**'s TransNet payment engine to its offerings for hospitality and retail merchants.

Features that attracted Axia to TransNet included management tools, reliability, automatic dial backup, network alerts and Payment Card Industry Data Security Standard default settings, according to Randal Clark, President and CEO of Axia.

Unidine Corp. also chose Precidia Technologies' TransNet to integrate credit, debit, gift and loyalty payment processing with Unidine's electronic cash registers at its dining locations in hospitals, businesses and facilities for senior citizens.

Bluestone to resell TotalTransact

Bluestone Payments now offers **NetDeposit**'s TotalTransact service, which adds remote deposit capture and automated clearing house to Bluestone's payment solutions. "There is strong demand for remote deposit capture and e-check acceptance solutions among our customers," said Linda Rossetti, President of Bluestone Payments.

ICE, People's Trust team in Canada

Integrated Card Exchange, a CardWorks Inc. affiliate, and **Peoples Trust**, a Canadian financial services provider, joined forces to offer a turnkey processing solution powered by New York-based processor **Planet Payment**.

Hospital chooses FreedomPay

Sharp Grossmont Hospital, which serves East San Diego County, Calif., selected **FreedomPay** to update its POS system with a subsidized meal program and cashless payment system. The hospital's new Meal Tracker program loads funds for meal credits to a FreedomPay tag or employee badge.

TNB signs Western Vista FCU

TNB Card Services entered into a seven-year processing agreement with **Western Vista Federal Credit Union** of Cheyenne, Wyo. Western Vista is a $110 million credit union with 10,500 members.

VeriFone helps soldiers pay to play

VeriFone's PAYware Transact was selected for the **Vermont Systems Inc.**'s RecTrac facilities management system, which serves U.S. Army and Navy recreational

facilities worldwide. VSI provides software solutions for recreation and parks operations from the municipal to the federal level.

APPOINTMENTS

Ingenico names new management team

As part of a restructuring effort focused on forging strong management and improving product quality and customer service, Ingenico North America appointed six executives to its executive management team.

The following executives stepped into new positions: **Hal Hanna**, Senior Vice President, Strategic Initiatives; **Gregory Boardman**, Vice President of Product Development; **Svy Nekrasas**, Vice President of Marketing; **Philippe Piovesan**, Vice President of Operations; **Bernard Frey**, Director of Indirect Sales, responsible for the banking channel; and **Mark Little**, Director of Sales for Managed Services.

Nxgen appoints two execs

Merchant services provider Nxgen Payment Services promoted **Adam Montague** to Chief Operations Officer and **Dowe Kaufman** to National Sales Manager.

Both executives will report to Nxgen President, Giuseppe Caltabiano.

Visa's Partridge promoted to President

Visa promoted Chief Operating Officer **John Partridge** to the position of President. He will continue to report to Chairman and CEO Joseph W. Saunders.

Partridge will be charged with directing marketing and product functions worldwide.

ISTS welcomes Perry as EVP

ISTS Worldwide Inc., a technology consulting firm specializing in retail and payment verticals, appointed **Linda S. Perry**, a 25-year acquiring industry veteran, to the position of Executive Vice President, Global Sales & Marketing. She retired from Visa as Senior Vice President and Head of U.S. Acquirer and Processor Sales after 17 years of service.

Merchant Warehouse taps Rocco and Sperry

Merchant Warehouse appointed **Marianne Rocco** as Director of Marketing and Communications and **Stephanie Sperry** as Senior Marketing Manager for the agent and ISO channel. Rocco comes to Merchant Warehouse with 10 years of leadership in managing and developing marketing and product strategies in the technology sector. Perry managed all aspects of marketing communications and product marketing for companies of all sizes for eight years.

Stambaugh joins Bling Nation

Mobile payments provider Bling Nation welcomed **Rod Stambaugh** as Regional President for its Colorado region, home to The State Bank, Bling Nation's first customer. "La Junta, Colorado, was the first community in the United States to fully embrace mobile payments and, as a result, The State Bank and La Junta merchants and consumers are experiencing an uptick in business and savings," said Wences Casares, Co-CEO of Bling Nation.

SCA intros new officers, steering committee

To help achieve its goal of providing more education about chip card technology and its ability to fight credit card fraud, the Smart Card Alliance welcomed the following incoming officers: **Charles Walton** of INSIDE Contactless as Chair; **Ron Pinkus** of Giesecke & Devrient as Vice Chair; and JPMorgan Chase's **James F. Lock III** as Secretary.

Steering Committee members for the 2009-2010 year are: **Willy Dommen**, **Troy Bernard**, **Jack Jania**, **Sri Chawla**, **Ken Moy**, **Paul Korczak**, **Garfield Smith**, **Dan Loomis**, **Simon Hurry** and **Mohammad Khan**. 🔄

Sell, rent, lease or give it away – what to do?

By Biff Matthews
CardWare International

Should your merchant buy, rent or lease that new terminal or other equipment? It has never been a simple decision, and merchants often rely heavily on the recommendations of merchant level salespeople (MLSs). When our industry was young (20 years ago) the only option was to purchase POS devices. Merchants paid $1,000 or $2,000 or more for a $450 piece of equipment.

MLSs earned most of their income from equipment sales, and by the time the ISO and regional managers took their cut, that $450 device was $700 or $800 to the MLS, and the cost to the merchant had risen to between $1,000 and $2,000. No question: The merchant's cost of entry for card acceptance was high. However, sales were brisk, regardless.

Upward trend

The high cost of getting into the electronic payment world did preclude some from participating, though. Things changed when the lease, a salvation for many small merchants and agents, debuted. The leasing of bankcard POS equipment expanded exponentially the field of potential merchants who could pay to play.

Typical leases ranged from $20 to $60 per month for a 36 or 48 month term. Some leases were written at $25 or $30 per month for 60 months – arguably, the POS equivalent of the infamous "dollar a month for life" plan. The equipment cost to the MLS went down to around $325, and the leasing company assumed some risk. Leasing created opportunities for far greater unit sales. Revenue went up even more.

Notably, in that environment, equipment did not become obsolete every three to four years. It worked until it wore out, which could take a decade or more.

Rental agreements are newer, and have evolved substantially, but today they are primarily negotiated for short-term and seasonal situations. Common examples include charities with fundraising programs, civic organizations with special events, merchants planning sidewalk sales, and ski slopes and boat rentals that need POS systems for a few months.

Whatever their purpose, though, rentals cause a lot of angst. People who do the math on any equipment rental get very bothered about the cost. No doubt, the money

> *Commissions are nice, but a residual stream is what you retire on. That's why I believe an agile rental program, with service and upgrades built in for the long term, is more viable for both the salesperson and the merchant.*

you pay for a three-day car rental equals what the company pays on its lease for the entire month.

But short-term rental is about convenience and minimal commitment. And rental charges have to absorb costs like stretches where the equipment isn't used, depreciation and other expenses involved with having equipment available at a moment's notice.

And the "free" terminal? Well, like the free lunch, there is no such thing. All agreements have stipulations, conditions and provisions for cost recovery, albeit in (very) fine print. (Hint: watch for the term "processing contract.")

Legacy blues

Putting emotion and marketing lures aside, I believe the number one factor driving today's buy-versus-lease-versus-rent decision should be equipment obsolescence. What we see today in the POS market, whether products are sold, leased or rented, is that products are technologically obsolete, literally from day one.

Because of the elapsed time between development and delivery, POS equipment is, technologically speaking, near or at the top of its curve (and often heading down the other side) on the day it's installed.

Obsolescence is the one equipment feature that is universal. It is also accelerating. Software functionality in our industry is in a constant state of flux. As it is enhanced, and functionality increases, memory requirements increase, too. Yet terminal memory is static – no memory expansion allowed.

Merchants will not tolerate major outlays for new terminals every two to three years, so as an ISO or MLS, you need to offer a program that answers these challenges and has long-term benefits for both your merchants and yourself. This is why renting should be the option that you advocate now, as it represents the best value for your merchants' dollar.

Mind you, I am not talking about the "traditional" rental,

View

whose terms are generally twice as long as lease agreements. We need a paradigm shift in thinking about rental agreements. These are unusual economic times, but even when there is true recovery, things will remain different from what they had been.

Will a merchant commit to a long-term lease at $60 per unit a month when the very viability of his or her business is potentially in question? Should you even propose that he or she do so? Also, the long-term lease makes no accommodation for changing needs. Programs that are agile, short-term and comprehensive are far more beneficial and viable. That means bundling in a service program and perhaps an upgrade feature at the six month point or some other logical interval.

The new rental paradigm must be to create substantial value now, with the understanding that this is a flexible, month-to-month agreement, cancellable at any time, that provides merchants with the best options available for keeping equipment as long as it meets current needs.

We, as salespeople, do not like surprises, and neither do merchants. So as part of the agreement, merchants should also get processing – and peace of mind.

If the equipment fails to function, a replacement is provided quickly. If the POS device is no longer relevant – either because it's functionally obsolete or ceases to meet industry regulations – merchants can be upgraded at a predictable cost.

If processing needs change or there's the need for added functionality, the merchant can upgrade by simply cancelling the rental of "generation 2" and replacing it with generation 3 or 4. A nominal transition or upgrade fee would cover the necessary reconfiguration requirements. The key is that the merchants get to decide.

What this does for you, as a salesperson, is create a merchant relationship that is likely to endure. You'll have a greater opportunity to build stronger, more robust residual revenue streams because you'll have predictable foundational income.

Commissions are nice, but a residual stream is what you retire on. That's why I believe an agile rental program, with service and upgrades built in for the long term, is more viable for both the salesperson and the merchant.

A sensible alternative

Of course, much of the industry is still hawking "free" terminals and various leasing schemes. Equipment leased today for three to four years will doubtless become obsolete before the end of the lease contract, yet the merchant is committed and has no flexibility.

"Free" is even worse, thanks to those two- to five-year processing contracts that often include periodic and unspecified rate increases. If a merchant keeps rented equipment five to six years, he or she will end up paying considerably more than the straight purchase cost. However, service will not be included, upgrades will not be provided, and there will be no cancellation provision to use should the merchant's business falter.

Businesses today are concerned with their own longevity and often do not have the capital for a lease, much less a purchase. Rental is, for the foreseeable future, the best answer. It is more flexible, more equitable and, ultimately, a better tool for building relationships than any of the alternatives. 🖫

Use security to retain merchants

By Scott Henry
VeriFone

Significant attention in the industry is focused on how to protect cardholder data. But when it comes to protecting the acquirer? Not so much. At VeriFone, we applaud and are heavily engaged in the effort to shore up defenses against efforts to intercept cardholder data.

Yet we recognize there are other security aspects that can hit you in the pocketbook: unauthorized access to the terminals you have deployed, either to embed rogue applications or to poach your acquirer and merchant relationships.

As the payments industry continues to embrace a multi-application environment – with payment, payment-related and nonpayment applications increasingly likely to run on a single terminal – it is critical to ensure that each application is authorized to run on those terminals.

Responsibility and liability

Many are tempted to throw up their hands at the prospect of investing in security, assuming there will be little, if any, return on investment. But we think the same technologies that help you secure your terminal are just as adept at helping you retain your merchant accounts and solidify relationships between you and your customers.

Nobody can or should attempt to prevent a merchant from switching to another service provider if that's what the merchant really wants. Yet you should be able to ensure that no one can surreptitiously convert a terminal you have installed or, worse, install a rogue application that can capture cardholder data or perform other illicit functions.

In the era of the Payment Card Industry (PCI) Data Security Standard (DSS), nobody involved in the payments value chain can afford to be asleep at the wheel when it comes to securing POS terminals.

To some extent, everybody involved in that chain shares responsibility for PCI compliance. And that means everybody shares liability in the event of a breach of cardholder data security.

Many grey areas surface when it comes to determining who ultimately is at fault for noncompliance. But lawyers will always trace liability to whoever has the capacity to pay up.

The PCI mandates that applications that prompt for entry

of non-PIN data (virtually all existing applications) must be properly authenticated to ensure their proper use. This means a mechanism must be in place that:

- Reviews applications to be certain they are not falsely promoting for PINs
- Ascertains that the system has a function to allow only "approved" applications to reside and execute on devices

Fortunately, the same security that protects your terminals from being infected with malware can also be used to prevent unauthorized reconfiguration of devices to other service providers. Software has been designed with a set of highly sophisticated file authentication capabilities to provide increased control over access to system software, applications and data.

How it works

With file authentication enabled, your competitors can't just walk in and quickly switch the terminal to their services. If a merchant wants to change processors, the merchant must contact you for approval before downloading new application software.

Once you've verified that the merchant wants to make a change, you can remotely (and securely) supply the reset mechanism to allow the new payment processor's software to be downloaded.

For this level of security, each terminal requires a digital certificate using the public key infrastructure. (A certificate is a digital file that specifies that a particular public key belongs to a given entity or individual.) For a file to be authenticated on a properly protected device, the file must be digitally "signed" by an authorized party.

For example, a merchant uses a protected device supplied by Bank A. Bank B offers the merchant substantial incentives to change payment processors. The merchant cannot execute the new application(s) until a replacement certificate is provided. Merchant calls Bank A to find out how to do this. Bank A can then try to retain the merchant before agreeing to the request for a replacement certificate.

The payoff

With this type of file authentication protection, you ensure unsurpassed security and protection against unauthorized access to payment devices, while also securely accommodating trusted third parties.

At the same time, payment devices – and merchant relationships – are no longer easy targets for competitors. Nobody can assume control of your devices by placing their own applications on them without permission.

Scott Henry is Director , North America Product Marketing, for VeriFone. He can be contacted at scott_henry@verifone.com.

Special report on the ETA's 2009 Strategic Leadership Forum

By Brandes Elitch

CrossCheck Inc.

The Electronic Transactions Association's Strategic Leadership Forum held Oct. 12 to 14, 2009, in New York focused on the "future of payments—today" and was an opportunity for payments industry leaders to get acquainted, make deals and attend presentations geared to help them focus their efforts most strategically in a landscape that is always changing.

Topics of interest included emerging payment types, developing technologies that will drive adoption, current legislative and regulatory developments, risk management and data security. Following is an overview of what was covered.

Emerging payment types

Six speakers discussed emerging payments. The challenge is to determine which of the many new ideas swirling around the payment system will be mainstream products five years from now and how ISOs can make money with whatever succeeds.

Five years ago, who would have predicted that PayPal Inc. would create a new payment platform or that social networking sites could replicate this? These new platforms were created without any involvement from ISOs, which is another way of saying there is no revenue path for an ISO in these platforms.

If ISOs derive revenues from the spread between their buy rate, and what they charge their merchants, and credit card share of market declines precipitously, where will this leave the ISO community? The watchword here is "disintermediation," meaning running transactions on something other than the MasterCard Worldwide and Visa Inc. debit and credit rails. The running joke here was, "Flat is the new up."

Take a look at Revolution Money Inc. The individual behind this company is an original backer of AOL LLC (formerly American Online Inc.). He wants to start a new payment network that does not involve interchange, which he likens to a $70 billion "silent tax" for merchants – in some cases their second biggest line item expenditure. Moreover, interchange goes up every year, and we live in a technology industry where Moore's Law should apply (price is halved as capacity doubles).

His model is to use a PIN-based card that runs on the PIN debit rails, charge the merchant 50 basis points and still provide reward points for consumers. He said his startup cost was $100 million, and in its first year, Revolution Money signed 1 million merchants out of a 5 million merchant universe.

He didn't use ISOs to sign up those million merchants. He didn't use banks. It took Visa 20 years after the first ATM PIN debit cards to show the banks how they could make money by issuing debit cards – by creating signature debit cards that required interchange – and these banks aren't about to give up that revenue stream.

So how did he sign up a million merchants? We don't know. But, clearly, if the total cost to the merchant is 50 basis points, which includes a cardholder rewards program, where would the money come from to pay an ISO for signing the merchant? And why would an ISO sell Revolution Money?

PayPal and Amazon.com already have 100 million accounts on file that include shipping information and payment preferences. Now, PayPal wants to open up its platforms to online software vendors. Soon there will be an entire class of payment providers who will bypass the card brands.

Someone mentioned that now that the card brands are separated from their banks, and are for-profit companies with shareholders to answer to, they will develop their own products too, or simply buy the ones that fit their model. Visa has a $60 billion market cap; Mastercard's is $30 billion. Their mandate is to grow, and they will be aggressive in this. That is a new development.

Alternatives compared

Brian McLoughlin is a Partner with the Los Angeles-based venture capital firm GRP Partners, which specializes in transaction processing and was recently listed as one of the top 25 venture capital firms by *Red Herring* magazine.

He showed a slide with all of the current alternative payment providers arrayed in a matrix, with one axis being online/offline and the other being major card brand networks/alternative networks. Please see the accompanying chart entitled "Alternative payments landscape."

McLoughlin sees several key themes in the online world: cheaper solutions, online wallets and open application programming interfaces, and mobile commerce. He pointed out that a variety of online automated clearing house solutions exist, but these are not any easier to use for the consumer.

He included two online PIN debit solutions, Acculynk and HomeATM, in the chart. He also identified more flexible ways to pay online: PayPal, Google Checkout and Amazon Payments; while these "established" alternatives ride the card company rails, their brands command front and center, not the Visa and MasterCard brands.

Alternative payments landscape
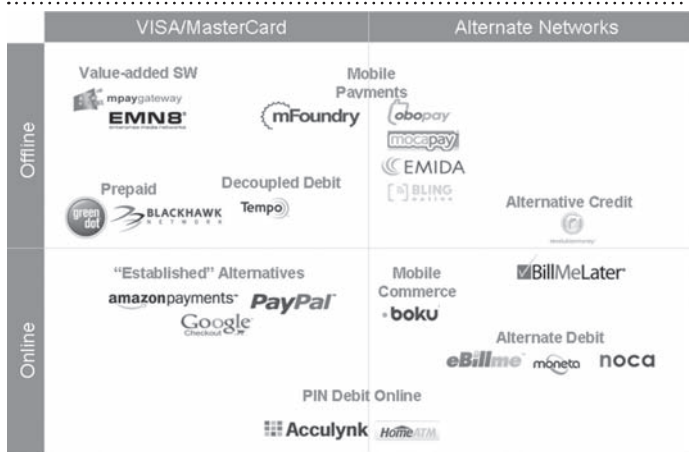
Courtesy of Brian McLoughlin, GRP Partners

McLoughlin said the next payment frontier is "in-store, with a mobile phone." Mobile commerce can be billed either on the credit card bill or on the telephone carrier bill. Historically, carriers have charged such high discount rates that this has only worked for things like ring tones and games, but that may change soon.

The future holds at least three solutions: first, apps with bar code presentation; second, near field communication and mobile wallet providers, such as Bling Nation Ltd. and ViVOtech Inc; and third, carrier-driven solutions.

Finally, he sees value-added software as another threat to the ISO model. This is where the merchant acquiring sale happens "upstream," McLoughlin noted. It is bundled in the enterprise software – a total disintermediation of the traditional acquirer.

Looking at the matrix, the question is, how does an ISO determine which products to concentrate on? The answer: Each ISO has a different set of customers. Study the needs of your customers, and focus on the products that fulfill those needs. Look for evidence of success; if certain things are working and have a proven track record, focus your resources there.

Mobile payments

Mobile payments can employ a handset or a wireless terminal. For example, Apple Inc. retail stores have no registers. Clerks book sales on mobile devices. This mobility can also be used for line busting, for example, at Costco Wholesale Corp. stores.

The speakers in this group agreed there is no payback today for merchants using contactless terminals or any device that can only do one kind of payment.

In the case of wave or tap devices, one speaker said,

"they're unplugged half the time, and there's just no consumer demand for them." And banks are not moving into contactless cards.

Other products whose time has not yet come are chip cards and the Visa POS. However, retailers want to get closer to their customers. Quick service restaurants need speed and convenience. So major efforts will continue in this space.

One speaker put things in perspective by saying that many ISOs still sell legacy products. He mentioned that his doctor just did a five-year lease on a five-year-old dial countertop Dassault.

Data security

Evan Schuman spoke about data security, and his Web site, *www.storefrontbacktalk.com*, should be mandatory reading for any ISO focusing on large retailers. Schuman spoke about the recently announced Wal-Mart Stores Inc. data breach, which started in June 2005.

Wal-Mart had four years of customer data stored unencrypted. Eight hundred machines were attacked, and nothing was taken except the source code.

The source of the breach was an ex-employee virtual private network account that had not been deactivated. The code crashed the server. The company found the code and discovered that files had been planted and "the logs showed no successful attempts at penetration."

Schuman said that no data was breached because today, "you need 100 million names for the theft to be worthwhile to the thief," a truly amazing statistic that shows the sophistication of the organized crime behind these attacks. Stolen data has a short shelf life; thieves have to use it right away to be successful.

Another point is that the card brands' zero liability programs are a powerful shield. When there is a breach, consumers don't lose money, and retailers don't lose revenue. This is why class action lawsuits typically don't go anywhere.

A philosophical split exists on how to store data. On one hand, you could use tokenization – take the data out of the network right away and store the token far away. But if a breach occurs, you will still be liable if you have deep pockets.

In some cases, you still have to convert the token back to a real card number, for chargebacks and so forth, so how can the data ever really be "out of scope"? And what if your tokenization vendor goes bankrupt? You end up being responsible for something you cannot control.

The concept of safe harbor being a fallacy was discussed. Ultimately, the speakers concluded it is absurd for the

Payment Card Industry (PCI) Data Security Standard (DSS) to cast the same net on both big-box retailers and small merchants – it is too broad.

Other advice: Read the technology blogs. Make sure your management, including your board, is involved in managing risk. Have a recovery plan, and determine the key threats to your business. Remember, you are deploying technology that is three years old, and the cyber thieves figured out how it works a year ago.

Regulation and legislation

Regarding government oversight of the credit card industry, the states argue that federal agencies should be a floor, not a ceiling. Questions in this seminar included whether exemptions should be granted for service providers who don't control the terms of the financial products (for example, an ISO cannot control interchange) and whether merchants should be given anti-trust immunity and allowed to bargain collectively.

There are two points of view pertaining to interchange. One is that interchange is a "privately regulated cartel." However, it's difficult to say that a regulator could do a better job. A U.S. General Accounting Office study on interchange is due out in November 2009, but so far there appears to be no evidence that interchange contributes to a restraint of trade.

Another question is whether the federal government should have a standard defining what constitutes a security breach. A consumer's name and telephone number can be found in a telephone book, so is that sensitive data? And what if you don't have a cardholder's address? How can you give notice of a breach?

The speakers also gave a synopsis of state legislation. In many cases, legislation was ill-conceived and overly broad. The lesson learned: As ISOs, work closely with your state retailer's association, and your legislators, before legislation is introduced. Be involved with working groups in the legislature, or you will see legislation that you don't like.

Maneesha Mithal from the Federal Trade Commission did a presentation on the role of the FTC in enforcing such legislation as the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, the Fair and Accurate Credit Transaction Act (FACTA) and the FTC Act, which prohibits "unfair and deceptive practices." She discussed the FTC's jurisdiction and authority in three areas: data security, breach notification and FACTA's Red Flag Rule.

Her message: Keep your promises, share information only with those who should receive it, don't retain information unless you have a need for it, and identify well-known security risks and take measures to address them. Implement the easy fixes; the standard is reasonableness.

CEO roundtable

The closing CEO Roundtable raised interesting questions. Why should an acquirer have the liability for damages from a breach that was caused by a merchant's bad business practices?

Liability is also cost prohibitive for acquirers: The merchant is marking up his cost of goods sold by 200 percent, and the ISO is making 10 basis points.

It was concluded that breaches are a process problem, not a technology problem; no single entity should bear the full burden if all parties are responsible, and regulators should focus on outcomes, not prescriptive measures.

One panelist said that the PCI DSS is a false hope because there is no way to prove the absence of something. But another panelist countered that the PCI is a good thing. It is a set of best practices, and if we start with good governance, the byproduct will be compliance.

Others pointed out that some acquirers are hooked to 14 different bank systems; there are too many points of vulnerability. Also, a highly sophisticated criminal ecosystem consisting of tens of thousands of people exists. And they are well organized, well financed, have good management skills and even outsource their programming to India.

Participants agreed that selling security to all the mom-and-pop merchants is almost impossible. Ultimately, an ISO function is to reach out to small merchants and supply new hardware. If you can replace all the old Zon Jrs and Excels with state-of-the-art hardware, you will help your merchants comply.

Other topics

A number of other subjects addressed during the meeting deserve mention. These include loyalty products; the direct-to-consumer movement (Green Dot Corp. was mentioned as a successful example); decoupled debit; employee incentive and payroll cards; and how to create long-term value by taking into account regulatory and compliance issues when designing products.

This was a very worthwhile conference. The ISO world is changing rapidly on all fronts, and the ISOs that have a game plan and a strategy to deal with these issues will be the most successful. 🍀

Brandes Elitch, Director of Partner Acquisition for CrossCheck Inc., has been a cash management practitioner for several Fortune 500 companies, sold cash management services for major banks and served as a consultant to bankcard acquirers. A Certified Cash Manager and Accredited ACH Professional, Brandes has a Master's in Business Administration from New York University and a Juris Doctor from Santa Clara University. He can be reached at brandese@cross-check.com.

Selling Prepaid

Prepaid in brief

NEWS

CAT retains second law firm

Card Activation Technologies Inc. retained law firm Stinson Morrison Hecker LLP for prosecution of its patent infringement cases. The firm joins Orum & Roth LLP as representatives of CAT in several cases pending. The controversy involves CAT's patented POS technology for the activation and processing of transactions using debit-styled cards, including gift, phone and other stored-value cards.

CAT received a favorable report and recommendation on the claims in its patent infringement case against quick service restaurant giant McDonald's and others; the case is pending in the U.S. District Court for the Northern District of Illinois, Eastern Division. Counsel Mark Roth of Orum & Roth said his firm believes the ruling will "help solidify our position on all parties' infringement of the patent involved in Card Activation's various lawsuits."

Roth added, "As a compliment to the strength and positive encouragement of the beneficial and favorable ruling, we welcome Stinson Morrison Hecker to the team, as they will dramatically broaden and enhance our defensive capabilities in protecting our patent."

MoneyGram agrees with FTC

MoneyGram International reached an agreement with the Federal Trade Commission to increase its fraud prevention measures with new systems and processes in response to the FTC's allegations that MoneyGram agents knowingly processed money transfers for consumers who were victims of third-party scams. The FTC also claimed that some agents were active participants in the scams, not just conduits for the funds transfers.

Pamela H. Patsley, MoneyGram Chairman and Chief Executive Officer, stated, "While we don't agree with the FTC's allegations regarding our fraud prevention in the past, we can agree on fraud prevention today and in the future. We don't want our customers being victimized by third-party fraud.

"What we are announcing today with the FTC is our commitment to enhance our already comprehensive efforts to combat fraud and ensure our customers can continue to rely on MoneyGram for safe, reliable money transfer services."

MoneyGram will also remit $18 million into an FTC-administered account to refund consumer losses from third-party fraud. The FTC estimated consumer losses far exceeded the $84 million reported to them by victims.

ANNOUNCEMENTS

Platform to be unveiled in Canada

3V Transaction Services Ltd., a Dublin, Ireland-based prepaid service provider, will launch its Virtual Visa Voucher product in Canada, issued by Peoples Trust Co., in early 2010. The 3V Voucher will be distributed by VendTek Systems Inc.

Boston colleges get campus cards

Campus card services provider **CardSmith** launched its Campus Cash program in the Boston metropolitan area. The card can be integrated into the existing campus identification card programs of CardSmith's higher education customers in Boston, Cambridge and Newton, Mass. Students at participating colleges and universities can access their prepaid spending accounts at network locations in and around the schools.

Prepaid pot cards out west

Commerce Online Inc. launched branded, prepaid debit and identification cards for licensed medical marijuana dispensaries and collectives operating in California and Colorado.

"Presently, most of these operations only accept cash, as well as pay cash to suppliers to the collectives, subjecting operators and collective members to theft, unregulated and potential criminal activity," said Kyle Gotshalk, CEO of Commerce Online.

JPMorgan advances card expansion

JPMorgan Chase & Co. expanded its commercial card services in Europe, the Middle East and Africa. The company's Treasury Services introduced several new product offerings and service enhancements in those regions. More new product offerings are expected to roll out in early 2010.

CEO waives salary

Prepaid Card Holdings Inc.'s CEO Bruce Berman agreed to not claim a salary for the balance of 2009. He had previously waived his 2008 salary and accepted a 70 percent decrease in salary in February 2009. Prepaid Card Holdings filed a lawsuit against Robert Christiansen, its former CEO and Director in Sept. 2009 for fiduciary abuse. Berman said he is making this sacrifice "in order to not affect the company's operational cash flow from this legal action this year."

Text alerts added

The Members Group added simple message service alerts to its ATIRAreload card offering for TMG's credit union clients. Cardholders may elect to receive text message alerts based on pre-determined event triggers, such as low balances, reloading and purchases. The service comes at no additional charge to cardholders, TMG said.

TSYS takes part at symposium

TSYS Acquiring Solutions' President Bob Philbin spoke on the CEO panel at the annual Lydian Symposium, a closed-door roundtable held in New York City. This year's theme was What's Next in Payments. Warren Buffett, Chairman of Berkshire Hathaway Inc., was the keynote speaker.

Cardholder hits jackpot

As part of a **UniRush LLC** promotion, RushCard user Ebony Pleas won $10,000. Cardholders who received a direct deposit on their cards between May 1, 2009, and July 31, 2009, were automatically entered to win the cash prize in the Prepaid Visa RushCard's Visa Prepaid Debit Card Direct Deposit Promotion.

"These sweepstakes are a great incentive for our members to use direct deposit and manage their money well," said Ram Palaniappan, General Manager of the RushCard.

PARTNERSHIPS

Players enter promising pact

FiCentive Inc., a wholly owned subsidiary of Payment Data Systems Inc., entered into an agreement with **Redpack S.A. de C.V.**, a global package and delivery company in Mexico, to create the Redpack-branded Mi Promesa cards. U.S.-based cardholders can reload Mi Promesa cards and also fund the FiCentive cards of family members.

Payroll gets new partners

FixYa Ltd., a San Jose-based product support service, will now offer its community of technology experts the option of payment via the FixYa Prepaid MasterCard powered by **Payoneer Inc.**, provider of online corporate payment solutions. The FixYa cards are reloaded monthly, provided experts earn a minimum of $50 that month.

UniCache gets hooked up with wifi

Global Currency Inc., the exclusive North American licensee for UniCache products and services, will partner with **TengoInternet Inc.** to enable the distribution of 8,000 UniCache NonBank Centers throughout the United States and Canada. TengoInternet provides wireless Internet service for the outdoor hospitality industry.

Contactless drives French loyalty

Inside Contactless partnered with **Adelya**, a software-as-a-service company specializing in contactless and mobile loyalty programs, to provide Adelya with technology to transform mobile phones into contactless loyalty cards. The two companies also rolled out more than 300,000 loyalty cards embedded with Inside Contactless's PicoPass stickers to clothing store chain Tape à l'oeil locations throughout France.

MoneyGram re-ups with pharmacy

MoneyGram renewed its agent agreement with **Duane Reade Inc.**, a drugstore chain based in New York City. Duane Reade locations that presently offer MoneyGram money transfers, money orders, and ExpressPayment services for urgent bill payment and reload options for prepaid debit cards, will now be able to offer MoneyGram's Utility Bill Payment services.

NetSpend triples alliances

NetSpend formed an alliance with **Grupo Financiero Barri**, a nonbank financial services provider, which caters to the Hispanic community in Texas, to offer a rechargeable, jointly branded and general use prepaid card in 200 Barri branches. To kick off the program, Barri customers who buy the card and deposit a minimum of $20 will receive an additional $10.

In other news, NetSpend partnered with **Winn-Dixie Stores Inc.** to provide New Orleans Saints-branded prepaid Visa cards to Winn-Dixie customers. The stores are located in the greater New Orleans area and are issued by Inter National Bank of McAllen, Texas.

NetSpend also signed a three-year renewal with Little Rock, Ark.-based **Acxiom Corp.** after experiencing strong marketing results with Acxiom's Web-based data quality services.

Publications show off Pearls

Through a partnership with **Prepaid Resources Inc.**, **Prepaid Media LLC** (doing business as **Paybefore**) made Prepaid Resources' Pearls Provider Referral Listing Service available through Paybefore's Web portal

at www.paybefore.com. Pearls acts as a clearing house and matchmaker for prepaid programs.

Ukash enters Canada, gets new teammate

Ukash will make its first foray into North America, partnering with **VendTek Systems Inc.** under its Now PrePay brand. Ukash will be available from 4,000 POS terminals in Ontario. Ukash plans to expand to include a total of 15,000 Canadian locations by the end of 2009.

Additionally, a partnership between **Ukash** and **Payzone UK Ltd.** will allow MasterCard Worldwide's MasterCard rePower to be reloadable at 18,000 Payzone outlets across the U.K. beginning in 2010. Payzone, a branded consumer payments acceptance network, also provides mobile top-up, bill pay, ticketing and money transfer services.

APPOINTMENTS

Omni gets Blasiman

Doug Blasiman joined Omni Prepaid LLC as Chief Operations and Finance Officer. Omni credits Blasiman with launching the first anonymous, branded, prepaid open-loop gift card through banks, retail stores and check cashing locations. He also reportedly holds numerous prepaid patents.

Barclaycard recruits new exec

Barclaycard hired **Jim Wadsworth** as Head of Strategic Product Management for Prepaid. Wadsworth is tasked with growing the company's prepaid card business in both the public and private sectors.

Prepaid players expand to meet demand

Analysts seem to agree that the U.S. economy has stabilized and may finally be headed in the right direction again. But U.S. gross domestic product and federal tax revenues are down. Many believe that a complete economic recovery is years away. But in the prepaid card industry, businesses are expanding operations.

Foreign currency exchange specialist Travelex launched a new customer care team to handle the increasing volume of calls from potential clients. Processor i2c Inc. opened a new contact center in Panama City, Panama, to take advantage of burgeoning prepaid card opportunities in the Latin American and Caribbean region. And processor eCommLink Inc. has opened a global team headquarters in Las Vegas for similar opportunities.

Travel abroad broadens

In North America, Travelex provides 1,500 financial institutions with travel-related products and services, such as foreign currency exchange and travel cards. One of its most popular products is the Travelex Cash Passport, a prepaid card that allows corporations to streamline and better control the overseas travel expenses of their employees.

Tracy Hammock, Vice President of Outsourcing Americas for Travelex, said the demand for products like the Cash Passport was a key driver behind formation of the new customer care team. Since October 2008, Travelex has added 150 new financial institutions to its client roster and recognized a need to centralize and streamline the product information flow.

The customer care team is therefore focused specifically on potential customers that call in to get information about Travelex's foreign currency and prepaid card solutions.

"So instead of them having to call multiple areas, it's one centralized area that focuses on really all of their various needs," Hammock said. "And it's eliminated some of the issues that we've had with partners or customers calling in, trying to get additional information, but there being delays in getting back to them, or some of them having to be transferred around to different areas within our organization. Now there's just one point of contact for them. So it's worked out really well."

Three customer care specialists comprise the team, but Hammock expects that number to grow with new Travelex initiatives set to launch in 2010.

"At a time when you are hearing so much about companies cutting back, it just feels really good from our standpoint to be investing in solutions that are going to help our customers," he said.

A 'c' of opportunity

In September 2009, after nine months of planning and red tape, i2c opened its new contact center in Panama City. The center is designed to handle in-bound calls coming from existing and potential clients in Central and South America, as well as in the United States.

The company weighed the pros and cons of setting up the center in several different cities across Latin America before deciding on Panama City, said Amir Wain, Chief Executive Officer at i2c. But the capital city of the south-

ernmost country in Central America had the infrastructure (Internet and telecommunications), an international airport, and it conducts business in the U.S. dollar – all factors that made it ideal for i2c, Wain said.

Increasing its footprint in the Latin American and Caribbean region dovetails with i2c's global growth strategy of following its clients (banks and program managers), rather than following the market.

"You have to look at where the growth is coming from," Wain said. "In my opinion the real big and successful projects will be where prepaid is a function or is an addition or an enhancement to an existing product."

One of i2c's customers is The Western Union Co. Millions of its money transfer users are being issued prepaid cards as a valued-added service, Wain said. The partnership is doing "very well," he added.

The new contact center employs 26 customer service representatives, and is expected to reach 50 in the first quarter of 2010, according to Wain. The representatives are trilingual in Spanish, English and Portuguese. They speak Portuguese because i2c has a large presence in Portuguese-speaking Brazil, he said.

More links in the chain

While i2c's new office is focused on customer service, eCommLink's just opened global team headquarters is dedicated to development of the company's transaction processing technologies.

"My view of this company is as a technology company," said Ennio Ponzetto, CEO of Las Vegas-based eCommLink. "So we need to continually improve and better and extend the capability of these technologies."

Ponzetto explained that, in order to deploy its processing platform in diverse regions across the globe, with differing compliance and regulatory standards, continued development is vital to success.

The global team headquarters remains Las Vegas but will be international in scope, with a "modern development environment" staffed by 20 to 25 people, Ponzetto noted. "We believe that we need to maintain the core of our functions, the core functionality here in Las Vegas, and grow internationally with the development capability brought from other countries, whether it is India or China, but maintaining the intelligence or driving it from here," he said.

International markets where eCommLink has a foothold include Europe and Latin America. It is pursuing business in Columbia, Mexico, Panama and Venezuela, Ponzetto said. The company expects to accelerate its expansion efforts in Italy. "We have the most successful prepaid program managed by the Poste Italiane [the

Italian postal system] – 6 million subscribers – and all the big banks are following that," Ponzetto said. "So this is good news for us."

The window of international opportunity is open for the prepaid card industry, and Ponzetto is positioning eCommLink to aggressively pursue its share of the market. 🕸

From coins to customers

Agrowing consumer group for prepaid cards consist of teens. By virtue of their age, teens have no access to personal bank accounts. That's where prepaid cards come in, giving teens the means to purchase goods and services electronically, whether in-store or online.

One popular pursuit of teens is playing "massively multiplayer online role-playing games" (MMORPGs), such as World of Warcraft and Everquest. Teens buy prepaid game cards to pay for game-time minutes or to outfit their online alter egos with powerful weapons or other accoutrements.

Mercator Advisory Group considers the market for digital media (of which game cards are a part) to be one of the fastest growing prepaid card segments. Mercator predicts the load volume in the digital media category will reach nearly $9 billion by 2011.

Coin of the realm

Recognizing the size of the teen market, coin exchange kiosk operator Coinstar Inc. partnered with alternative payment platform provider Rixty Inc. to offer its kiosks as a distribution channel for Rixty's services.

With Rixty game cards or online redemption codes, users go to Rixty's online platform to choose from one of Rixty's 43 MMORPGs, like Dragonica Online and Luminary: Rise of the GoonZu. The partnership with Coinstar allows teens to convert cash and change for receipts on which Rixty redemption codes are printed.

According to Mike Skinner, President of Coin and EPay at Coinstar, the partnership is one step in the Bellevue, Wash., company's continued expansion. "Through the Coin to Card program, Coinstar strives to offer retail cards and certificates that are attractive to multiple audiences," he said.

Skinner noted that the teen audience is increasing its consumption of online entertainment; the Coinstar-Rixty partnership provides teens with another access point to it. Coinstar estimates that $10 billion in loose change is sitting idle in households across the United States, which averages out to more than $90 per household.

Skinner said Coinstar has self-service kiosks in 18,000 locations nationwide and expects to install 800 to 1,000 new kiosks in 2009. Coinstar kiosk users can also exchange cash and coins for gift cards or electronic certificates for retailers such as Amazon.com Inc., Starbucks Coffee Co., JCPenney Co. Inc. and Lowe's Companies Inc.

Winning coin

Skinner said Coinstar has been successful because it offers consumers a convenient way to dispense with leftover change and control over what they purchase through the service. The most successful kiosk deployments occur in high-traffic retail locations, such as supermarkets, big-box retailers and drug stores – places that consumers normally frequent, Skinner added. Positioning within stores is another important factor in successful deployments; kiosks must be easily seen and accessible, he said.

But one size does not fit all. Coinstar allows its retail partners to vary what brands are represented in the kiosks. Additionally, the number of features on a kiosk needs to be taken into account, Skinner noted.

"However, multiple services on a kiosk does not necessarily translate to longer lines, more waiting," he said. "A kiosk could be multifunctional, but not every consumer will use all of the offerings/functionality on the kiosk."

In-house, SaaS or PaaS that solution?

Prepaid card processing complexity mirrors the many uses of the cards themselves, according to a TxVia Inc. white paper. In *Approaches to Processing Technology for Prepaid Cards*, TxVia compares prepaid processing to traditional credit and debit card processing. While the latter are "homogenous products commercialized primarily by a single type of [financial institution], prepaid cards represent tremendous complexities," TxVia wrote.

Among the intricacies are breadth of card products; variety of marketing strategies and distribution channels; diversity of players along the value chain; divergent business models, value propositions and risks (categorized by product, vertical market and distribution method) for each stakeholder; differing technology infrastructures and operational support requirements (by the three categories mentioned herein); and rapid change and evolution due to early days in prepaid.

Since prepaid card processing is an involved and idiosyncratic endeavor, trying to reengineer existing credit and debit platforms to handle prepaid card transactions is a losing proposition, the paper states.

"While retreaded credit card platforms may give the

appearance and perception of viability for prepaid card processing, their utility diminishes beyond the most basic prepaid card products offered through simple channels," the report states.

In-house and SaaS

According to TxVia, the two fundamental ways to process prepaid cards are to either use software-as-a-service (SaaS) platforms outsourced by third-party vendors to issuers and program managers (PMs) or to use in-house software platforms offered by software vendors and deployed internally by issuers and PMs.

TxVia believes most SaaS platforms are not as flexible as they need to be to meet the demands of prepaid card processing. Outsourced SaaS solutions are dependent on the "one size fits all" model, according to the paper. "Third-party processing is considered by many to be a material weakness of the industry," it states.

On the other hand, TxVia found that in-house software solutions are often marketed as providing greater program control (meaning greater flexibility) than SaaS offerings. Additionally, in-house systems are thought to provide long-term price reductions in comparison to SaaS. But TxVia asserts that both claims are false.

In the prepaid sphere, "in-house software solutions only provide the illusion of control and cost savings," the paper indicates. Said systems are often modified credit and debit card processing systems that are not tightly integrated to meet the singular demands of prepaid processing. Thus, retrofitted legacy systems typically ends up causing "out-of-control" integration expenses, according to TxVia.

PaaS

The solution put forth by TxVia is the platform-as-a-service (PaaS) approach. TxVia, which is a purveyor of PaaS, contends that the platform marries the best of both worlds: It can be an outsourced solution like SaaS, or it can be deployed in-house. That flexibility is accomplished by what TxVia calls model-driven architecture (MDA).

The upshot of MDA is that it involves templates that can "quickly and efficiently create highly customized processing platforms to meet the specific needs of each client," TxVia said.

TxVia's "template library" allows a business to build its own processing application based on its own processing requirements in the areas of data flow; work flow; service level agreements; cardholder, customer service, administrative and other Web sites; and Web services application programming interfaces. In conclusion, TxVia asserts that its PaaS service, which it believes is the first such solution for the prepaid card industry, "provides a fundamental decoupling of the technology, product and operations value chain so that overall complexity is reduced and organizational parallelism is increased."

IT'S
BIG
AND IT'S
HERE!

United Bank Card

ANNOUNCING THE INDUSTRY'S FIRST

FREE ECR
PROGRAM

Adding Value

EQUIPMENT DISTRIBUTION

DEPLOYMENT SERVICES

SOFTWARE SOLUTIONS

POS
PORTAL

> POS Equipment and Supplies

> Deployment Services
  – Downloads
  – Injection
  – Repair

> Rentals/Lease Programs

> Deployment Management System

> Dedicated Sales Representatives

> Distribution Centers in
  Sacramento, CA and Louisville, KY

> Next-Day Delivery for orders
  placed before 7:00pm ET (M-F)

> Customer Service Available from
  8:00am to 8:00pm ET (M-F)

CALL or E-MAIL for more information: **1.866.276.7289** email: sales@posportal.com
Visit us at **www.posportal.com** and sign-up for e-mail specials!

Lower Prices. More Inventory. Exceptional Service. POS Portal.

Company**Profile**

MERCHANT e-SOLUTIONS

Merchant e-Solutions Inc.

ISO/MLS contact:
Kevin Gallagher
General Manager, e-Commerce
Phone: 678-493-8853
Fax: 509-232-5625
E-mail: *kgallagher@merchante-solutions.com*

Company address:
3400 Bridge Parkway, Suite 100
Redwood City, CA 94065
Phone: 678-493-8853
Fax: 509-232-5625
Web site: *www.merchante-solutions.com*

ISO/MLS benefits:
- E-commerce payment solutions in 150 currencies and 22 countries
- Proprietary processing platform and payment gateway
- Strong infrastructure, serving more than 65,000 merchants
- Web-based reporting
- Fraud detection and risk management solutions

A different vision, a better solution

When Sharif Bayyari formed international payment solutions provider and payment processor Merchant e-Solutions Inc. in 1999, it was out of frustration with his previous executive position and his desire to offer merchants a comprehensive set of payment solutions under one roof. Bayyari, President and Chief Executive Officer of MeS, was the CEO of Bank of America Merchant Services Inc. from 1993 to 1999.

When Bank of America Corp. decided to bring its merchant services functions back into the company as a wholly owned subsidiary, Bayyari realized it was time to break away from a company in which he had lost control over both operations and investment infrastructure. When Bayyari founded MeS, a handful of the BA Merchant Services management team went with him.

"I teamed up with Sharif in 1993, and he built the BofA business from 7 billion processed card transactions a year in '93 to about 60 billion by the end of 1999," said Jim Aviles, MeS' Chief Operating Officer. "It was all done organically, but the truth is that BofA had a very different vision of the merchant business.

"They said they were in cost-reduction mode and, by the way, all of your product development projects have been cancelled. Well, Sharif and I thought about that situation and felt very strongly that they were making a mistake. We had built them an awful lot of growth in that end of the business, and they were going to let the air out of the tires. They were obviously going in a different strategic direction, so we felt it best to leave the company."

One system, no silos

MeS serves the payment processing needs of community banks and their merchants, partner channels and international e-commerce clients. MeS payment solutions and reporting services were designed specifically for these market segments. Aviles added that what differentiates MeS from other processors is that it has one system that addresses the entire functional requirements of merchants' businesses.

"We wanted to create an environment in which we got rid of all these siloed systems and built one platform to address all these different requirements," Aviles said. "We strive to take advantage of modern technology to build out the electronic payments infrastructure for our merchants' businesses. So that simply means we wanted to own all the operational and systems landscape on one proprietary platform and avoid outsourcing anything to third-party vendors."

Since January 2000, the company's portfolio has grown to over 65,000 merchants and 200 financial institutions that outsource their processing services to MeS or resell the company's services under their own white-label brand. Approximately half of the company's merchants are e-commerce whose transactions are categorized as card-not-present (CNP). The other half are doing business in the retail, restaurant and hospitality, and business-to-business (B2B) spheres.

Three components, equal weight

Aviles noted that MeS has three divisions that are equally weighted from a revenue standpoint: the financial

"When you get into different countries you need to be able to facilitate transactions beyond Visa and MasterCard processing, otherwise the merchant could end up losing a huge percentage of their potential customers. We have done a great job of putting the right pieces in place."

– Kevin Gallagher, MeS General Manager, e-Commerce

institutions that resell MeS services, a direct sales force and, most importantly, the channel partnerships it has developed with value-added resellers, technology providers, associations and other payment-related companies that refer business to MeS.

"We have an affinity for acquiring merchant relationships through our banks and we feel there is a lot of stickiness there," Aviles said. "It's very cost effective because the banks are doing most of the marketing and sales. We're providing the tools they need to better manage those merchants and it's been very successful. We can also sign up merchants directly through our sales force."

He added that the partnership channel allows the company to market its services through companies that offer related services.

"For example, we teamed up with Sabre Travel Network, which is the largest travel agent reservation service provider in the country," he said. "We can now offer their agents a merchant services program that is integrated into Sabre's reservation system infrastructure. The benefit is we can develop new merchant relationships without going after individual agents."

MeS authorizes and processes transactions in 150 currencies in 22 countries. In addition to credit and debit processing, the company offers automated clearing house (ACH) services, electronic check conversion, online PIN debit and alternative payment platforms such as Bill Me Later, PayPal Inc. and Acculynk's online PIN debit.

Kevin Gallagher, MeS General Manager, e-Commerce, said MeS has integrated the alternative payments directly into its processing platform, which allows the company to facilitate those transactions through its own infrastructure. "We can also provide real-time reconciliation reporting to our clients as well as currency conversion services," he said. "So we make sure from a CNP space that we are supporting those alternative payments that enable our merchants to accept whatever the customer chooses to pay with.

"When you get into different countries you need to be able to facilitate transactions beyond Visa and Master Card processing, otherwise the merchant could end up losing a huge percentage of their potential customers. We have done a great job of putting the right pieces in place."

Real time, no paperwork

Aviles said that one of those pieces is a Web-based platform that enables merchants to submit their applications online and get all of their transaction processing and chargeback information online in real time.

"E-commerce merchants looked at that and said, 'Wow, this is the way we want to interact with our processor,'" Aviles said. "They tell us they don't want paper statements, green-bar reports [rigid hard-to-use data from a mainframe computer environment] or chargeback notifications mailed to them. They want to do all those processes online. And because of the infrastructure, we started drawing interest from a lot of e-commerce merchants. As a result we began building out our product line and sales organization."

Aviles added that this also enabled the company to expand outside of the United States. "From the merchants' perspective, we provide one interface that can support any of their payment methods worldwide as well as one set of reporting and reconciliation to manage those operations," he said. "This makes it much easier for our merchants to connect to us for any of their processing needs."

Currently MeS works with U.S. companies that have a multinational presence, and many of its larger e-commerce merchants have significant business in Europe and Asia. The MeS proprietary platform enables merchants to interact with their international customers in the currency and payment mechanisms native to their own countries.

One partnership that facilitates this began in March 2008 when MeS added 2Checkout.com Inc. (2CO), an e-commerce solutions partner and fraud specialist, to its fold. MeS' Global Acquiring Platform (GAP) enhances the turnkey services that 2CO provides. GAP enables 2CO customers to sell merchandise in dozens of currencies including U.S. dollars, euros, pounds, yen and Canadian dollars.

"Merchant e-Solutions' GAP not only provides comprehensive support for currencies and payment methods throughout the world, but the back-end tools that help us manage them more effectively," said Alan Homewood, CEO of 2CO. "We felt, through this platform, 2Checkout has unlimited possibilities for expanding our business to every corner of the globe."

Kristin Dach, 2CO's Chief Financial Officer and Chief Operating Officer, added that MeS was very responsive to 2CO's strategies and goals and has enabled the company to move forward much faster with new products and services.

"There's a lot of volume out there that we believe we would excel at handling, but we haven't had the proper type of merchant agreement or perspective base," Dach said. "MeS is giving us the education and the willingness to do multiple product offerings. They've brought more aggressive players to the table. I also appreciate the fact that they're not afraid to do their due diligence. In a word, they've been great."

Practical solutions, stable environment

Aviles said that while MeS is a technically oriented company, he is most proud of the company's quality of service, which is paramount to maintaining merchant relationships. "Our ability to service our merchants, partners and banks and to work with them to solve their problems immediately is really culturally what we're all about," Aviles said. He added that because MeS owns all of its service delivery mechanisms, it can control them and follow through on all that the company's customers need it to do. "We have built a solid reputation for being responsive and supportive," Aviles said. "Our help desk operations

people in Spokane are graded on the quality of the call and not its length. We encourage our customer support reps to address all of the merchant's problems right then and there on the phone. So we benefit because that person doesn't feel the need to call back. And just as important, they're going to walk away with a positive feeling."

One of the characteristics that Aviles feels distinguishes MeS is the company's name. It was founded to provide solutions that make transaction processing and settlement more efficient and cost-effective for the end user. "We can provide our merchants with solutions that are just a little bit better and address some of their issues," Aviles said. "In this regard, work for me is personal. I love the attitude companywide of getting things done. With all the kerfuffle in the bigger service providers and processors, there are so many small and mid-sized merchants and banks that are feeling out in the cold."

Aviles believes that what they need is a good, stable processing environment and partner who understands their specific requirements. "We simply want to make life a little easier for them in terms of service and product delivery and help them address the current and real problems they have today," he said. "It's all about being flexible and inventive. And I know this is an area where we feel very well-positioned."

TradeAssociationNews

Optimism prevails at WSAA

Networking has existed as long as the exchange of value for goods has existed. While one can exist without the other, each is enhanced by the presence of the other.

Networking takes place on many different levels, from the casual encounter at the local grocery store, to the many business phone calls taking place every day, to gatherings of like-minded individuals.

For our industry, the latter occurred Oct. 14 and 15 in Anaheim, Calif., at the Western States Acquirers Association's sixth annual conference. The location for this year's event, in the shadow of Disneyland (known as the happiest place on earth), seemed especially appropriate given the economic circumstances of the past year.

The conference attracted a record attendance of over 500 payments industry professionals, and the mood on the showroom floor seemed hopeful. Perhaps this can be explained by the nature of payments – an industry always in flux, where changes occur often and quickly.

Wednesday

The conference kicked off with the Field Guide for ISOs seminar. This popular session, created and hosted by Mark Dunn of Field Guide Enterprises LLC, was so well attended it was standing room only. Other highlights of day one included:

- A discussion by Ken Musante on survival tactics in a bear market
- A conversation with Caroline Marino of RDM Corp. on how to capitalize on the still thriving check market
- A presentation on the value of value by Mary Winningham of Wausau Financial Systems Inc.

In the evening, attendees gathered for a reception sponsored by LIFT Networks Inc. The reception was packed and vendors commented on the success of the event ... when you could get near them.

Thursday

The morning sessions began bright and early with a breakfast in the vendor hall. Steve Eazell of Secure Payment Systems Inc. and Vice President of the WSAA delivered the opening remarks.

The general session followed. Entitled Not the Same Old Sales Strategies, the presentation consisted of a panel of industry experts, including Marc Beauchamp of Performance Training Systems Inc., Mark Dunn, Jeff Marcous of Dharma Merchant Services and Adil Moussa of Aite Group LLC.

They discussed strategies for expanding, and to some extent reinventing your business to adjust to the new economic realities.

After the general session, attendees chose between several breakout sessions. These included Simplify Data Security – Gateways are the Key; Everything You Wanted to Know About the Bankcard Biz, But Were Afraid to Ask; Understanding PCI Impact; and Mobile Payments – The Future is Here.

In the afternoon, Craig Virgin, a three-time Olympian, delivered an inspirational keynote address. He compared sales to a long-distance run and encouraged everyone to not give up when they hit the proverbial wall, but to push through and keep heading toward success.

The final session was a presentation by Paul Martaus of Martaus & Associates. Martaus, a respected industry veteran and consultant, didn't pull any punches.

He believes the economic recovery will be slow, and the largest problem facing our industry is the increasing compression of margins. While he had no answers to this dilemma, he remarked that sometimes the biggest obstacle to solving a problem is identifying it.

Kudos and congrats

Dyson Barnett, President of LIFT Networks, considered WSAA to be a great success.

"If you were new, or if you wanted to learn more or grow, this was definitely the show," he said. "This was one of the best shows in terms of attendance, vendor participation and information. I have to hand it to the board of WSAA. Great job."

Ken Elderts, outgoing President of WSAA, said the sponsors, vendors and especially the attendees helped to make the show "one of our best."

He added that this year's success came as a direct result of "countless hours and preparation put on by a dedicated WSAA board and advisory member group, of which I have had the privilege to work with these past three years."

WSAA's incoming president and board of directors will be announced in December 2009. The association's seventh annual conference is slated for Oct. 13 to 14, 2010, at the La Jolla Marriott in San Diego, Calif. 🅶

ANOTHER DAY, ANOTHER 3,000 CRISES AVERTED.

Cynergy acquired by ComVest

On Oct. 28, 2009, Cynergy Data Corp. confirmed that it had been acquired by private investment firm The ComVest Group for $81 million, officially ending the company's widely publicized and high-profile reorganization under Chapter 11 of the United States Bankruptcy Code.

The acquisition was finalized on Oct. 26, according to Marcelo Paladini, who founded Cynergy and has assumed the role of Vice Chairman and Executive Vice President of Business Development under terms of the agreement. Cynergy filed for bankruptcy on Sept. 1, 2009, and the news that one of the payments sphere's biggest processors had entered chapter 11 proceedings jolted the industry, prompting widespread concern about the event's potential fallout.

Paladini said the company's proceedings with the United States Bankruptcy Court for the District of Delaware ended on Oct. 9, when the court approved a takeover by ComVest, and that "from there it was just a matter of putting documentation in place" to close the deal. He pointed out that a takeover by ComVest was Cynergy's preference from the beginning. "ComVest positioned themselves all alone as a favorite for a number of reasons," Paladini said. "Not only the price, but also how they were aligned with the vision of the company, with its background and objectives in the industry. They were able to move very fast and had an amazing team of payment professionals with an extensive background in the electronic payment industry."

Factors in the decision

Paladini said a number of factors influenced the court's decision to award the sale to ComVest. Among them were that ComVest purchased all of Cynergy's assets, made a commitment to retain its entire worker base and planned to "expand rather than downsize" the company – including expanding its sales force.

ComVest Operating Partner Randy McCoy added that ComVest would honor the company's many merchant and ISO agreements in all their particulars. "We accepted every merchant agreement and accepted every ISO agreement under the terms and conditions that were negotiated by the ISOs when they did their original deals with Cynergy," McCoy said. "We honored all the commitments, which we think plays to the heritage of the company, which is to service in an exceptional way their ISOs and merchants."

McCoy said that ComVest had long taken an interest in Cynergy, even before the bankruptcy. He said that ComVest was focused on helping Cynergy deliver enhanced technology to its partners on an accelerated timetable, but that the takeover would not fundamentally alter Cynergy's mission.

"The day we acquire it, Cynergy operates, and operates profitably, and can fuel its own," he said. "ComVest is clearly there to help and invest in creating a path forward, but the company is able to sustain its own innovation and self-investment as well.

"We felt if we partnered to bring ComVest talent and investment and resources together with what Cynergy had evolved to, we'd bring innovation to the industry faster than it has come. We think we start with the best platform and are going to be able to innovate it better than anyone else. … The key to our success is to bring a superior product and service to the market."

Assurance to ISOs and agents

Payments industry attorney Adam Atlas said ComVest's commitment to retaining Cynergy's existing ISO agreements is a crucial part of an acquisition that many in the industry had worried could be detrimental to the company's sales force. "Every ISO and agent out there wants to know what would happen if there were a bankruptcy of their processor or super ISO," Atlas said. "I think this is going to set a precedent, or at least a benchmark of expectations for ISOs and agents.

"If [ComVest] is honoring the old ISO agreements and obligations, then I applaud them for that. It proves that there is hope in this industry for ISO partners and agents of a processor that goes through a bankruptcy." McCoy added: "It's important for the industry to see a significant processor have to go through the chapter 11 process and come through it quickly and cleanly with everybody's assets intact."

A new beginning

Paladini said the acquisition will bring particular relief to Cynergy's ISOs, adding that its sales partners have received all of their residual payments throughout the bankruptcy ordeal. He said that in July, the company "experienced a very minor delay of a few days" in making residual payments, which immediately set off fears among its ISOs that their payments were in jeopardy and prompted industry-wide rumors of the same. He added that every subsequent payment has been punctual, and the company "has been meeting all of its obligations and will continue to do so especially now that we're in a much stronger position. Not only has this experience been a cleansing process, but it has served the company to learn from our mistakes, and how we can be a better partner and player in the marketplace," he noted. "We've seen already our business accounts going up as people understand that this has been put behind. It's a new beginning for the company and a new beginning for our partners in the ISO community."

A certified alternative

In July 2009, The Electronic Transactions Association committed significant funding to begin developing a certification program for payments industry professionals. The ETA's board of directors determined that certification would be the most effective means of measuring individual professional competence and promoting ethical business practices industrywide.

The ETA believes this is a critical milestone and is something that many payment professionals have sought for years. "There has been absolutely phenomenal response from sizable ISOs wanting to be a part of this program," said David McMackin, President and Chief Executive Officer for International Payments Corp. and former two-term member of the ETA's board of directors.

A tangible measurement

According to Carla Balakgie, the ETA's CEO, the Certified Payment Professional (CPP) program being developed will consist of a comprehensive examination based on a defined body of knowledge created by subject-matter experts from throughout the industry.

"We're now in the first phase of program development called the Job Analysis, which is the process of determining what that body of knowledge will include," Balakgie said. "That process could take six to nine months to complete. We still have a great deal of work to do before we unveil the examination, but we are confident that the standards we set will offer a fair and comprehensive measure of a payment professional's industry knowledge."

A universal embrace

Anna Solomon, co-founder and Vice President of payment solutions provider Fast Transact Inc., feels that a certification program would bring uniformity and standardize basic knowledge for everyone in the industry. She also believes that for the program to fully succeed, it has to be universal – and required. "There is, in my opinion, too much inconsistency in the training of MLSs by all of the ISOs currently," Solomon said. "There are many great training programs available, and they should be considered; however, what is lacking is foundational training. For instance, terminology, rules and regulations, interchange, basic risk and underwriting: These are not usually included in the sales training program.

"With the proper program, ISOs then would only have to train the agent on their particular specialties. It would sure go a long way toward removing the magnitude of

false information being told to the merchants. But unless the entire industry embraces this program, it will remain just a good idea."

A lengthy analysis

Holli Targan, Partner at Jaffe, Raitt, Heuer & Weiss P.C. and President of the ETA, said that over the past two years, the ETA has done extensive study of the issues involved and the potential for success in designing such a program. The Job Analysis Task Force, which met for the first time at the ETA's Strategic Leadership Forum in October 2009, includes ISO executives involved in sales, risk analysis, operations and management who have participated heavily in discussions to help the ETA with the CPP's development.

"We wanted all these various groups to have input in creating the program," Targan said. "We're talking to payment professionals from all disciplines and at different levels. We need everyone's perspective. The certification examination will be designed simply to measure the ability of a candidate to apply knowledge and skills in the role of a professional."

Targan noted that developing the program will take time. "There are many steps you have to go through to make certification legally defensible," she said. "Among other

benefits, we believe that a certified agent will enable merchants to have some confidence that their payment systems representative is knowledgeable."

She added that a separate standards board was formed that must approve the test's content as well as approve how it will be given and scored. Once all the analysis, input and evaluations are complete, the ETA can then deploy the test in a pilot program and roll it out following the pilot.

"The Job Analysis group is tasked to drill down to determine the exact skill sets that are necessary in order to perform the job of the payment professional," Targan said. "Certainly this is not meant to be a burden on industry participants. The people taking the test will need to educate themselves enough, through any instructional channel, to pass it. It's also possible that industry veterans won't need any additional education to pass the test."

An ongoing mission

Balakgie believes that while certification isn't absolutely necessary for an industry to grow and prosper, it will benefit both merchants and the industry professionals who support them. "Certification sets a baseline standard for the expected knowledge and ability of industry professionals and should give them a competitive advan-

News

tage," Balakgie said. "There are other benefits as well. Demonstrating a recognized level of knowledge and professionalism should be attractive to customers as well as prospective employers. And a well-informed workforce is also a productive and value-added asset because both go directly to the bottom line." Balakgie added that certification is just one of many tools needed to ensure the health of the payments industry.

"Industries such as ours also must have robust advocacy initiatives at federal and state levels; education directed to its constituents and at those who want to regulate it; and strong, frequent communication about the issues, concerns, strengths and competencies of the industry," she said.

"All of these activities can help stave off unwanted legislation and regulation – and our mission and ongoing work is to do just that." 🖼

Dueling Strategies: VeriFone-Chase, Heartland-Hypercom

The race to secure POS transaction data is heating up as terminal manufacturers, acquirers and Visa Inc. scramble to get the upper hand with new techniques like data encryption.

Heartland Payment Systems Inc. thrust the debate into the limelight earlier this year with its discovery of a massive data breach despite indications that it had been in compliance with the Payment Card Industry (PCI) Data Security Standard (DSS).

The PCI DSS sets a baseline for securing cardholder data.

The discovery set Heartland on a quest for a fail-safe security regimen featuring end-to-end encryption. Heartland's effort, known as the E3 Project, is intended to safeguard cardholder data both at rest and in motion, from the moment a card gets swiped at the merchant's checkout, and throughout the exchange, processing and settlement steps. "We're steadfastly committed to strengthening payments security through the development of end-to-end encryption and industrywide collaboration," Heartland's chairman and Chief Executive Officer, Robert O. Carr, said in September.

Differing opinions

Heartland's efforts hit a snag, when, by its account, the company was unable to find a domestic manufacture that could help it bring to market POS devices that employed E3 tech-

nologies. So it turned to a Taiwanese firm, Unelectra International Corp., which developed an E3 terminal that Heartland hopes to roll out in the United States as its new NP3000 POS device.

It was a move that sent both Veri Fone and Heartland to court, with VeriFone claiming the NP3000 infringes on one of its patents, and Heartland accusing VeriFone of restraint of trade by trying to put the kibosh on the NP3000. The dueling lawsuits, however, have done little to stymie either company's efforts to win the race to bring the next generation of data security to the POS.

VeriFone and Chase

On Oct. 27, 2009, VeriFone heralded a partnership with Chase Paymentech Solutions LLC, one of the largest merchant acquirers, to market end-to-end encryption technologies to Paymentech merchants under the product name VeriShield Protect.

VeriShield Protect, which VeriFone notes is compliant with encryption best practices introduced by Visa, builds on the security expertise of Semtek Corp., a technology firm that VeriFone has made a major investment in. Semtek developed an encryption solution that VeriFone said will work with existing POS systems with "minimal" disruptions in or modifications to merchant operations.

"Joining forces with Chase Paymentech will ensure that a significant merchant population will have full access to the best proven security solution available today," noted Semtek CEO Patrick Hazel in an Oct. 27 statement. "This is very good news for retailers and for consumers."

Heartland and Hypercom

That news came just days following word from Heartland of a "strategic relationship" with terminal manu-

facturer Hypercom Corp. Heartland is licensing Hypercom's Smart Payments server software to use on its processing platform (branded as Heartland Connect Gateway) and thereby ensure that Hypercom terminals can support E3 technologies.

Visa's encryption best practices, announced on Oct. 5, 2009, are seen as a way to help boost card data security without abandoning the PCI DSS, which was originally developed by Visa.

"While no single technology will help solve fraud, data field encryption can be an effective security layer to render cardholder data useless to criminals in the event of a merchant data breach," said Eduardo Perez, Visa's Chief of Global Data Security. Perez added that while encryption is a good idea, it's not a replacement for the PCI DSS, "which remains the best protection against a data compromise."

GIVING IT TO YOU STRAIGHT.

I switched to Total Merchant Services 3½ years ago so I could take advantage of the Free Terminal Placement program. I have over 500 merchants now.

It's great! If I don't need a terminal to close a deal, or if I have a really large processing account, I can maximize my income by selecting the higher 70% split instead.

Now, everything is transparent. I always know the exact costs of taking a free terminal and upfront bonus.

I love the new lower cost structure — 3.5¢ dial-up and 2.5¢ IP! I'm able to earn more money on every deal, and it's really helping out on closing the big ones!

The level of detail with the AMPlify reporting system is phenomenal. I can trace and check every cent that comes into my account. It is better than any other processor I've ever worked with!

BUILD YOUR WEALTH
ON A SOLID FOUNDATION

RELIABLE
PAYMENT SOLUTIONS
A Century Payments Company

CENTURY PAYMENTS IS PROUD TO INTRODUCE THE "FLEX PLAN", AN INNOVATIVE, DURABLE PROGRAM THAT GIVES YOU CONTROL OVER HOW YOU GET PAID FOR EVERY ACCOUNT.

95% RESIDUALS

$250 PER ACTIVATION & 80% RESIDUALS

$500 PER ACTIVATION & 50% RESIDUALS*

$750 PER ACTIVATION*

*Merchant statements required

THE RELIABLE PAYMENTS PILLARS OF SUCCESS ARE FOUR UNIQUE COMPENSATION PLANS THAT YOU CAN MIX AND MATCH FOR ANY ACCOUNT YOU ACTIVATE.

CHOOSE THE PLAN THAT MAKES SENSE ON A PER ACCOUNT BASIS, AND BUILD YOUR WEALTH ON A FOUNDATION THAT DRAWS STRENGTH FROM DIVERSIFICATION.

CALL TODAY TO LEARN HOW MUCH YOU CAN MAXIMIZE YOUR INCOME WITH EVERY ACCOUNT YOU ACTIVATE.
866-927-9411 x 831 • www.reliablepaymentsolutions.com • recruiting@reliablepaymentsolutions.com
Reliable Payment Solutions is a registered ISO of RBS Citizens, National Association, Providence, RI, TransFirst and Columbus Bank and Trust, Columbus, GA.

A secondary reason is the newness of the prepaid card industry in comparison to the more established, bread-and-butter services of credit and debit card processing. "Most people don't want to be the first one on the block," Hardman said.

A third rationale is that ISOs look at the bottom line and don't see the residuals on prepaid card processing that they enjoy with credit and debit cards.

Steve Eazell, Director, National Sales and Marketing for Secure Payment Systems Inc., said interchange rates are less on prepaid than on either credit or debit cards. Not as many consumers use prepaid cards as much as the other forms, nor do they use the cards as often. "The numbers just aren't there," he said.

Take two

But times are changing, and so is the value proposition of prepaid cards for merchants and ISOs. In a troubled economy, prepaid helps keep merchants sticky. In fact, they help with the most vital adhesive factor – keeping merchants in business. And merchants are increasingly hearing from their customers that they want to purchase prepaid cards from their favorite retailers.

The Network Branded Prepaid Card Association is hearing it, too. Kirsten Trusko, Director of the NBPCA, noted that consumer awareness and demand for prepaid cards is growing. The NBPCA's partner banks, processors and program managers are fielding more requests from consumers about how prepaid can help people budget and monitor spending, be used for gifts, and function as an alternative to cash and credit.

"We're getting not only [unbanked] people using the general purpose reloadable, but now we're seeing highly banked people also saying, 'Look, I'm tired of the interest [on credit cards]. I'm tired of the overdraft. And this is just a wiser way for me to spend my money,'" she said.

This rising interest in prepaid is fueling retailers' bottom lines. "If you look at the largest merchants offering these cards and you open up their publically available income statements or reports and take a look at revenue attributed to the cards, there's something driving the enthusiasm and driving the resourcing," Trusko said.

Rise and shine

Fear is another driver. Hardman said ISOs that don't offer prepaid card programs are seeing their merchants jump to competitors that do. To combat merchant attrition, ISOs have been flocking to SparkBase to sell its private-label gift and loyalty card platform. Since October 2008, SparkBase has grown at over a 500 percent clip, Hardman said.

SparkBase is signing medium to large ISOs that don't want

the expense of running their own private-label networks but want the benefit of branding SparkBase's network as their own. In addition, the company is receiving business from merchant level salespeople who couldn't convince their ISOs to get into prepaid, so they started their own ISOs and planned to lead with the SparkBase product.

According to Hardman, boarding merchants with prepaid is a new and exciting development. "Merchants are getting bombarded every day with, I can save you such and such points and blah, blah, blah – that stuff. … Here's a phone call they're not used to getting: Do you have gift cards right now? And the answer is usually no."

Starting the conversation with prepaid, instead of using it as a distant value-add, has proven to be a successful sales strategy. As Hardman puts it, "It's an easy sale. It's inexpensive. It gets them in the door for a later date when they want to start doing credit and debit cards."

Controlling interest

Another strategy that ISOs might pursue in the prepaid card industry is becoming program managers (PMs). By running their own programs, such as gift or payroll card programs, PMs can deliver tailored solutions to merchants in their own portfolios and thus reap the benefits of higher margins and stickier customers.

PMs are systems integrators, said Peter Quadagno, Principal and founder of payment consultancy Quadagno & Associates Inc. "These are people – companies – that go out and assemble the different pieces and functions to deliver a program," he said. "And they make these disparate pieces work together."

Processing platforms, inbound call centers and interactive voice response systems are pieces that PMs must combine, which makes the endeavor costly and technologically complex, Quadagno said. But the reward for PMs is control. They set their own pricing and ensure quality service to their customers.

But becoming a PM involves building a complex infrastructure or finding the right partners to perform the various functions on your behalf. Thus, it is not something that a small or even mid-sized ISO could realistically achieve, Quadagno said. For the smaller players, he advises a thorough examination of their portfolios for opportunities in prepaid.

"Who are these merchants?" he said. "How have you segmented them? What couldn't you sell them? What kind of business are they in? Are they all just merchants – mom-and-pop shops? Are they companies? Are they different types of companies? What do they do?"

ISOs can analyze the merchants in their portfolios in a number of ways, including category codes, business practices, transaction volumes, types of POS terminals and

store or business locations. Once merchants are evaluated, ISOs can seek appropriate third-party vendors to facilitate programs. Turnkey gift card providers include Valutec Card Solutions, Givex Corp. (now Global Prepaid Exchange) and SparkBase.

But Quadagno is particularly excited about payroll cards, a service by which ISOs can make "serious money," he said.

Paid in full

One such payroll card provider is Payoneer Inc. The Web-based company services other Web-based companies that pay a large number of employees spread out across the globe. Yuval Tal, CEO at Payoneer, offered search engine giant Google Inc. as an example.

"Google pays an enormous amount of self publishers that publish on Web sites: anyone that has a blog, anyone that has some traffic – so hundreds and hundreds and hundreds of thousands of people who each make a bit of money," Tal said.

One Payoneer client is FixYa Ltd. – an online hub of how-to information on everything from car maintenance to computer repair. FixYa employs freelancers around the world to provide their expertise; they get reimbursed

on Payoneer's MasterCard Worldwide-branded payroll cards. The cards are especially helpful to freelancers in developing countries. Tal said Payoneer has received numerous testimonials from unbanked workers in India who do not have access to debit cards linked to demand deposit bank accounts. With network-branded, open-loop payroll cards, they can now buy online and take part more fully in the Internet revolution.

The online freelance marketplace is growing exponentially, and workers need an efficient, cost-effective way to get paid, Tal said. Payoneer provides that service at a fraction of the cost of paper check issuance or wire transfers, he added.

With almost 200 clients, Payoneer is experiencing steady growth. Tal noted that Payoneer grew at a pace of 7 percent month over month for the last 30 of 31 months. "You would be surprised at how big the Internet culture is and how much money you can make online," he said.

Market share

Eazell said SPS has charted a different direction for payroll cards. The San Diego-based ISO targets factories that employ unbanked workers, often comprised of first generation immigrants from Latin America who do not trust banks. Unlike gift cards, the margins on payroll cards are higher, Eazell said. The only problem is scale.

"Initially it started out where most of the payroll folks, you had to have a pretty big order before you would really be able to rock with these particular companies," he said. "You're talking 5,000, 25,000 cards, and how many ISOs are really talking to those kinds of factories? Not very many."

But if U.S. immigration policy is overhauled and citizenship granted to the 12 to 20 million illegal aliens that live and work in the United States, the ranks of the unbanked workforce will likely swell, according to Eazell. Thus, "ISOs don't go after a lot of the verticals that are using the payroll cards today, but they could," he said.

Additionally, SPS is targeting sales organizations that rely on salespeople who are independent contractors, not employees.

"We had a whole multilevel marketing organization that we sold thousands of these cards to because that's how they paid their downstream representatives," Eazell said. "So we did do very well with those folks because a lot of times they have guys that come and go." Rather than having businesses issue a one-time check, the sales agent gets paid via plastic.

Card of the future

While prepaid cards can facilitate fundamental programs like gift and payroll, they seem equally beneficial for

cutting-edge contactless payments. A near field communication (NFC) trial presently underway in Kuwait is testing whether the draw of virtual prepaid cards helps entice consumers to shop in particular stores.

The six-month trial that runs through April 2010 involves Visa Inc., National Bank of Kuwait, Middle Eastern telecommunications carrier Zain and NFC software provider ViVOtech Inc. "Smart posters" embedded with NFC chips encourage shopping mall patrons to tap NFC-enabled Nokia phones against the posters to collect coupons immediately redeemable for purchases at select mall retailers.

As part of the trial, consumers can download Visa prepaid cards onto phones and use the cards to make purchases at mall retailers' contactless POS terminals powered by Visa's payWave technology.

As well as the smart posters and mobile coupon application, ViVOtech provided the NFC technology that resides on Nokia 6212 phones, including the NFC wallet where virtual cards rest and the over-the-air card provisioning software that facilitates contactless transactions.

According to Mohammad Khan, founder and President of ViVOtech, the Santa Clara, Calif.-based company has engaged in upwards of 36 NFC pilots around the world in the last two years. The most well-publicized one teamed ViVOtech with First Data Inc. and Sprint Nextel Corp. for a 2008 trial utilizing smart posters and NFC-enabled phones in the San Francisco Bay Area Rapid Transit District (BART) system.

What ViVOtech learned from the trials may make retailers' eyes pop wide open at the potential benefits of contactless payments. Where the redemption rate for paper-based coupons hovers between 0.5 and 2 percent, that number soars to between 15 and 55 percent for contactless couponing, Khan noted. "It's amazing," he said.

Furthermore, Khan judges prepaid cards as ideal for mobile payments. An issuer – NBK in the case of the Kuwait trial – can instantly create relationships with customers where no relationships existed.

After tapping a phone on a poster to download a Visa prepaid card, "I might not be an NBK customer, but now they just signed me up as a cardholder," he said. "So this is an extremely powerful customer acquisition and solution for gift cards and prepaid."

The micropayment nature of prepaid card purchases via mobile phones does not bother Khan. The profit in low-dollar purchases used to be eaten up by transaction transmission costs, he said.

But that is changing with fast, inexpensive Internet Protocol (IP) environments taking the place of slow, costly dial-up. "There are no transmission costs for [IP]," he said.

"There's only processing costs. So now think of it – if I've got a prepaid instrument on my NFC phone, the prepaid provider knows that the cost of the transaction is very little. … So I'm doing a dollar, two dollar, three dollar transaction, it's very manageable."

A flattering card

Electronic payments and technology allow us access to the entirety of our financial lives with only a few clicks of the mouse or key punches on mobile handsets, and the prepaid card industry is in some ways leading the way.

In a literal sense, the world remains round. But, as Payoneer's Tal pointed out, the literal barriers that once separated people from their money are nearly gone. "We are the last mile in making the world flat," he said.

Education

StreetSmarts℠

Proudly presented by

888 QUIK RATE.com

Why do we think we're different?

By Jon Perry and Vanessa Lang

888QuikRate.com

Business is a fickle mistress, demanding yet giving, filled with passion yet not always compassionate. In reading posts on GS Online's MLS Forum, one has to wonder why we continue to hold our industry above all others. We seem to believe our industry professionals are not subject to the human foibles seen elsewhere. Why?

No matter what the industry, be it banking, manufacturing, housing or merchant services, one common denominator is the human factor.

As mentioned in previous articles, both of us have worked at companies where the chief executive officer was indicted. These CEOs are serving long prison sentences. In the past months, we have seen banks, mortgage companies and other businesses collapse.

Whether it was misfortune, bad decisions, greed or any multitude of reasons, many companies have failed.

In the nearly five years we have been in the merchant services industry, we have had one of our acquiring banks taken over by the Federal Deposit Insurance Corp. and another go through restructuring. Stuff happens.

Stay diverse

The key for all of us is to remain diversified. Think about it. Prior to the recent spate of bank failures, the maximum FDIC insurance was $100,000 per account. If you had $500,000 in one bank, you would only be guaranteed one-fifth of your holdings if the bank failed.

Most investors would have had five banks holding $100,000 to cover their losses. Yet we, as independent contractors or smaller ISOs, seem to put all of our eggs in

one basket. We have this unwavering belief that it won't happen to us.

In a forum post, rbelcher shares a story about submitting deals to a smaller ISO that processes through a larger ISO. The smaller ISO violates its contract with the larger ISO. The larger ISO cuts off the residuals to the smaller ISO. Rbelcher is stuck in the middle and is told there is no money to pay employees because the larger ISO won't pay the smaller ISO.

Whether the smaller ISO is legally required to pay or not is not the issue, nor is whether the courts and attorneys are to blame. The root issue is that the smaller ISO feels deceived and financially distressed because of what happened. The ISO feels wronged, both financially and emotionally.

Let's digress to a couple who earns enough to purchase a $100,000 house but bought a $300,000 home instead. They bought the home because they thought they would make more household income over time and that the house would appreciate in value. Then the real estate market tanked.

Their house was worth less; the economy failed; they lost their jobs. They were left holding a mortgage for an over-priced house with no income to pay for it.

Sure, that couple can blame the mortgage companies for giving them the loan to begin with. They can scream at the

> *Whether it is the smaller ISO in contract with the larger ISO that takes advantage of the independent contractor, or the company that provides a free terminal and locks it, we wonder when we start out in this industry, how do we play with the big dogs?*

CEOs who made bad or ill-informed decisions. But who among us says, I am responsible?

The ISO in the mirror

We see this every day in every vertical. We forget that each time we point a finger at someone, there are four fingers pointing back at us.

Walter Anderson, a Mississippi artist, book illustrator and author, said, "We're never so vulnerable than when we trust someone – but paradoxically, if we cannot trust, neither can we find love or joy." Anderson also said, "Our lives improve only when we take chances and the first and most difficult risk we can take is to be honest with ourselves."

Ah yes, be honest with ourselves. Can we look in the mirror and say we are without fault? What else could we have done? What due diligence could we have performed to have prevented the outcome? In another MLS Forum post, edp wrote, "We are seeing more 'locked' terminals on merchant conversions!"

Companies that provided free terminals are now locking their terminals. Yep, and so do we. It is our bottom line that takes a hit every time we give away a free terminal. To have a merchant take this free terminal and reprogram it for a competitor is a slap in the face.

We take an extra step in having the merchant sign a separate document that states, if they do that, they can keep the terminal, but they allow us to debit their checking account for a hefty "ownership" fee.

When we start out as small independent merchant level salespeople (MLSs) or ISOs, we may not have the cash flow to provide free terminals. Perhaps we use leasing to increase our cash flow. If we are smart and reinvest our money back into our business, we are able to provide free terminals.

We know the value of either selling or leasing the terminal versus giving one away for free. We guard the free terminal from intruders and place penalties on clients who reprogram them for competitors.

Is that wrong? You decide. The point is unless laws are being violated, there are no rules in business.

It's only business

Some on the forum feel tactics like locking terminals put them in an unfair advantage. Let's get real. We are in business to make money. When a vendor, which includes a Super ISO, approaches us with an opportunity and it deserves a look, we first engage an industry attorney. There aren't a ton of them, but there are some very good ones, such as Adam Atlas.

So get your agreements reviewed. What if a smaller ISO defaults with a larger ISO? What is your recourse? What is your exit strategy?

We have an exit strategy. We don't see ourselves doing merchant services 20 years from now. We will either sell our portfolio, merge with another company or be acquired. We have a plan and a number.

When bad things happen to us, we must ask ourselves, what could I have done to prevent this? If we don't, then we fall back on something Albert Einstein said, "Insanity is doing the same thing over and over again and expecting different results."

Think big

Whether it is the smaller ISO in contract with the larger ISO that takes advantage of the independent contractor, or the company that provides a free terminal and locks it, we wonder when we start out in this industry, how do we play with the big dogs?

We'll answer that question with something Antares said on the forum, "Like it or not, we *all* sell on price." We believe that if you have no differentiators, then, yes, all you have to compete on is price. If you are competing on price alone, you lose.

The big dogs are looking at the margin. If they add one extra customer, what does that customer cost them on the margin? For big dogs, the marginal cost is very small. For independent contractors, that cost may be much higher. In a Super ISO environment with a call center and a massive sales support team, to add a customer at interchange plus zero basis points may seem nonsensical.

However, when this Super ISO negotiates with back-end processors, it leverages its total processing volume and number of transactions to get lower pricing. If that Super ISO does 1 billion transactions per year and this volume

> *Big dogs are horrible at leveraging customer service. They pay their first-level MLSs at, or just above, minimum wage. MLSs interact first with customers. Logic would have ISOs selecting competent, well compensated people to field calls from customers.*

allows it to save one-quarter of one penny per transaction, you are now talking real money.

For most of us, we start out small but think big. People buy clothes from Wal-Mart Inc. and Nordstrom Inc. However, people who buy clothes at Wal-Mart are not going to buy clothes at Nordstrom, and vice versa.

Your goal is to determine your market segmentation. What is the profile of your ideal customer? Are your target customers looking for price, for impeccable service, or something in between? Are they processing with terminals, POS systems or using mobile devices? Are they mostly retail, service or Internet companies? Can you narrow down a vertical like dry cleaners, veterinarians or grocers in which you excel?

There are 10,000 things small businesses have to concern themselves with every day to grow and expand. We can guarantee you that merchant services is not in their top 10 priorities. If you can make merchant services transparent, to where you are there for your customers when they need you, you will outrun the big dogs.

Play big

Big dogs are horrible at leveraging customer service. They pay their first-level MLSs at, or just above, minimum wage. MLSs interact first with customers. Logic would have ISOs selecting competent, well compensated people to field calls from customers. But here they skimp. This is your opportunity to shine.

When you can make merchant services transparent and when a customer can call you and say, here's my problem, call me when you have resolution, you have differentiated yourself. Act with a sense of urgency. Speak with a positive, can-do attitude. Leverage your relationships to ask for referrals. You can make great money, serve your community and feel good about yourself and your business.

Customers expect that you are going to get better over time. So reinvest your money. Get legal counsel, a better Web site, better marketing materials.

We've seen the big dogs, and we'll meet and match them – anywhere, anytime. We are grateful to be in an industry that loves the entrepreneurial spirit and creative thinking. We can't think of anything that we would rather be doing. As Sal, a military retiree from the Navy who entered corporate life and was a great mentor of ours, said: "Trust not, lest ye be screwed." Sal was saying something similar to what Ronald Reagan said about trusting the former Soviet Union, "Doveryai, no proveryai," which means, "Trust, but verify."

At the end of the day, we recognize the only person each of us can congratulate or be angry with is ourselves. Make yourself unique; take responsibility. 🔳

Jon Perry and Vanessa Lang are the owners of 888QuikRate.com, an ISO based in Ft. Worth, Texas, that was named Small Business of the Year by the local newspaper, The Star Telegram. For more information, tweet them at http://twitter.com/dfwcard, comment on their blog at http://merchantservices.cc or visit their profile at http://linkedin.com/in/jonperry or http://linkedin.com/in/vanessalang. Alternatively, you can contact Jon and Vanessa by phone at 817-857-3557 or by e-mail at jon.perry@888quikrate.com or vanessa.lang@888quikrate.com.

Education (continued)

Start with ripples, not waves

By Jeff Fortney

Clearent LLC

Often newer merchant level salespeople (MLS) will say, "I am concentrating on bigger merchants; my time is too valuable otherwise." But after they gain experience, the same MLSs will say, "I'll sign everyone and anyone, the smaller the better."

As they gain experience, wise MLSs change their minds and adapt their expectations. Sadly, many others don't have this epiphany before it's too late, and they don't survive in the business. But there is a way to avoid this: Start with the same mindset as experienced MLSs. All that is required is a different approach to value.

In the payments world, it is all too common to consider the value of merchants as solely the revenue earned on their processing and ancillary services. Yet, is that a true measure of a merchant's worth? Is that all a merchant brings of value to the relationship?

Experienced MLSs know that a merchant's true value is not just gauged in terms of revenue. A merchant's true value can be likened to the ripples of a pebble as it drops into a pond. No matter the size of the rock, ripples form and expand.

If you visualize the rock as a merchant added to your portfolio, these ripples can represent the ongoing benefit found by the original signing of the merchant. These range from residual income to referral value.

R-i-p-p-l-e-s

In fact, r-i-p-p-l-e-s can be used to convey why experienced MLSs willingly seek out small to medium-sized merchants, as follows:

> **R** = Referrals
> **I** = Income
> **P** = Performance
> **P** = Portfolio Protection
> **L** = Loyalty
> **E** = Ease
> **S** = Security

- **Referrals** add value to every merchant. Experienced MLSs know that small to medium- sized merchants are more willing than larger merchants to share information with friends and neighbors.

  One small merchant can result in 15 new merchants by providing referrals. And 15 average-sized merchants are better for your portfolio than one large merchant of equal size for many reasons, including that they will generate a much higher rate of return.

- **Income** isn't always the residuals earned. It is also the return on your time. In essence, a smaller merchant makes you a better percentage return than a large merchant who requires a greater time commitment to sign.

  Smaller merchants also offer added cross-selling opportunities, meaning more income sources from the same merchant.

- **Performance** is a measurement of how well the small to mid-sized merchant adds to your long-term revenue and portfolio value. Small merchants don't survive if they stay small. As such, they tend to grow in size, and grow in earnings to you. Their performance is not static; you can expect it to grow over time.

- **Portfolio protection** can be demonstrated when one small merchant leaves your fold versus the loss you experience when one large merchant defects. The

impact of the loss of a small merchant is not significant compared to the loss of one large merchant. Therefore, the more small merchants you have, the less impact attrition has on your wallet.

There is also the impact on revenue. The loss of a small merchant may hurt, but it may only account for 1 to 2 percent of your portfolio. Losing a very large merchant can result in a loss of 30 to 40 percent of your portfolio, a much more painful situation than the former.

- **Loyalty** is greater with small to medium-sized merchants. In almost all cases, they choose to sign with someone based on more than simple math. Emotions are involved. They also have a personal stake in the decision; a wrong decision impacts them monetarily.

  This simple statement can not often be made about large merchants. Decisions are not made with emotions in most cases because the decision makers are employees, not stake holders. Loyalty protects your portfolio and protects your revenue.

- **Ease** defines the sales process. A small to mid-sized merchant has, on average, a one-week sales cycle.

The larger merchant may take up to nine months. Getting a no in a week is acceptable; a no in nine months could shut down your business.

It's simple math. Signing a merchant a week who processes $10,000 a month will result in 36 signed merchants over that nine month period for $3,600,000 in processing. Your return on that merchant base would be higher than what you would receive on one merchant processing the same amount.

- **Security** is found when your portfolio is growing, with limited attrition, and a mix of merchants that can withstand a downturn in any market segment. One large merchant can put all these in jeopardy. Using all the above steps can ease that concern.

Using the r-i-p-p-l-e-s approach is not saying that signing a large merchant is a bad thing. It isn't. Instead, by following this approach, the large merchant will be a better fit to your overall portfolio and will not dominate it. Try it. Who knows? The ripples may make you buy a bigger boat. 🖼

Jeff Fortney is Director of Business Development with Clearent LLC. He has more than 12 years' experience in the payments industry. Contact him at jeff@clearent.com or 972-618-7340.

Education (continued)

Legal ease

Legal aspects of high-risk processing

By Adam Atlas
Attorney at Law

Once in a while, an ISO will run into a merchant account that is not acceptable to the underwriting departments of their primary processing partners. Any number of reasons may trigger this rejection of the merchant: the wrong standard industrial classification code, questionable volume, poor credit of operators and so forth.

Accounts that fall into this rejected category are often referred to as high-risk because they may pose a greater than normal level of risk to the acquiring bank that processes for them. Having advised on a number of high-risk relationships over the years, I thought it would be useful to identify a few key legal considerations for ISOs looking to place high risk accounts.

Never assist in breaking the law

There is high-risk processing on the one hand, and illegal activity on the other. If you have reason to believe a given merchant is accepting transactions for illegal products or aggregating transactions for third parties that sell illegal products, or if something about the merchant does not add up, walk away.

Thousands of illegal businesses are waiting for the opportunity to process payment transactions. Those illegal operations will pay enormous amounts to acquirers willing to turn a blind eye to their activities. No amount of profit is worth facilitating illegal activity. Individuals from our industry are in jail right now or facing indictments for facilitating such illegal transactions as online gambling transactions for U.S. residents.

Get a second opinion

The high-risk community is smaller than the regular low-risk payments community, and most people know each other. Before investing in a relationship, ask around to see if the person you are going to work with is known to be trustworthy. Individuals often have a reputation in the niche in which they work – a relatively easy thing to discern by speaking with a few of their business partners.

Don't bet the farm on high-risk

By their very nature, high-risk merchants are unstable. Thus, one must never think of high-risk merchants as stable sources of residuals. Beyond the inherent volatility of their businesses, high-risk merchants receive constant solicitations from other agents who specialize in the high-risk sphere and are trying to entice them into terminating

High-risk processing is a type of card processing that involves higher interchange rates due to the nature of the businesses being processed. Many of these businesses take place on the Internet in card-not-present environments where the risk of fraud and chargebacks is higher. They include:

- Online dating
- Adult Web sites
- Online auctions
- Online gambling
- Online pharmacies
- Travel agencies
- Prepaid phone card sales
- Astrological services
- Alcohol and tobacco sales

But the value of high-risk merchant accounts to ISOs and MLSs is that profit margins are significantly greater than with merchants in traditional, brick-and-mortar retail businesses. The greater risk factor allows agents to charge higher rates and thus earn whole points versus basis points.

any relationship that you may have with them. Every such agent is well advised to have a well-tended low-risk portfolio to carry the agent through the ups and downs of high-risk processing.

Do not take risk

Unless you have been in the acquiring business for years, know how to underwrite a merchant account and have the financial means to absorb a large loss, do not take a chance on high-risk merchant accounts. Taking on risk means assuming liability for chargebacks, fraud or other losses that a merchant may create for a processor.

Banks that process for high-risk merchants are usually sophisticated enough to underwrite the merchants and manage reserves and settlement in a way that will mitigate possible damages. ISOs and merchant level salespeople (MLSs) however, are not usually in a position to take on that kind of risk.

High-risk accounts are also notorious for creating big problems quickly. For example, a high-risk merchant may be able to bring millions of dollars per month of processing to a bank, but the ISO or MLS who found the merchant is likely not in a position to determine whether all of those funds should actually be settled out to the merchant.

Legal remedies are limited

Some high-risk processors are in foreign jurisdictions,

such as Europe, Central America or Asia. If they do not pay your merchants or you, or if they cease to exist, your chances of recovering lost income through legal channels are limited.

This is not to say that agreements in this part of the business are not worth review by counsel; however, your chances of using the agreements to recover funds overseas are slimmer than they would be with domestic, low-risk relationships. This goes to reinforce the importance of strong relationships in the high-risk segment: they are your best insurance against losing residuals in a high-risk agent business.

Ugly merchants

Some of the merchants seeking high-risk processing, while legal, are not the kind of merchants that all ISOs are comfortable working with.

Adult entertainment, debt counseling, herbal remedy sales, network marketing, affiliate marketing and online marketing services are examples of high-risk areas in which you might be reluctant to conduct business. Naturally, each individual has a personal set of moral standards that play a role in determining what kinds of businesses he or she chooses to avoid.

Sloppy funding

High-risk processors and their MLSs often fudge the rules concerning merchant funds and merchant reserves. Do not engage in schemes whereby merchant funds do anything other than get paid to the merchant that sold the goods or services. Merchants can entice ISOs into facilitating schemes in which more than one merchant processes through a single merchant identification number. Referred to as "aggregation," it is forbidden.

Even for low-risk merchant accounts, always verify that the merchants are indeed selling the goods or services relating to the transactions they are processing. Placing random calls to customers, reviewing of shipping records and other underwriting techniques should be done more in high-risk settings than elsewhere.

High risk is not for everyone

If you do decide you would like to participate in this arena, do so carefully. Procure all the legal protection you would seek in any acquiring relationship, including limitation of liability, stable residuals and some measure of portability under specific circumstances. Above all, be sure you are not facilitating an illegal business – it's just not worth it. 🖼

In publishing The Green Sheet, *neither the author nor the publisher is engaged in rendering legal, accounting or other professional services. If you require legal advice or other expert assistance, seek the services of a competent professional. For further information on this article, e-mail Adam Atlas, Attorney at Law, at atlas@adamatlas.com or call him at 514-842-0886.*

Education (continued)

Digging into PCI – Part 4: Encrypt transmission of cardholder data across open, public networks

By Tim Cranny
Panoptic Security Inc.

In this fourth part of a multipart series, we drill down on the fourth of the 12 sections of the Payment Card Industry (PCI) Data Security Standard (DSS). We will talk about what the issues are, where the greatest challenges will be in practice and what can be done about them.

This is, in many respects, one of the simplest sections of the PCI DSS, and one that often produces the fewest headaches and the least confusion.

That is not to say that compliance with this section is less important (and there have been significant security breaches caused by failure to meet the demands of Requirement 4), just that the barriers to success are lower.

What Requirement 4 is all about

Requirement 4 focuses on communications and the dangers that come with them. With modern card processing, most merchants have to communicate with a processor or gateway in order to get transactions approved and processed, and more and more this requires that cardholder data be sent over public networks.

(As a side note, data should be considered as passing over open or public networks, and Requirement 4 comes into play if at any point in transit the data passes over networks or through devices that are not under the direct control of the people doing the communicating.

This includes traffic that touches an Internet service provider or telecommunications company, the Internet, the Web or any form of wireless communications).

Communicating over public networks raises a raft of significant security issues, the most serious of which is simple eavesdropping, which in this context means thieves or hackers "listening in" on card processing traffic and harvesting cardholder data.

In most cases, this eavesdropping is silent and invisible, and merchants will have no idea it is happening. To counter this threat, it is critical that merchants do the right thing in advance, rather than try to react to some issue or event.

Requirement 4 lays out a few relatively simple steps for merchants to protect cardholder data as it's being communicated. The core of the requirements is encryption: using proper encryption to protect the data and making sure that the coverage is complete (i.e. that all the sensitive data is protected).

The challenges of Requirement 4

Fortunately, Requirement 4 is one of the less complex subsets of the PCI DSS. The technology requirements are relatively simple and nicely clean – in other words, self-contained in a way so that doing the right thing does not set off an avalanche of changes or problems to the rest of the network or the rest of a merchant's business.

What merchants need to do

For the earlier requirements discussed in this series, a strong emphasis was placed on avoiding challenges rather than defeating them. This strategy still has some relevance for Requirement 4, but in general it doesn't work very well here, and merchants need to focus on confronting the issue.

This is simply because most merchants can't avoid communications over public networks and so can't avoid the core of the requirement.

To handle Requirement 4, merchants should mentally separate all communications involving cardholder data into two categories:

1. Network communications that are critical to real-time transaction processing
2. All other communications involving cardholder data

The first category of communications should be the overwhelming majority of network communications involving cardholder data. And in most cases it can be handled easily by selecting and implementing a modern, certified payment application or POS device.

Such applications and devices were designed with Requirement 4 very much in mind, and compliance with the requirement is easy to achieve when merchants get such transaction-handling systems.

The second category of communications (for example, sharing cardholder data via e-mail for record-keeping or passing it on via instant message) typically won't be protected by the payment application or POS. These must be protected by encryption.

Talkin' about that lean, mean...

MEAN GREEN.

100%

the split as you know it is history.

866.845.6026

electronic
merchant
systems®

EMSAGENT.COM

Education

Merchants should endeavor to avoid or minimize these communications, or find another technology or solution to protect them. But while solutions exist that can help, they tend to be messier and more prone to problems, so the simplest and best approach is always to avoid, rather than protect, this sort of communication.

One important note about how technology is changing and how merchants must react to the changes: wireless communications between computers fall under Requirement 4, and can be protected by an encryption technology called Wired Equivalent Privacy (WEP). However, WEP is now known to be a terrible solution that is easily broken by hackers, and the PCI DSS now contains

wording that merchants must not rely on WEP for encryption.

There are better replacements available (Wi-Fi Protected Access, 802.11i, or end-to-end encryption solutions like IPSec or Secure Sockets Layer/Transport Layer Security), and communications must either be avoided or protected by one of these solutions.

What to do for your merchants

Prior articles on earlier requirements made it clear that merchants would need significant highly technical and merchant-specific help, making those issues very tough for ISOs and others to address properly.

Requirement 4 is easier to handle, and most of the burden falls on others such as payment application vendors or POS providers. ISOs and other service providers should not ignore Requirement 4, but will almost certainly find that other parts of PCI demand far more attention and effort.

Remember, though, that even though Requirement 4 can be handled relatively simply and cleanly, there is one particular mistake many ISOs and merchants make. That mistake is to think that encryption is a silver bullet that makes most security issues go away.

Too many encryption vendors encourage this sort of thinking, but it is absolutely wrong and a merchant can easily pass Requirements 3 and 4 and still be horribly vulnerable to hackers.

At the end of the day, protecting a company against hackers is like making a boat sea-worthy: You can't fix a big hole in one part of the boat by being extra water-proofed elsewhere on the craft. Encryption is a critical part of the overall solution – but only a part. 🅖

Wal-Mart and the unbanked

By Patti Murphy
The Takoma Group

Editor's Note: This story was published by InsideMicrofinance.com Oct. 9, 2009; reprinted with permission. © 2009 InsideMicrofinance.com. All rights reserved.

For reasons better espoused by others, I've never been a big fan of Wal-Mart Stores Inc. In fact, on those rare occasions when I must shop at one of its stores (that is, when in a rural area where Wal-Mart is the only game in town), I try my best to only purchase loss leaders. (You know what I mean: those unbelievably priced deals that are intended to nudge folks toward pricier items.)

Yet, I have to say, Wal-Mart is doing a bang-up job these days of helping to move unbanked and financially under-served Americans into the financial mainstream.

In the past few months, the retailing giant has announced a sophisticated electronic bill-pay service at its in-store MoneyCenters and a plan to convert tens of thousands of employees now receiving pay checks to electronic payroll systems.

In a press statement last month, Wal-Mart said "associates" must now choose to receive their pay either by direct deposit or on a payroll card. To put this in perspective, consider that the retailing giant's total workforce (workers at both Wal-Mart and Sam's Club stores) exceeds 2.1 million, worldwide.

Sure, I know, direct deposit saves employers money, so why shouldn't Wal-Mart want to pay all its workers that way? But direct deposit is far from universal, and I don't know of any large organizations (save, perhaps, government agencies) with bragging rights to 100 percent employee participation.

I also know Wal-Mart has been making a play to become a bank, and that this is likely part of a grander plan to make that happen. Personally (and professionally) I don't like the notion of a retailer being a bank. But Wal-Mart's efforts to reach consumers who have little or no interaction with financial institutions (the unbanked and under-banked) have given me pause.

After all, this is a company (and wannabe bank) that is bringing sophisticated financial services to folks who either have been ignored or dropped by federally chartered financial institutions.

Banks ignore unbanked at their peril

There's a huge market opportunity in reaching out to the

> **"Electronic payroll is the right choice for our associates, our company and the environment. It provides our associates with fast, convenient and safe access to their pay."**
>
> Tom Schoewe, Executive Vice President and Chief Financial Officer for Wal-Mart

50 million-plus American households that are now unbanked or underbanked. It's a market that banks have shown little interest in pursuing, according to a report earlier this year by the Federal Deposit Insurance Corp. And that, I suppose, makes this market fair game for a company like Wal-Mart.

The retailer's new electronic payroll program was developed with help from MasterCard Worldwide and First Data Corp. The largest processor of MasterCard- and Visa Inc.-branded payment cards in the United States, First Data is the technology company behind Wal-Mart's POS payments system.

Wal-Mart employees who don't have bank accounts and those who prefer to not receive direct deposit into an existing bank account can opt instead to have their pay deposited to a MasterCard PayCard (a prepaid debit card) and accessible through First Data's Money Network, a payroll card processing and reload service First Data offers its retailing clients.

Employees can also have checks connected to their payroll cards for things like bill pay. According to First Data, funds deposited through its Money Network on the PayCard are FDIC insured.

"Electronic payroll is the right choice for our associates, our company and the environment," said Tom Schoewe, Executive Vice President and Chief Financial Officer for Wal-Mart. "It provides our associates with fast, convenient and safe access to their pay."

"Wal-Mart art is raising the bar for employers everywhere by providing associates who don't have bank accounts with immediate access to funds on payday, without fee or discount, and access to cash at thousands of locations across the country," said Ed Labry, Chief of First Data's Retail and Alliance Services.

Indeed, the program shows how well positioned employers are to help America's working poor transition to the financial mainstream. 🔲

Patti Murphy is Senior Editor of The Green Sheet *and President of The Takoma Group. E-mail her at* patti@greensheet.com.

ResearchRundown
In-depth look at branded prepaid

Aite Group LLC released a new study on the prepaid sphere: B*randed Prepaid Card Processors: A Vendor Evaluation*. The October 2009 report is divided into three sections:

1. An overview of the branded prepaid card market that looks at processing trends and compares surveyed processors over a set of criteria

2. A ranking of participating processors in the following categories: processing system, card program functionality, cardholder account administration, program implementation, card expiration and reissue, billing and fund management, compliance and cardholder security, and correspondence. Features and functionality offered by the processors are also discussed in this section.

3. Profiles that consider the strengths and weaknesses of the following nine branded prepaid card processors: eCommLink Inc., Fidelity National Information Services Inc. (FIS), First Data Corp., FSV Payment Systems Inc., Galileo Processing Inc., i2c Inc., Metavante Corp. (now a subsidiary of FIS), Springbok Services Inc. and TxVia Inc.

The companies

Twelve companies participated in the study, which consisted of a combination of interviews and a questionnaire. The amount of detail gathered in this process determined whether a company could be profiled in the report's final section.

"Among branded prepaid card processors, there is no one-size-fits-all solution," said Adil Moussa, Analyst with Aite Group and the report's author. "Processing vendors serving the branded prepaid card market vary on price, level of service and technology platform, among other things. "Issuers and program managers entering the branded prepaid market should evaluate their needs carefully and match them with the strengths of the processor they choose. Technology should not be ignored, and processors using antiquated processing systems offer little benefit."

The trends

Trends in branded prepaid market include a demand for less expensive products due to the recession. Wal-Mart Stores Inc.'s practice of charging just $3 apiece for purchase, reload and monthly fee is cited in the report as putting downward pressure on pricing. However, Aite is skeptical that $0 fee cards will take hold due to the economics behind prepaid cards.

A second trend is the need to make changes in light of burgeoning legislation, which can increase the complexity of program management, increase costs and necessitate implementation of new technology to accommodate mandated changes in prepaid card programs.

An opportunity

A number of prepaid card processors are eyeing markets outside of the United States. The prospect of growing abroad has appeal because the barriers for credit card issuing, such as the difficulty of evaluating creditworthiness in countries that lack credit bureaus, are not problems in the prepaid sphere. Aite believes the initial areas of opportunity in foreign markets are in nonreloadable gift cards, corporate incentive cards and general purpose reloadable cards.

The technology

According to the report, technology is "always going to play a major role in processing"; whether branded prepaid card processors can respond quickly to evolving market needs will be critical to their ability to remain competitive, and this will require investment in new technology.

Want to know how your favorite branded prepaid card processor stacks up against the competition? For more information, *visit www.aite.com.*

3DSI aims to have your back

Three Delta Systems Inc. (3DSI) kicked off National Cyber Security Awareness Month in October 2009 by offering a free white paper, *Solving the Security Risk of Credit Card Breaches: An Introduction to CCIDS*.

While a primary aim of the paper is to explain the benefits and features of Credit Card Customer Identification Storage, 3DSI's solution to the challenge of securing payment systems to protect sensitive cardholder data, the paper also provides an overview of the state of data security, specific problems the payments industry faces and the potential risks to businesses that do not adequately protect their systems from data breaches.

The white paper, which is available at *www.3dsi.com*, discusses the fallout from some of the most prominent breaches of recent years.

It also identifies four risks businesses face when taking on the responsibility of collecting and managing sensitive card data: financial losses, unnecessary exposure, loss of customers and legal liability.

Time to Make Some Money?

With new services, a buy rate program and equipment opportunities, the time is right for check services from CrossCheck, a leader in check processing since 1983.

Services including Electronic Check Processing Plus Recovery, Recurring Billing, Business Office Conversion Plus (with guarantee) and Standard Guarantee offer your merchants the tools they need to stay competitive in today's challenging environment.

Our buy rates, life-time residuals and revenue-sharing programs offer you an additional source of income—from a reliable provider that doesn't compete with your business.

Spend a few minutes talking with us and we'll prepare a program to fit your merchant base and provide you with revenue opportunities. It's time to make money and we can help you do it.

Buy Rates Available on:

Electronic Check Processing Plus Recovery

Recurring Billing

Business Office Conversion Plus

Standard Guarantee

CrossCheck INC.

(800) 654-2365
partners@cross-check.com
http://www.cross-check.com

SAY *Yes* TO CHECKS®

Paying lifetime residuals for over 25 years.

Feature

Glossary of common payments industry terms

Following are definitions of frequently used payments industry terms. These are also posted online under the Resources link found at the top of our home page, www.greensheet.com. Going forward, we will be adding more terms to the glossary, including those pertaining to data security and electronic commerce. We will welcome your feedback; please e-mail suggestions and comments to greensheet@greensheet.com.

ACH: See automated clearing house.

acquirer: A federally insured financial institution responsible for connecting merchants to Visa Inc. and MasterCard Worldwide authorization and settlement systems. Also called an acquiring bank, merchant bank or sponsor bank.

Acquirers and merchants are the two signatories to merchant agreements. Acquirers can be thrifts, banks or credit unions. For example, First National Bank of Omaha is an acquirer and a bank. To sell bankcard services, it is necessary to have a signed agreement with an acquirer or be part of an ISO that is sponsored by an acquirer .

Among other things, an acquirer deposits daily card totals to merchant accounts and debits monthly processing fees from those accounts. The acquiring bank must handle all funds, deposits and settlements with merchants.

ISOs and other entities on the acquiring side of the bankcard business also refer to themselves informally as acquirers, as evidenced by several regional acquirers associations thriving throughout the United States, but strictly speaking, they are not acquirers.

acquirers association: A regional, independent and nonprofit organization that provides training, education and networking opportunities for professionals working in the acquiring side of the bankcard industry, including financial institutions, ISOs, MLSs, equipment vendors and providers of value-added services.

acquiring bank: See acquirer.

address verification service (AVS): A fraud deterrent technique used in card-not-present situations. AVS offers various levels of address verification detail, including cardholder ZIP codes and street numbers.

agents: People who sell bankcard services to merchants on behalf of ISOs, acquirers and processors. Also known as merchant level salespeople (MLSs) and independent sales agents (ISAs), most agents are independent contractors. Others are paid employees of ISOs, acquirers and processors.

authorization: An electronic exchange between a card issuing bank and an acquiring bank, initiated through a POS terminal, confirming a cardholder has sufficient credit (or funds in a demand deposit account if it is a debit card) to cover a pending transaction.

automated clearing house (ACH): An electronic payment network most commonly associated with payroll direct deposit and recurring payments. The ACH can be used also to clear electronic checks and other demand deposit account (DDA) transactions.

AVS: See address verification service.

bank identification number (BIN): A numerical code assigned to each federally insured financial institution for the routing of transactions and other purposes. ISOs and MLSs board merchants using the BINs of their respective acquiring banks.

batch: A collection of card receipts saved for submission, usually at the end of the business day. When the receipts are sent, the batch is "closed."

BIN: See bank identification number.

buy rate: The acquiring bank's fee; it is equal to interchange (which is paid to the issuing bank) plus the acquiring bank's markup. Think of it as the wholesale price of a transaction to which processing and other fees are added to come up with the cost to a merchant. Buy rates have not been widely used since the multitude of interchange rates came into being; many ISOs and acquirers now use pricing models that involve splits of net revenue.

card laundering: When a merchant processes sales through his or her merchant account on behalf of another merchant. Laundering violates the terms of merchant agreements. Also called draft laundering and factoring.

Card-not-present: Card transactions (Internet or MO/TO purchases, for example) for which the customer's card is not physically handled by the merchant. Interchange is set higher on these transactions because there is a greater likelihood of fraud.

card verification value (CVV): The three- or four-digit numbers appearing on the signature panel on the back side of most credit and debit cards, typically

following the account number. However, CVV numbers on American Express Co. cards appear on the face of the card above the card number.

chargeback: When a cardholder's bank (issuer) reverses all or part of a card transaction back to the merchant bank (acquirer), which typically kicks the transaction back to the merchant's account, leaving the merchant financially liable for the payment and subject to fines. Chargebacks can be initiated by customers or by cardholders' banks (for example, due to procedural errors). Chargebacks that exceed 1 percent of monthly sales generally are considered excessive.

check scanner: A counter-top device used to scan images of checks, according to legal specifications, for electronic clearing and settlement.

credit cards: Can be issued by banks and nonbanks and are associated with such brand names as AmEx, Discover Financial Services, MasterCard, JCB International Co. Ltd. and Visa.

CVV: See card verification value.

DDA: See demand deposit account.

debit cards: Issued by financial institutions and tied to cardholders' DDAs. Debit cards come in online/offline and offline-only versions. Online in this context means able to interface with the card brand networks for authorization at the POS. Debit cards can be co-branded with Discover, MasterCard or Visa. Online debit requires customers to enter PINs; offline debit card payments are authorized with cardholder signatures.

demand deposit account (DDA): A checking account with a financial institution.

discount rate: The percentage of card sales acquirers collect from merchants for transaction authorization, settlement and so forth.

draft laundering: See card laundering.

EFT: See electronic funds transfer.

electronic funds transfer (EFT): A way of performing financial transactions electronically. The Pulse and Star networks are examples of EFT systems.

factoring: See card laundering.

floor limit: The payment amount above which

credit and debit card transactions must be authorized; this amount is specified in each merchant's processing agreement.

hold back: See reserve.

interchange: The fee paid to the card issuing bank by the card acquiring bank by way of the processor. Interchange is the base fee to which all other acquiring and processing fees are added to come up with the merchant discount rate. Interchange rates vary widely based on card type, transaction amount, risks and retail sector. It is assessed on all Visa- and MasterCard-branded cards, even PIN-based debit cards. In certain circumstances interchange flows in reverse, such as following a chargeback.

independent sales agent (ISA): See agents.

independent sales organization (ISO): An organization registered with Visa and sponsored by an acquiring bank to sell VISA card acceptance services; also refers to an organization that works with and does business under the name of such a registered ISO. ISOs may also service merchant accounts once they are registered, dependent upon the contract with the acquirer. MasterCard uses the term "member service provider" to describe ISOs. However, it is common within the payments industry to use the term "ISO" when referring to independent sales organizations registered with either or both card brands.

ISA: Abbreviation for independent sales agent. See agents.

ISO: See independent sales organization.

issuing bank: A federally insured financial institution that issues credit and debit cards; this is the cardholder's financial institution.

magnetic ink character reader (MICR): A countertop device used to scan magnetic ink character recognition lines. A MICR line is a sequence of digits at the bottom of a check that provides details about the bank and account on which the check is drawn and supports authorization and clearing routines.

mail order/telephone order (MO/TO): A category of card-not-present transactions involving purchases made through mail order or telesales companies. In this type of transaction, the merchant typically has a card terminal and manually keys in required card information for transmission to the appropriate authorization network. Interchange rates for these transactions are among the highest.

merchant bank: See acquirer.

Feature

merchant discount: Consists of interchange fees charged to merchants by issuing banks for the ability to accept bankcard transactions combined with fees charged to merchants by acquirers to cover such services as processing, terminal installation, help desks and statement rendering. The merchant discount is set by the acquirer at a percentage of the purchase amount, typically between 1.5 percent and 3.5 percent. Sometimes the acquirer's portion of the merchant discount is referred to as the net merchant discount. Also referred to as a transaction fee.

member service provider: See independent sales organization.

MICR: See magnetic ink character reader.

MSP: Short for member service provider. See independent sales organization.

Payment Card Industry (PCI) Data Security Standard (DSS): Established for securing payment card information. Failure to adhere to the standard (by any party that handles card information, including merchants and ISOs) can result in hefty fines. Often shortened to PCI.

PCI DSS: See Payment Card Industry Data Security Standard.

personal identification number (PIN): A number used by a cardholder to authorize card payments and make ATM withdrawals.

PIN: See personal identification number.

PIN debit: A debit card transaction authorized by a cardholder using a personal identification number.

point of sale (POS): The place where retail sales occur and payment transactions are initiated.

POS: See point of sale.

prepaid card: A payment card with a set amount of money that has been preloaded onto it for future use by the consumer. It is not a credit card or debit card. Prepaid cards can be used in an open-loop (branded by Visa, MasterCard and so forth) or closed-loop (merchant or mall-branded). The most common type of prepaid card in use today is the gift card.

processor: The company that moves transactions on behalf of acquirers among merchants, banks and the card networks. Some, but not all acquirers are processors.

RDC: See remote deposit capture.

remote deposit capture (RDC): Electronic check services by which paper checks are converted into digital images for electronic clearing and settlement, through either electronic check or ACH systems.

reserve: The money set aside from a merchant's credit card receipts to cover potential chargebacks or other disputes. Typically, the amount is returned after a specified period. Also known as a hold back.

response code: A number provided by a card issuing bank to a merchant either verifying that a particular transaction was accepted or explaining why it was declined.

reversal: A method of recourse for merchants to counter chargeback claims. Cardholders can also set reversals in motion when they rescind chargeback claims.

settlement: The process by which the processor, working on behalf of the acquirer, debits the issuer for a transaction and credits the acquirer, and where the acquirer then credits the merchant. Settlement also involves payment to the card brands, calculating discount and qualifying a transaction for the appropriate interchange. Other aspects include exception processing, returns and disputes.

signature debit: A Visa Debit or Debit MasterCard transaction authorized by a cardholder's signature; to the casual observer it looks just like a credit card transaction.

sponsor bank: See acquirer.

super ISO: A large, independent sales organization that supports multiple downstream ISOs and MLSs. Some super ISOs are also processors.

terminal: A POS device, usually with a small display monitor and keyboard, connecting to the Visa and MasterCard payment network and/or to a proprietary network that authorizes payment card transactions and transmits card data to a receiving institution.

10 years ago in The Green Sheet

The Green Sheet was **32** pages.

The truth about check conversion

In the fall of 1999, it came to light that certain sales agents were telling prospective clients that by running a check writer's driver's license number and bank account number through a database, they could unequivocally determine the check's viability. However, the database did not contain real-time data, so this could not have been true. The agents were also misrepresenting check conversion fees. *The Green Sheet* recommended honest representation and disclosures.

Curbing fraud killing e-tailers

A Gartner Group Inc. study explored the impact of card Association (now card company) fraud prevention rules on online merchants. The study, *Limiting Credit Card Fraud and Chargeback on the Internet*, warned merchants of the high costs of chargebacks and posited that most chargebacks resulted from customer disputes rather than fraud.

Lynk likes Omni

VeriFone, which was then a division of Hewlitt Packard Development Co. L.P., signed a purchase agreement with Atlanta-based Lynk Systems (now **RBS WorldPay**) for 20,000 of Lynk Systems' Omin 3200 POS payment systems. VeriFone intended to deploy the solution to retail and hospitality customers nationwide.

Read archived issues back to 1995 at www.greensheet.com and click on publications

NewProducts

Consolidated purchasing for truckers

Product: Smart Solutions

Company: Comdata Corp.

The convenience store at a gas station is in every way a convenience to most patrons. People can pay for chips or sodas along with their gas, consolidating disparate purchases into a one-stop buy.

For big-rig truck drivers who fill up with diesel, however, the scenario is different. The diesel filling station is, by and large, distinct; it has its own POS terminal and is the only place diesel purchases can be made. Drivers who want to purchase fuel and snacks need make two separate purchases, one at the pump and one inside.

More convenience for diesel purchasing

Such fueling stations are the primary target of a new line of POS card acceptance products, called Smart Solutions, from payment technology innovator and provider Comdata Corp.

Among the products is Smart Fuel, a POS device for diesel fueling stations on which both diesel and convenience store items can be purchased, making gas station payments for truckers as easy as they are for consumers purchasing standard gasoline.

"What most truck stops have is a fuel deck, and then they have a convenience store that does all the series of other purchases they need to do," said Joe Daly, Executive Vice President of Comdata. "What Smart Solutions does is allows them to have a single solution for their point of sale and profit centers within that store, so no longer will the truck driver have to get on the line to pay for his fuel and then get on the line to pay for his other products. He can make all those purchases at one particular place."

Daly said the product would similarly make things easier for the owner of the gas station, who no longer has to deal with two separate POS networks each with its own maintenance requirement.

"What it does for the store is this: I'm a store owner; I have to have two people to man both of those; I need two maintenance contracts and two support contracts and two pieces of hardware sold by two different companies," Daly said. "With Smart Solutions all of that gets cut in half."

Host of products

The Smart Solutions suite also includes, among other products, Smart DESQ for convenience stores, on which

Features of Comdata's Smart Solutions include:

- Suite of different POS products
- Payment terminal that consolidates diesel and convenience store purchases
- Extensive reporting and "open architecture" software for simplified accounting

- Touch screen products that reduce employee training in some retail environments
- Terminals that accept credit, debit and closed-loop proprietary cards and cash

diesel gasoline purchases can be consolidated similarly, except with an in-store purchase, and Smart Lock, which is strictly for diesel purchases made without an attendant present.

Daly said Smart Solutions products are used in any number of retail environments, including restaurants and cafeterias. He said many of the products use touch screens that can be tailored in a variety of ways. For example, restaurants can color code their different food items (entrees in yellow, appetizers in blue, for example) to make them easier to find and reduce training time.

The terminals accept credit and debit cards and cash, as well as proprietary payment cards. Those are particularly important in the trucking business, in which proprietary card networks dominate the payment space, Daly said.

Daly added that Smart Solutions comes with an "open architecture" that makes accounting simpler for store managers, consolidating data into a single electronic ledger and providing extensive accounting reports.

Comdata Corp.

800-266-3282
www.comdata.com

A gateway into e-commerce

Product: Brick and Click

Companies: First Data Corp., Yahoo! Inc.

Very few merchants today lack a Web presence, and those who do may be deterred by computer illiteracy or technophobia. In such cases, a little outreach can make the difference.

First Data Corp and Yahoo! Inc. recently announced a partnership to help encourage Web setup among both startup merchants and existing brick-and-mortar merchants who don't already have an e-commerce platform.

The idea behind the product, Brick and Click, is simple. First Data already provides payment technology and services to millions of brick-and-mortar merchants (about 5.3 million, according to Souheil Badran, First Data Senior Vice President), among whom some don't have an e-commerce domain; Yahoo!, meanwhile, is among the most well-known Web domain providers.

For First Data merchant customers interested in establishing an online presence, the company refers them to

Features of **Brick and Click** include:

- Simplified Web domain provider process, reducing millions of choices to one

- Quick, easy setup – perfect for seasonal merchants

- Technical help provided by Yahoo! Inc.

- End-to-end solution for start-up merchants, from brick-and-mortar terminal setup to online payment acceptance

Yahoo!, which in turn provides both a Web platform and technical services to assist with the setup process, which includes things like image uploading and Web site cataloguing.

"As part of the package or bundle we are offering to brick-and-mortar merchants, we are saying if you do not have a Web presence today, here's a relationship we bring to the table with a trusted brand name so you can establish a presence online," Badran said. "That will help you increase your exposure, and if you want help selling your items as well, we're happy to help you there."
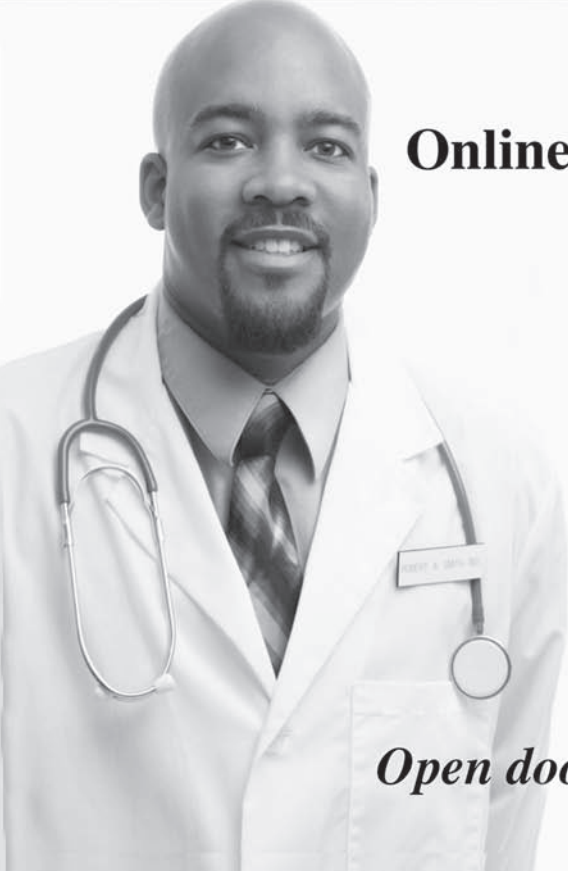
Leverage existing relationships

Badran said by leveraging its merchant relationships through the referral program, First Data makes an otherwise very complex decision significantly easier for brick-and-mortar retailers.

There are countless domain providers from which the average merchant looking to enter the e-commerce space must choose; getting referred to a specific provider by a company with which a merchant already has a working relationship makes that leap both less complicated and less intimidating, he said.

Badran added that, because merchants without existing e-commerce platforms often lack technical know-how, they also benefit from the online setup help that Yahoo! offers.

"If I need a little help Yahoo!'s there to help me, in addition to the advantage of the one-stop relationship," he said. "There are lots of options – many service providers out there – and ultimately there are two components [considered in selecting one]. It could be a matter of pricing, which is really competitive, or it could be a matter of brand name. They know the Yahoo! brand and feel comfortable using it, and ultimately the customer service prevails."

Mostly for smaller merchants

Badran said the First Data-Yahoo! partnership is targeting primarily small to mid-sized businesses, which are less likely to have e-commerce sites than larger retailers. He also said the program is perfect for merchants who want a seasonal or part-time Web presence and are looking for an easy way to set up shop online for a short stretch of time.

"Some [merchants] are saying, 'I've got a widget to sell, and I'd like to be able to be up and running fairly quickly,'" Badran said. "Or if you only sell Christmas trees in the holiday season and want to set up a quick site for the holidays and then just exit, it becomes very easy with a First Data merchant account to be able to sell the trees online.

"It's just a convenience factor, because we are offering an end-to-end solution all the way from being set up to accepting payments online, versus having to go find a Web hosting provider and then being set up separately after the fact."

First Data Corp.

800-735-3362
www.firstdata.com

Yahoo! Inc.

www.yahoo.com

When this day comes, will your MERCHANTS BE COMPLIANT?

as of July 1, 2010
Sorry
CASH ONLY!

TSYS PORTFOLIO ENRICHMENT PROGRAM

Outbound Calling Campaigns – New Equipment Deployment – Industry Education – Product and Service Upgrades

TSYS understands the investment, effort and risk that can be associated with bringing a merchant portfolio up to industry compliance standards. Our Portfolio Enrichment Program (PEP) is a suite of optional services available to help you rapidly and efficiently enrich your entire merchant portfolio.

> Outbound calling campaigns to introduce compliance options

> Terminal upgrades and point-of-sale equipment exchange opportunities

> In-depth, point-of-sale application and equipment training

2010 will be a year of change, and we are here to help you help your merchants!

Get started today by contacting your TSYS PEP representative at +1.800.686.1999 or by sending an e-mail to peprep@tsys.com.

TSYS®

Get to know us.
+1.800.686.1999
peprep@tsys.com
www.tsysacquiring.com

Inspiration

> **Learning is not attained by chance;
> it must be sought for with ardor
> and attended to with diligence.**
> *– Abigail Adams*

Twenty tips for lifelong learning

Staying on top of your game as an ISO or merchant level salesperson (MLS) in the ever changing payments industry requires continual learning. New POS systems, encryption technology, e-commerce gateways, wireless terminals, the possibilities of cloud computing – all of these can both dazzle and daunt in equal measure.

And the learning required to break into new verticals, while necessary, can seem to require too much effort, especially if you have a portfolio of merchants in an industry you already know inside out. Then there's the need to be aware of current events, popular culture and the general inclinations of diverse demographic groups.

Try these

All of this takes a commitment to lifelong learning. So, here are 20 tips to boost your progress in this most important area:

1. Reflect upon past learning experiences. This will provide insight regarding what types of environ-ments worked best for you. It will also give you the chance to discard limiting conclusions you may have drawn about your potential as a learner.

2. Find a learning partner or mentor with whom you can check in at predetermined intervals to discuss how you are progressing, strategize about your learning needs and set goals.

3. Begin every learning session with your end goal in mind, and appreciate what you're accomplishing along the way.

4. Concentrate on what you have chosen to master. Don't compare your gains to others; compete only with yourself.

5. Come up with an affirmation to keep in your work area. It should be short and reinforce the notion that you are a capable learner. For example, I am a confident learner who is an excellent resource for my merchant customers.

6. Be willing to make mistakes; you can learn from them and move on.

7. Acquire information in manageable chunks. Stop a learning session before you reach a saturation point, perhaps by giving yourself a set amount of time and sticking to it.

8. Approach new technologies as fun toys rather than eye them with trepidation.

9. Limit distractions. Turn off the television. Let voicemail take care of the phone. Don't peek at incoming text messages. Friends and clients will still be there when your learning session is done and what you accomplish during this time will increase your ability to be of use to them.

10. Attend tradeshows whenever possible. You will be able to select from a number of timely seminars, be exposed to the latest developments on the exhibit halls and have stimulating conversations with your peers.

11. Do something completely out of your ordinary realm at least once a month. If you've never been to an opera, for instance, attend one. Not really

Inspiration

taken with Nascar? Go to a race; see for yourself what all the excitement is about. Feel like you're a bit uncoordinated? Take a ballroom dancing class.

12. If you get discouraged, remind yourself you will succeed by persisting.

13. If you're in a seminar or class, take notes in the packets provided or in your own notebook. This also helps reinforce learning.

14. If you take a class that assigns homework, do it.

15. At the beginning of each new learning session or class, review what you learned in your last session so it's easier to build on what you've just learned.

16. If you're taking a hands-on workshop, repeat everything you did in class at home or at the office as soon as you can afterwards. This helps reinforce new skills.

17. Ask questions. The more you interact with your teachers and fellow learners, the quicker you will master the subject at hand.

18. Relax. Learn how to meditate, take a yoga class, get a massage every now and then or listen to beautiful music. It is easier to absorb information when you are in an open, relaxed state of mind.

19. Teach your new skills to others. It reinforces your own learning, helps you identify your weak areas and contributes to the welfare of another person.

20. Eat nutritious foods, get sufficient rest and take breaks during your work day. That way you'll be ready to tackle any project you take on, whether it's learning how to troubleshoot a malfunctioning terminal or attending a conversational Spanish class.

Go ahead; follow these suggestions. You have tremendous potential to learn what you need to thrive as an ISO or MLS while also enriching your own life and the lives of those around you with the wisdom you will gain from becoming an eager, lifelong learner.

Good Selling!^{SM}

Paul H. Green, President and CEO

DateBook

Visit **www.greensheet.com/gs_tradeshow_events.php** for more events and a year-at-a-glance event chart.

NACHA – The Electronic Payments Association
The Institute of International Payments

Highlights: This event comprises two-and-a-half days of intensive instruction and course materials, taught by experienced practitioners drawn from leading organizations engaged in international payments. Breakfasts, lunches, refreshment breaks and a networking reception are included.

Following the implementation of the International ACH Transaction rules on Sept. 18, 2009, new and emerging payment services have the potential to facilitate international trade with increased ease in an enhanced security environment. This event is meant to help promote a keen understanding of international trade, which can enhance an organization's offerings to attract more business and increase the bottom line.

When: Nov. 17 – 19, 2009
Where: Federal Reserve Bank of Atlanta, Atlanta
Registration: *www.nacha.org/conferences/InstIntlPmts2009/default.htm*

Women Networking in Electronic Transactions
LINC Atlanta Meeting

Highlights: W.net is expanding its membership by establishing Local Interest Networking Circles (LINCs) that bring the organization's national networking and educational meetings to regional areas. The Atlanta, Ga., LINC meeting is one in a series being held in various locales.

W.net meetings provide a forum for professional women to inspire and empower one another through networking opportunities with established industry leaders and newcomers alike. Attendees will have the opportunity to network with other female professionals in the payments business and learn sales techniques and success secrets.

When: Dec. 1, 2009
Where: Capital City Club Brookhaven, Atlanta
Registration: *www.w-net.biz*

American Banker and Source Media Inc.
Cards & Payments Loyalty Conference

Highlights: This one-day conference will provide tips to assist rewards program managers, discuss strategies for managing costs and optimizing program returns, and educate participants on broader industry trends in financial institution, co-branded and private-label credit card rewards

There will be presentations from managers of payment card loyalty programs of some of the most well-known brands in the industry in addition to experts in program communications, innovative products and fulfillment cost management.

The event will include several networking breaks, including a networking lunch from noon to 1p.m.

When: Dec. 2, 2009
Where: New York Hilton, New York
Registration: *www.americanbanker.com/conferences/loy09*

Glenbrook Partners
Glenbrook's Payments Boot Camp

Highlights: This intensive, two-day "deep dive" into the U.S. payments system will provide a unique, cross-payments view of the industry. Throughout the two days, the event will focus on how current trends and issues will affect the status quo, and on how new and emerging players may compliment (or threaten) industry incumbents.

The agenda includes overviews of different payment systems and their uses; perspectives of key industry constituents like consumers, banks, networks and processors; and a comprehensive look at emerging payments, including mobile payments, business-to-business payments, and chip and contactless cards.

When: Dec. 8 – 9, 2009
Where: Silicon Valley TechMart, Santa Clara, Calif.
Registration: *www.glenbrook.com/bootcamp-payment.html*

Southeast Acquirers Association
2010 Annual Conference

Highlights: The focus of this event is education and providing information on current issues concerning the feet on the street in the electronic payments industry. The two-day seminar will include various networking opportunities with all vendors and attendees.

The exhibit hall will feature many of the leading credit card payment processors, equipment manufactures, leasing companies and other third-party vendors in the industry.

Breakout sessions will provide a collegial forum in which to learn and share information, and panel discussions, which have been some of the most heavily attended sessions in years past, will be led by industry leaders.

When: March 22 – 23, 2010
Where: Sheraton Atlanta Hotel, Atlanta
Registration: *www.southeastacquirers.com/conference*

ResourceGuide

To add your company to our expanding listing, call 866-429-8080 today.

ACH - CHECK 21

Global eTelecom, Inc.
(877) 454-3835
www.CheckTraining.com

ACH -CHECK 21 BOC
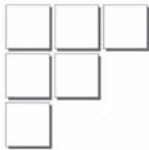
Netcom Check Services
(800) 875-6680
www.netcompaysystems.com

Convergence Processing Merchant Services
ACH Check21 BOC ARC Age & ID
Recurring ACH Check Verify
All Major Credit and Debit Processing
LifePay Residual No Exit Fees

Check Assist
(888) 436-5101
www.runningdollar.com

• Remote Deposit - BOC
• Point of Sale Check Conversion
• Electronic Check Conversion
• ACH Processing
• Check 21 Solutions

ACH - PROCESSING SERVICES

Creative Cash Flow Solutions, Inc
(866) 691-0666 x166
www.ilovechecks.com

Merchant Cash Advance for Checks...
Telephone/Internet/Recurring ACH
Full Suite of ACH/Check 21 Services
ISO Private Labeled Program
Lifetime Vested Residuals

SOLVERAS
PAYMENT SOLUTIONS™
(800) 613-0148
www.solveras.com

AGE / ID & OFAC VERIFICATION

ID Chex
(800) 875-6680
www .IDCheX.net

ATM / SCRIP ISOs LOOKING FOR AGENTS

ATM ACCESS to MONEY
(888) 701-1004
www.accesstomoney.com

Looking for agents. 100% of surcharge
plus 100% of interchange on all monetary
and non monetary transactions Call
Ralph @ x4241
or Jim @ x4243

payment alliance
international
ATM services group
(877) 271-2627 x157
www.atmexpress.com

Increase $$ w/Existing Customer Base
0 Quotas/Vested Residual/Best Prices
See why we are America's #1 ATM Co.
David Hooper @ (877)271-2627 ext. 157
T. Chapman @ (800)523-2104 ext. 2178

Time can be the difference between **winning** & losing
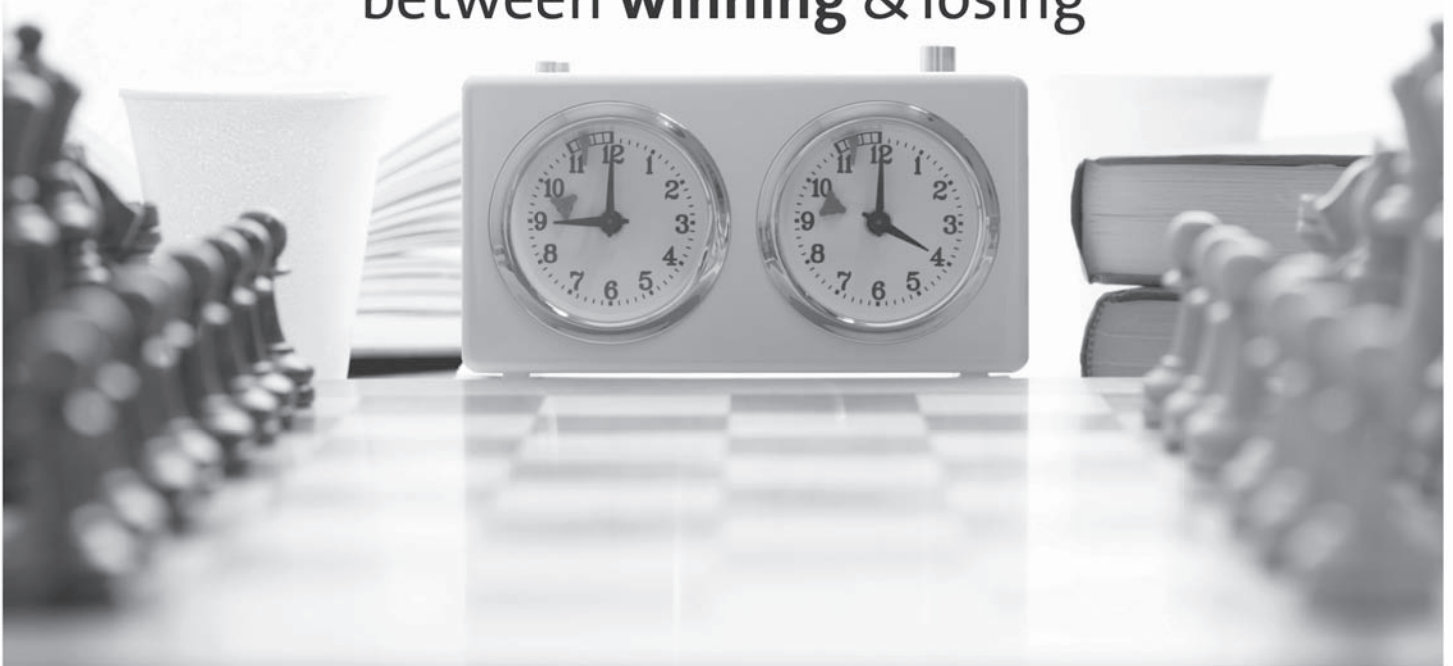
Same day funding option, one of our **many premier solutions.**

Offer your merchants the option of two batch out times: **4:00 a.m.** (EST) with same day funding* and **9:00 p.m.** (EST) for next day funding*

Join **CREDOMATIC's Partner Solutions Program.**

Partner Benefits:

- On time residuals-paid monthly
- 50-70% TRUE profit sharing on all processing revenue
- NO BIN fees, NO risk fees. NO downgrade surcharges
- Upfront and Residual income on all payment services
- 1% conversion bonus-up to $1000.00 per account
- Activation bonuses-up to $200.00 per account
- 5% commission on merchant cash advances

* Same and next day transmission of funds is guaranteed by CREDOMATIC. Actual posting of all deposits to merchant account is determined by merchant depository bank.

Merchant Solutions:

- Same day funding option* on all transactions settled by 4 a.m. (EST)
- Multiple billing options
- Free terminals to sell/lease or place including Verifone VX510, Verifone VX570 and Hypercom T7 Plus
- Free Payment Software with Quickbooks Plug In
- A complete suite of TSYS (Vital) Payment Solutions
- Complete state-of-the-art web-based touchscreen POS solutions for restaurants (ORDYX) and retail (INVENTRAK)
- All services (credit/debit, checks, gift cards, and cash advances) billed on one statement and settled through a single deposit

With Credomatic, it's always possible

For almost 30 years, we have been continuously forging profitable relationships. Join our Partner Solutions Program **today.** For more information, go to **www.credomaticpartner.com** or call us at **1.888.82AGENT (1.888.822.4368)**

GE
Partner
GE Money

CREDOMATIC.®
Member **BAC | CREDOMATIC** Network

CREDOMATIC is a registered ISO/MSP of BAC Florida Bank. BAC Florida Bank is an affiliate of **CREDOMATIC.**

ResourceGuide

ACCESS ATM
(866) 874-0384
www.accessatm.com

NationalLink
Complete ATM Solutions
(800) 363-9835
www.nationallink.com

United Cash Solutions
(800) 698-0026 x1430

BANKS LOOKING FOR AGENTS

Humboldt Merchant Services
A DIVISION OF MONERIS SOLUTIONS, INC.
(877) 635-3570
www.hbms.com

Up to 75% Residual
$5K Signing Incentive
Direct Bank Relationship
ISO Sponsorship Available
Up to $200 Account Conversion Bonus

Comerica Merchant Services
(800) 790-2670
Group ISO, Inc.
(800) 960-0135
www .groupiso.com
**Redwood Merchant Services
Division of Westamerica Bank**
(707) 569-1127
www .redwoodmercantservice.com

BANKS LOOKING FOR ISOs / MSPs

America's BankCard Alliance, LLC.
(800) 757-153
www .aballc.com
Group ISO, Inc.
(800) 960-0135
www .groupiso.com
Integrity Payment Systems
(888) 477-4500
www .integritypaymentsystems.com

CASH ADVANCE LOOKING FOR AGENTS

grp FUNDING LLC.
Cash Advances made simple.

(877) 571-7999
GSinfo@grpfunding.com

Privately held & funded
Common Sense Underwriting
Competitive commission plans
Factors as low as 1.25
We will work with your processor

Proven Funding Recruit
(888) 744-8331
www .provenfundingrecruit.com

CHECK GUARANTEE / VERIFICATION

CrossCheck, Inc.
(800) 654-2365

EZCheck
(800) 797-5302
www .ezchk.com

Global Payments Inc.
(800) 801-9552
www .globalpaymentsinc.com

Secur-Chex
(866) 464-3277

CONSULTING AND ADVISORY SERVICES

Adam Atlas Attorney at Law
(514) 842-0886

EQUIPMENT

ingenico
beyond payment
Ingenico
(800) 252-1140
www.ingenico.com

Ingenico - the world's most dependable POS supplier. Financially strong, innovative and ready to serve you today.

ATT Services
(714) 999-9566
www .attpos.net
BANCNET
(713) 629-0906
www .banc.net

Budget Terminals and Repair
(985) 649-2910

General Credit Forms, Inc.
(800) 325-1158
www .gcfinc.com

Integrated Terminal Exchange Inc.
(800) 254-3366
www .iteinc.com

JRs POS Depot
(877) 999-7374
www .jrsposdepot.com

Paper Rolls Chicago
(877) 298-6939
www .paperrollschicago.com

POS Portal
(866) 276-7289
www.posportal.com

The Phoenix Group
(866) 559-7627

TSYS
Acquiring Solutions
(800) 686-1999
www.tsysacquiring.com

VeriFone
(800) VERIFONE

FINANCING FOR ISOS

Super G Funding
(800) 631-2423
www .supergfunding.com

FREE ELECTRONIC CHECK RECOVERY

ACCESS CHEX
(866) 746-CHEX
www .accesschex.com

GIFT / LOYALTY CARD PROGRAMS

SPARKBASE
(216) 867-0877
www.sparkbase.com

Stop giving your gift card business to someone else. Take control, and make more money using the largest ISO managed / custom branded solution in the industry. Only with SparkBase.

Electronic Payments (EPI)
(800) 966-5520 x221
www .epigiftcards.com

FLEXGIFT/UMSI
(800) 260-3388

Global eTelecom, Inc.
(877) 454-3835
www.GiftCardTraining.com

HIGH RISK

DATACASHUSA
(877) 273-5455
www.datacashusa.com

HIGH RISK CC Processing
BANK DRAFT Processing
Offshore Banks, Moto Transactions
Call Center, Adult Entertainment
Pharmaceutical, Travel

ALTERNATIVE
Merchant Processing,Inc.
(888) 525-5059
www.ampworldwide.com

International Merchant Solutions
(800) 313-2265 x104
www .officialims.com

National Transaction Corp.
(888) 996-2273
www .nationaltransaction.com

HIGH RISK LOOKING FOR AGENTS

A.V.P. Solutions
(800) 719-9198
www .avpsolutions.com

ISO/POS DEALER LOOKING FOR AGENTS

MSI, Merchant Services Inc.
(800) 522-3661
www .1800bankcard.com

ISO RELATIONSHIPS AVAILABLE

COCARD
(800) 882-1352
www.cocard.net

• BEST RESIDUAL STREAM IN THE BIZ
• MULTIPLE PROCESSING PLATFORMS
• PRE-NEGOTIATED BUYING POWER
• NEXT DAY FUNDING AVAILABLE
• UNIQUE EXIT STRATEGY

Advanced
merchant services
(888) 355-VISA (8472)
www.amspartner.com

Elavon
(678) 731-5000
www .elavon.com

Electronic Payments (EPI)
(800) 966-5520 x223
www .epiprogram.com

EVO Merchant Services
(800) CARDSWIPE x7800

First American Payment Sys.
(866) GO4 FAPS
www .first-american.net

Global Payments Inc.
(800) 801-9552
www .globalpaymentsinc.com

Group ISO, Inc.
(800) 960-0135
www .groupiso.com.

iPayment
(888) 519-9466
www.ipayment-agent-iso.com

Merchant Data Systems
(800) 249-6377 x204
www .merchantdatasystems.com

ResourceGuide

Merchant Rewards Network (MRN)
(800) 366-1388 x210
www .partner-america.com

MSI, Merchant Services Inc.
(800) 537-8741
www .1800bankcard.com

North American Bancard
(800) BANCARD x1001

Total Merchant Services
(888) 84-TOTAL x9727
www.upfrontandresiduals.com

United Bank Card (UBC)
(800) 201-0461

ISOs / BANKS PURCHASING MERCHANT PORTFOLIOS

VelocityFunding
(888) 818-3552 x202
www.VelocityFunding.com

Superior Portfolio Valuation
Quick Turnaround Time
Will Not Switch Processor
No Portfolio Too Small
DeanCaso@VelocityFunding.com

Community Bankers
Merchant Services, Inc
(866) 333-9331 x201
www .merchantprocessing.com

Elavon
(800) 819-6019 x6
www .elavon.com

Global Electronic Technology, Inc (GET)
(877) GET 4ISO
www .gettrx.com

Global Payments
(800) 801-9552
www .globalpaymentsinc.com

Merchant Portfolios.Com
(866) 448-1885 x308
www .MerchantPortfolios.com

Merchant Rewards Network (MRN)
(800) 366-1388 x210
www .partner-america.com

North American Bancard
(800) BANCARD x1001

ISOs / PROCESSORS SEEKING SALES EMPLOYEES

Total Merchant Services
(888) 84-TOTAL x9727
www.upfrontandresiduals.com

ISOs LOOKING FOR AGENTS
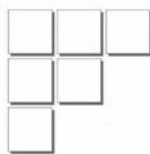
Netcom PaySystems
(800) 875-6680
www.netcompaysystems.com

An Agent of RBS WorldPay
LifePay at IC + Call For Buy Rate
Virtual Terminal - Recurring Billing
Online Reporting Quick Approvals
No Liability, Exit Fees or Gimmicks

RELIANT PROCESSING SERVICES
(877) 650-1222 x101
www.reliantprocessingservices.com

We offer a **70/30 split** above
Interchange **or** an aggressive
upfront **Bonus Program** paying
you on every approved
merchant account.

MerchantService.com
SPECIALIZING IN MERCHANT PROFITABILITY
(888) 288-3816
www.merchantservice.com

Offering a full line of products
& services which pay lucrative
commissions upfront for sales
and on going residual income
for the life of the account.

Advanced merchant services
(888) 355-VISA (8472)
www.amspartner.com

Electronic Payments (EPI)
(800) 996-5520 x223
www .epiprogram.com

EVO Merchant Services
(800) CARDSWIPE x7800

First American Payment Sys.
(866) GO4 FAPS
www .first-american.net

Frontline Processing Corp.
(406) 585-7443
www .frontlineprocessing.com

Global Electronic Technology, Inc (GET)
(877) GET 4ISO
www .gettrx.com

Group ISO, Inc
(800) 960-0135
www .groupiso.com

Impact Paysystems
(866) 884-5544 x1555

Innovative Merchant Solutions
(800) 397-0707

iPayment
(888) 519-9466
www.ipayment-agent-iso.com

Merchant Rewards Network (MRN)
(800) 366-1388 x210
www .partner-america.com

Merchants' Choice Payment Solutions
(800) 478-9367 x5
www.mcpscorp.com

Money Tree Merchant Services
(800) 582-2502 x2
www.moneytreerewards.com

MSI, Merchant Services Inc.
(800) 351-2591
www .1800bankcard.com

North American Bancard
(888) 229-5229

Pipeline Data Inc.
(877) 754-0530 x16179
www .pipelinedata.com

Total Merchant Services
(888) 84-TOTAL x9727
www.upfrontandresiduals.com

United Bank Card
(800) 201-0461 x136

United Merchant Services, Inc.
(800) 260-3388

VMS
(888) 902-6227
www.getvms.com

Xenex Merchant Services
(888) 918-4409 x511

LEASING

BARCLAY SQUARE LEASING
(866) 396-2754
www.barclayleasing.com

We fund & service all our leases
Same day funding – Fast scoring
Low factors – Written verifications
Online reporting – Faxable/PDF leases
48 month wireless – Split funding

1st AMERICAN LEASING
(888) 884-6111 x 3012
www.1stamleasing.com

ABC Leasing
(877) 222-9929

American P.O.S. Leasing Corp.
(800) 349-6516
www .poslease.com

Azura Leasing
(888) 424-7142
www .azuraleasing.com

First Data Global Leasing
(800) 897-7850

LADCO Leasing
(800) 678-8666
www .ladco.com

Lease Finance Group LLC
(888) 625-8867
www .lfgleasing.com

LogicaLease
(888) 206-4935
www .logicalease.com

Merimac Capital
(866) 464-3277

Northern Leasing Systems, Inc.
(800) 683-5433
www .northernleasing.com

MULTI - CURRENCY PROCESSING

DCC MERCHANT SERVICES, USA
(888) 322-8632 x204
www.dcctoday.com

The Authority in Foreign Currency
Conversation at POS or online. Enable
merchants' customers to purchase in
their currency. ISO's & Agents earn up
to 60bp above discount rates and fees.

payvision
PAYMENT AND SECURITY PROVIDER
(917) 237-0090
www.Payvision.com

OFFSHORE BANKS LOOKING FOR ISOs

M2 FINANCIAL Merchant Services
(866) 720-3729
M2-Financial.com

PAYMENT GATEWAY

PAYMENTS GATEWAY

**One Connection
Endless Opportunities**

(866) 247-0931
www.paymentsgateway.com

Your All-in-One Payments Solution
Instant Online Enrollment
PCI Certified
Customized Branding
Personalized Service

NMI
NETWORK MERCHANTS INC
nmi.com

**"Building Payment Gateways
One Partner at a Time"**

(800) 617-4850
www.nmi.com

• PCI Compliant Customer Vault™
• Encrypted Retail Swiped Solutions
• Multi-MID Transaction Routing
• ISO / MLS Transparent Branding
• Non-Compete Guarantee

APRIVA
(480) 421-1210
www   .apriva.com

eProcessing Network
(800) 296-4810
www.eProcessingNetwork.com

1ezic
th ANNIVERSARY
Ezic, Inc.

(866) 575-EZIC
www.ezic.com

Global Payments
(800) 801-9552
www   .globalpaymentsinc.com
ProCharge
(800) 966-5520 x221

USA ePay
(866) 490-0042
www   .usaepay.com

PAYMENT GATEWAY / SERVERS / ISPs

Network Merchants, Inc. (NMI)
(800) 617-4850
www   .nmi.com

PCI DSS COMPLIANCE

PCCompliance

(866) 949-9777
www.gotpci.com

Annual or Monthly Billing
**As low as $15 / year or $1.75 / month
Scans Included in Pricing**
URL Customized with Your Logo
Meets Card Brand Reporting Requirements

Trustwave®
Information Security & Compliance
(312) 873-7500
www.trustwave.com

POS CHECK CONVERSION

CrossCheck, Inc.
(800) 654-2365

EZCheck
(800) 797-5302
www   .ezchk.com

Secur-Chex
(866) 464-3277

POS CREDIT CARD EQUIPMENT REPAIR

NEW IMAGE P.O.S.

**POS Equipment Repairs
and Sales**

(877) 581-6201
Info@NewImagePOS.com

Over 20 Years Repairing / Refurbishing
POS Equipment, CheckReaders.
Personal Service, Quick Turn Around,
Deployment, One Year Warranty
EXPERIENCE, QUALITY, INTEGRITY

ATT Services
(714) 999-9566
www   .attpos.net

BITS Bartlett Info Tech
Services, LLC
(901) 384-6151
www.bits-pos.com

POS SUPPLIES

General Credit Forms, Inc.
(800) 325-1158
www   .gcfinc.com

Don't Go Broke!!   Go Global!!

GLOBAL CHECK

90 day same as cash in house financing for your merchant. With ARCNET* your merchant does not need to lease or buy equipment. All your merchant will need is an Internet connection. So stop losing money on costly leases and build your portfolio quicker.

$545.00 commission on every ARCNET* deal!!!

With our 100% over program you the agent have full control over your merchants and more important your money. On average our agents make 2% on every transaction done and now with the ARCNET* program your residuals will build much quicker than they ever have. Even better, there is no out of pocket expenses to you.

Global Check has been in the check conversion industry since 1994 and we have helped 100's of agents become successful with our new and innovative programs such as ARCNET*.
Setting the industry standard for ARC we at Global Check strive to mainstream our programs too make it easier for our agents to close deals.

Visit us at www.globalcheck.com
or call us at 1-800-988-6221
and ask about our other great programs also.

*Patent Pending

PRIVATE PARTIES
PURCHASING PORTFOLIOS

GBM Transactions
(817) 307-8291
www.gbmtransactions.com

PROCESSORS
LOOKING FOR ISOs

Elavon
(678) 731-5000
www .elavon.com

First National Merchant Solutions
(800) 354-3988
www .fnms.com

Humboldt Merchant Services
(877) 635-3570
www .hbms.com

NPC National Processing Company
(877) 300-7757
www.npc.net

TSYS Acquiring Solutions
(480) 333-7799
www .tsysacquiring.com

RISK MANAGEMENT PROVIDER
OR PRODUCTS

MICROBILT
PROFIT FROM OUR 30 YEARS OF HARD WORK.
(800) 257-2805
www.microbilt.com
- Use Our Expertise to Close More Deals and Increase Your Profits
- Deliver 1st Class Services to Unsaturated Industries
- Bonus + Lifetime Residuals

SITE SURVEYS

N·V·M·S NATIONAL VENDOR MANAGEMENT SERVICES
(703) 361-6262 x129
www.nvms.com

Spectrum Field Services
(800) 700-1701 x286
www .spectrumfsi.com

TRAINING

Bankcard Boot Camp
(866) 276-6683
www .bankcardbootcamp.com

WEBSITE DESIGNS / SEO

STURGILL STUDIOS
(972) 956-9850
www.sturgillstudios.com
1. Website Design Services
2. Search Engine Optimization
3. Graphic Design Services
Get a new website and have it found in the search engines!

WIRELESS RETAIL /
KEYED PROCESSING

USAePay
(866) 490-0042
www .usaepay.com

HOW HUNGRY ARE YOU?

Standard Print Ads

☐ Full Page
☐ Two Page Spread
☐ Horizontal Half Page
☐ Vertical Half Page

☐ Quarter Page
☐ Custom Half Page
☐ Custom Quarter Page
☐ Custom One-Third Page

Standard Online Ads

☐ Large Banner
☐ Skyscraper Banner

☐ Resource Guide Button

Sponsorships

☐ Printed Green Sheet
☐ Printed GSQ

☐ Green Sheet Online
☐ SellingPrepaid.com

Extras

☐ Printed Green Sheet
   Resource Guide
☐ Printed GSQ
   Resource Guide

☐ Online Green Sheet
   Resource Guide

AdvertiserIndex

CHARGE CARD SYSTEMS
WILL HELP BUILD
YOUR NEST EGG

We Are the Only ISO to Offer You
"The Winning Combination"

70% Residual AND Bonus Money
+ 1.9¢ Transaction Fee
+ 12-Hour Funding
= MORE DEALS, MORE MONEY

PLUS

PROCESSING FOR AMERICAN EXPRESS
WITH 12-HOUR FUNDING!

CCS
CHARGE CARD SYSTEMS, INC.

For more information contact
Jeffrey Shavitz, EVP at 800.878.4100

See Reverse Side for Complete Program Benefits

IT'S
BIG
AND IT'S
HERE!

CHANGE
YOU CAN BELIEVE IN.

We've changed our cost structure to give you **8x Upfront Bonuses** and **3.5¢ (dial-up)** and **2.5¢ (IP)** pricing.

YES YOU CAN –

Get the most profit from every deal — **3.5¢ (dial-up)** and **2.5¢ (IP)** pricing **AND** the power to choose:

8x Upfront Bonuses
50–65% Residuals
Free Terminal Placement

OR

70% Split for the Highest Commissions

DO IT ALL, WITH TOTAL MERCHANT SERVICES.

Need a free terminal to close a deal? You've got one with 8x upfront bonuses, up to $750 per merchant.

If you simply want the highest commissions possible, choose our 70% revenue sharing program.

Both options have the **best cost structure** in the marketplace — only **3.5¢ (dial-up)** and **2.5¢ (IP)**.

NOW IS THE TIME.

Start processing all your accounts with us today!

Call 1-888-84-TOTAL, ext 9727

Or get the full program details at www.upfrontandresiduals.com

total merchant services
payment solutions for your business