The Green Sheet

GS

DEDICATED TO THE EDUCATION AND SUCCESS OF THE ISO AND MLS

www.greensheet.com

September 12, 2011 • Issue 11:09:01

What does Visa's U.S. EMV push mean?

We are all students in the payments industry. And Visa Inc. recently upped the ISO and merchant level salesperson (MLS) education ante by pushing the U.S. market to adopt Europay/MasterCard/Visa (EMV) contact and contactless chip technology. Visa stated this will "help prepare the U.S. payment infrastructure for the arrival of NFC-based mobile payments by building the necessary infrastructure to accept and process chip transactions that support either a signature or PIN at the point of sale." An EMV card uses a computer chip rather than a mag stripe for transaction authentication. ISOs now must quickly discern what EMV means, how it works, and when and where the technology should be installed.

The EMV card

EMV chips are embedded as a matter of course in cards used throughout Europe and much of the rest of the world. Such cards use "dynamic authentication" to verify that a given card being presented for payment is, in fact, valid. Mag stripe cards, almost universally used in the United States, are considered less secure than EMV cards because they rely on "static" data in the magnetic stripe to authenticate cards.

"Dynamic authentication is the key to securing payments into the future," Visa Chief Enterprise Risk Officer Ellen Richey said. "Adding dynamic elements to transactions makes account data less attractive to steal and takes more merchant systems out of harm's way, shrinking the battlefield against criminals. The migration to chip technology will be an important security layer and a critical step in a comprehensive strategy to use dynamic authentication across all markets and all channels."

For cardholder verification, Visa said it will continue to support a range of methods globally, including signature, PIN and no-signature for low-value, low-risk transactions. "In the longer term, we expect that the use of static verification methods such as signature and PIN will be reduced or eliminated entirely as new and dynamic forms of cardholder verification are implemented," Visa stated.

EMV advantages

EMV has been shown to improve card security. When Australia introduced EMV technology a few years ago skimming fraud fell 25 percent – the first drop ever seen in skimming statistics there. Also, the European ATM Security Team reported a 55 percent drop in ATM fraud after chip-and-PIN technology was introduced there.

This doesn't mean EMV technology is invulnerable to fraud. For example, in 2010, researchers at Cambridge University hacked into a chip-and-PIN card and forced it to bypass the cardholder verification requirements (in this case a PIN), allowing them to execute fraudulent transactions in real-world tests. Also driving Visa's emphasis on EMV adoption is that the technology can be used securely with ISIS, the mobile platform created by AT&T Mobile, Verizon Wireless and T-Mobile in an effort to set the standard for mobile phone payments.

GROW YOUR REVENUE. INCREASE YOUR SALES.
EXPAND YOUR CUSTOMER BASE
With Phone Swipe – Exclusively From North American Bancard.

PHONE SWIPE'S MARKETING TECHNOLOGY TURNS EVERY TRANSACTION INTO **FREE NEW LEADS!**

phoneSWIPE

Phone Swipe makes it easy to close any deal with additional features like:

- A FREE demo card reader (Call for yours today!)
- Online training from NAB University
- A pay-as-you-go option (no monthly fees)
- No limit to the number of units you can provide
- A 5-minute application process with instant approval

PLUS, Phone Swipe is the mobile credit processing solution that **PAYS YOU BONUSES!**

START PROFITING TODAY
with Phone Swipe from NAB!
877.812.8067
phoneswipeagents.com/gs

The Green Sheet Inc.

AdvisoryBoard

Produced and printed in the U.S.

NotableQuote

Mobile presents an opportunity for many constituents within the payments ecosystem to engage with consumers and deliver value in a more personal way. Savvy consumers will demand options and, if not presented with them, may choose not to adopt mobile payments at all.

See story on page 43

Inside this issue:
CONTINUED

WINNER **43** Awards in 10 years

Green Sheet, Inc. — Winner APEX Awards for Publication Excellence in print and online — 10 consecutive years. Plus, Grand Awards in 2004, 2005, 2006, 2007 & 2008

Forum

Discover's support hits home

Ken Musante is well known in the industry as President of Eureka Payments LLC, a frequent presenter at industry conferences and a contributing writer for this publication. It is less widely known that he is also a Special Olympics softball coach.

In this latter role, he recently received assistance from Discover Financial Services and sent us the following note in recognition of the company's generosity:

> I would like to thank Dan Kniola and Discover for their support of Special Olympics, Humboldt County. Special Olympics of Humboldt County relies on donations and volunteers to provide services and programs to its athletes. Dan worked with Discover to donate shirts to each of our athletes so that they had their very own identifying uniform.
>
> To assist the athletes in exercising between practices, Discover also donated pedometers to measure their distance. Finally, they also donated water bottles for game day hydration.
>
> Over 50 special needs athletes benefitted from these donations. When Dan made this donation he recognized that these athletes were not his target market, yet he and Discover made the commitment anyway.
>
> Special Olympians are an inspiring group. Special Olympics provides our athletes a forum to exercise and an opportunity to interact in a positive manner. Thank you to Dan and Discover for making it possible.

If you'd like more information about volunteering for the Special Olympics, you can reach Ken at kenm@eurekapayments.com or 707-476-0573.

Appreciation and suggestion

Thank you for doing what you do with *The Green Sheet*.

With many readers likely being able to deduct their mileage expenses, may I suggest you include a small blurb now and then of IRS mileage deductions as they change? For example, I think it was 50 cents a mile from Jan. 1 to June 30, 2011. But it is now 55.5 cents a mile.

I thought this idea may be helpful to your readers and add value to your publication – one that I do so appreciate.

Russell Danes
Instill Payments Inc.

Russell,

Thank you for your vote of confidence and idea that could be of use to our readers. Several years ago, Joel and Rachael Rydbeck contributed a series of articles containing advice about small-business ownership. The articles covered setting up an office, purchasing a business computer, call center operation, web conferencing and much more. It may be time for a new series on small-business basics, including keeping track of business deductions. Any volunteers?

Editor

Looking for EFT partner in Canada

Do you know of any good firms that do EFT [electronic funds transfer] in Canada? The firms that I have spoken to are either charlatans, pretenders or fee gougers.

Bill Hoidas
Matrix Payment Systems

Bill,

We referred your request to Brian Crozier of Toronto-based UseMyServices Inc., who said without knowing your reason for moving money into or out of accounts, he cannot recommend any firms to work with. However, he provided the following information:

> If the EFT is considered low risk (insurance, leasing, utilities), the banks can deliver this service to you for a reasonable fee. If your service is considered high risk for chargebacks, the banks will decline, and you will need to go to the secondary market [where] rates will be much higher and subject to large cash deposits to offset the liability and risk.
>
> Consumers have a lot of protection against companies pulling money from their accounts. They can charge it back, and the bank has the liability. Pulling money from checking accounts and sending money to checking accounts both have their risks. Accepting payments through online banking is another option to consider.

Thank you, Bill and Brian, for this question and answer.

Editor

Call us, write us

Would you like us to cover a particular topic? Do you have a question you'd like us to answer? 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*? Email your comments and feedback to *greensheet@greensheet.com* or call us at 800-757-4441.

ANNOUNCING THE INDUSTRY'S LOWEST PRICING & BIGGEST PROFITS — ONLY FROM NAB.

"I don't know how NAB does it: great pricing + zero basis points = agent for life!" – NAB Sales Agent Tom B.*

MAJOR MERCHANT	1.5¢ IP	2¢ DIAL-UP	NO BASIS POINTS
ANY MERCHANT	2.5¢ IP	3¢ DIAL-UP	NO BASIS POINTS

PLUS $3,000 SIGNING BONUS • CUSTOMIZED LIFETIME RESIDUAL PROGRAMS
$1,000 BONUS PER MERCHANT • REDEFINED MAJOR MERCHANT PRICING

NorthAmerican BANCARD

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.

By Your Side Every Step of the Way

Customized Partnership

Merchant Benefits
1. Wide variety of payment products
2. 24/7 customer support
3. Online reporting
4. PCI-compliant equipment

Capital for Growth

Comprehensive Consultation

Customizable Programs

Partnership Stability

Full-Service Support

First American is all about building relationships and helping our partners reach their goals. That's why our ISOs and agents get the support they need from day one. Our consultants are dedicated to helping partners create, track and reach their business goals. Partners get extensive and personalized training, while our Marketing Team creates the materials ISOs and agents need to promote their products and services. As you look for a partner to fully support your endeavors, remember that when it comes to choosing a processor, it pays to do business with First American.

— Rhoda Steward, Director of Strategic Partnerships and Marketing

FIRST AMERICAN PAYMENT SYSTEMS

Contact me directly to talk about our consultative approach.

817-317-2687 | rhoda.steward@first-american.net | www.go4faps.com

41

Feature

Interchange lower on benefit cards than debit

Passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 imposed on the Federal Reserve Board the duty to issue an annual report to Congress on the government benefit card sector. Its first report details interchange rates charged on federal- and state-funded benefit card transactions, as well as the fees cardholders pay for using such cards.

60

Education

Street Smarts ℠: WSAA or bust

On the regional tradeshow circuit, the Western States Acquirers Association conference is up next. It will be held Sept. 21 and 22, 2011, in the San Francisco Bay Area. This article discusses highlights from the recent Midwest Acquirers Association's annual meeting and shares insights about why it makes sense for the feet on the street to attend tradeshows.

42

Feature

Yes, there is an alternative to NFC

As the mobile payments sphere heats up, major m-payment initiatives have focused on near field communication (NFC) technology. But NFC is only one possible solution. And it is clear technologies that prevail in the marketplace will share three main characteristics: they will be backward compatible, they will add value and they will be secure.

66

Education

Learn to be a change pro

"Change is constant" is certainly a truism. That success rests on how you handle change is equally true. By anticipating change, then monitoring and adapting to it, you can make the process work for you. While you're at it, enjoy the ride, eyes straight ahead, looking for that next opportunity to change.

QSGS

68

Education

The remarkable results of repetition, repetition

The Rule of Seven recognizes that it takes at least seven attempts to reach consumers through marketing until they take action. Thus, at the heart of the rule is repetition. Only with repeated marketing impressions that come from a variety of angles can you hope to imprint your message on consumers and get them to make decisions in your favor.

78

Education

Believe in what you offer, watch your sales soar

What does the patented "Cooked Before Canning" process in the food service industry have to do with selling merchant services? It's very simple. Every day MLSs attempt to acquire merchant accounts by selling on price, not value. But if they could firmly convey belief in their own distinctive offerings, they could move into the realm of those with standout sales.

72

Education

Identity theft: It's not just PCI anymore

The chief concern of consumers is identity theft. Issues involving personally identifiable information (PII) go beyond the scope of the Payment Card Industry Data Security Standard. The stakes are high to keep PII safe. It is important to impress upon your merchants the importance of data protection for their sake, as well as for your reputation and bottom line.

89

Inspiration

Preparation at summer's end

The 2011 finish line that is the holiday season will be here before you know it. Now is the time to prepare. Informing merchants of upcoming changes in monthly processing statements, shoring up vendor relationships and giving office systems (and your car) a quick once-over may make all the difference when the holidays arrive.

Industry**Update**

NEWS

SignaPay to host scenic run at WSAA show

SignaPay Ltd. is hosting a "fun run" to open the Western States Acquirers Association conference in San Francisco Sept. 21 to 22, 2011. The run is a way for attendees to network while seeing one of the country's most beautiful cities, according to SignaPay President Kevin Jones. The run will "allow industry professionals to casually engage, share ideas, network, and see San Francisco from a different and beautiful perspective," he said.

The run is the first in a series of events SignaPay is sponsoring at industry tradeshows. Jones said SignaPay will have an inner tube race at the Northeast Acquirers Association conference, a bull riding event at the Southeast Acquirers' Association show and a co-ed softball game at the Electronic Transactions Association event.

To join the WSAA run, participants should meet in the lobby of convention headquarters, The Hyatt Regency San Francisco Airport in Burlingame, Calif., at noon, Sept. 21, 2011. A bus will deliver participants to the start of the 5-mile/3-mile run/walk along the San Francisco waterfront. The bus will return to the hotel by 4 p.m.

To reserve a seat on the bus, contact *kevinj@signapay.com* or *andym@signapay.com*. For more information, see the SignaPay Facebook page for photos, maps and other race details.

Field Guide helps CPP participants prepare

Applications to test for the new **Certified Payments Professional (CPP)** certification are due to the **Electronic Transactions Association** no later than Oct. 1, 2011. A review of industry history and best practices is available from **Field Guide Enterprises LLC**.

Mark Dunn, President of Field Guide Enterprises and a past president of the Midwest Acquirers Association, hosts the 10-lesson online course for merchant bank-card sales training. Dunn said more than 90 percent of the CPP material is covered in his sales course. For more information and pricing, contact Field Guide Enterprises at *info@gofieldguides.com.*

The first tests for CPP certification are being held in 325 testing centers around the country Nov. 1 to 30, 2011. The ETA requires at least one year in the business to be eligible for testing. A handbook with sample questions, exam topics and test center locations is available here: *http://www.electran.org/docs/CPP/ETACPPHandbook.pdf.*

ISIS chooses C-SAM for mobile wallet management

Mobile wallet platform provider **C-SAM Inc.** is now the wallet management platform for **ISIS**, the mobile commerce company sponsored by AT&T Mobility, T-Mobile USA and Verizon Wireless. ISIS also licensed the C-SAM software development kit (SDK). The additions allow ISIS to build a mobile wallet that offers secure near field communication (NFC) for payments, rewards, coupons, tickets, transit and other services.

Service providers will be able to build unique applications for NFC-based proximity transactions and remote, over-the-air services. ISIS said it will use C-SAM's SDK to build its own open mobile commerce platform and will roll out its initial trial program in Austin, Texas, and Salt Lake City in 2012.

BOTTOM LINES

HEADLINES FROM THE RETAIL WORLD

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

- According to **comScore**, Amazon.com Inc. remained the most visited online retail and auction website in June 2011 with 282 million visitors, representing 20.4 percent of the global Internet population; eBay Inc. came in second at 16.2 percent of global users, followed by China's Alibaba.com with 11.3 percent.

- The **U.S. Department of Commerce** reported U.S. retail sales rose 0.5 percent in July 2011, the largest monthly gain in four months. The report also indicated nine of 13 major categories showed gains, led by electronics stores, furniture retailers and auto dealers.

- In **Direct Selling Association**'s annual *Growth & Outlook Survey*, direct sales channels saw a 0.8 percent increase in retail sales, representing $28.56 billion in 2010, up from $28.33 billion posted the previous year.

Vodafone bills direct for Android apps

U.K.-based telecommunications company **Vodafone Group PLC** extended its billing deal with **Google Inc.** that allows Android operating system-based smart phone users in Europe to pay for applications without giving Google credit card information. The new payment service bills customers for downloads via monthly phone statements.

The new billing service will eventually be available across all Vodafone markets. The initial rollout will take place in the United Kingdom and Germany for customers who purchased their mobile devices from Vodafone's online and retail outlets.

Vodafone noted that, in some countries, up to 90 percent of people using Android applications are either "unwilling or unable" to use credit cards online.

Wells Fargo tries debit card fee, quits debit rewards

Wells Fargo Bank N.A. confirmed to *The Green Sheet* it is testing checking account debit card fees charged to customers' business and personal checking accounts. The trial will be held in five states beginning Oct. 14, 2011. According to Wells Fargo Assistant Vice President Lisa

Westermann, the fee will allow customers to continue to receive such services as zero liability fraud protection, fraud monitoring, My Spending Report and card personalization from the bank's Card Design Studio.

Wells Fargo is also terminating its debit cardholders' rewards program. "Existing customers enrolled in rewards programs associated with debit cards will no longer earn points for their eligible debit card purchases or payments as of Oct. 8 [2011]," Westermann told *The Green Sheet*. "This includes transactions made through the Earn More Mall site for bonus points. Debit Rewards customers will continue to retain their rewards points.

"We are making the changes due to recent regulatory changes resulting in a reduction in fees retailers pay banks for processing debit card transactions," she added.

ANNOUNCEMENTS

AdvanceMe hits $2 billion in SB loans

New York-based cash advance company **AdvanceMe Inc.** said it had loaned $2 billion to small businesses in need of working capital.

The company expects to hit $3 billion in loans in the next two years. The company attributed its growth to strategic initiatives, such as its Daily Remittance platform that collects daily revenue information from small business customers.

Apriva reaches $1.76 billion in transactions

Apriva LLC, a provider of end-to-end wireless transactions and security solutions, reported it had processed over $1.76 billion in the second quarter of 2011, which surpassed the $1.53 billion processed the previous quarter. The company said it averaged $20 million a day in transactions in the second quarter – a 15 percent increase over the first quarter.

CardinalCommerce granted ninth patent

Mobile platform and e-commerce provider **CardinalCommerce Corp.** received its ninth patent. The patent was granted for technology called Dynamic PIN Pad for Credit/Debit/Other Electronic Transactions. The patent involves the use of dynamic PIN entry technology to authenticate transactions.

Commersense enters 'high-risk' processing arena

Florida's **Commersense** reported it is processing merchants categorized as high-risk. The company is offering to help said merchants find the best rates for transaction processing. Commersense is also offering credit and

debit transactions, online transactions, check processing, payroll services and mobile-based transactions.

Dynamics to open new credit card factory

Dynamics Inc. purchased a new 115,000-square-foot headquarters in Pittsburgh to manufacture its line of next-generation credit cards. Dynamics makes credit cards with digital screens and rewritable magnetic stripes – technology that allows cardholders to access separate accounts on a single card. Additionally, the company said its cards are more secure because they write dynamic data to the mag stripe.

Retail Decisions meets PCI DSS compliance

U.K. payment processor **Retail Decisions PLC** (ReD) attained compliance to version 2.0 of the Payment Card Industry (PCI) Data Security Standard (DSS). ReD said it has fully adopted the new version of the PCI DSS.

Shazam offers dual-message PIN transactions

In a move to support Europay/MasterCard/Visa cards in the United States, electronic funds transfer (EFT) company **Shazam Networks Inc.** introduced a dual-message PIN product for the EFT industry that separates

authorization and settlement messages for PIN-based transactions. This service was previously available only on signature-based transactions.

Shazam said support for single- and dual-message PIN products will allow Shazam debit cardholders to use PIN-based debit cards at more online retailers while retaining the ability to use signature debit in brick-and-mortar businesses.

PARTNERSHIPS

GETI, Alliance partner for POS check processing

Electronic check processor and prepaid card company **Global eTelecom Inc.** (GETI) teamed with **Alliance Payment Systems**, a division of Sage Payment Solutions Inc., to provide POS check conversion and remote deposit capture services. Alliance integrated GETI's transaction processing technology to offer Alliance merchants the ability to process checks electronically at the POS.

ICAP, 3M Future cooperate for card security

ICAP Patent Brokerage, a division of intellectual

property brokerage and patent auction firm ICAP PLC, is working with **3M Future LLC** to market a patented credit card security tool that allows a mobile phone to act as a credit card that securely turns on during the transaction and turns off at transaction's end. ICAP said the patented technology makes credit cards "fraud proof."

New tandem to bring m-payments to nonprofits

Payfone, a mobile payment business backed by American Express Co. and Verizon Wireless, teamed with **Mobile Accord Inc.**, a mobile technology provider for nonprofit organizations, to expand mobile donations for nonprofits and nongovernmental organizations worldwide.

The partnership will allow real-time donations from smart phones, tablets and personal computers via Mobile Accord's mGive platform.

Travelex, LendingTools.com join for global payments

Cross-border payments specialist **Travelex Global Business Payments Inc.** and third-party service provider **LendingTools.com Inc.** teamed on a customized platform for international electronic payments.

Financial institutions will use LendingTools.com's Private Correspondent Gateway to access the Travelex GEO global clearing network. The combination will offer international payments and other banking services to both companies' clients.

Verizon Wireless, Intuit team for GoPayment

Mobile telecommunications company **Verizon Wireless** and payment software provider **Intuit Inc.** started a venture to allow small businesses to process credit card payments on smart phones and tablets. The Intuit GoPayment app and pocket-sized credit card reader are available in Verizon Wireless stores.

Data is encrypted, and no credit card information is stored on the phone. The card reader is free after the GoPayment account is activated and a rebate is returned. The GoPayment app is free.

SPVA, Witham Labs team for encryption testing

Witham Laboratories, an Australia-based information security evaluation firm with expertise in the payments industry, became the first member of the **Secure POS Vendor Alliance** laboratories network. Witham Laboratories will focus on testing to see if systems meet SPVA end-to-end encryption security requirements.

The SPVA Lab Network is a nonprofit organization founded by POS terminal manufacturers Hypercom Corp., VeriFone Inc. and Ingenico S.A. to address industry security issues through independent verification and best practice guidelines.

ACQUISITIONS

Cardtronics gets Access to Money

Leading retail ATM owner **Cardtronics Inc.** agreed to purchase ATM service provider and nonbank ATM operator **Access to Money Inc.** Cardtronics is paying $21.2 million for Access to Money and its 10,350 U.S. ATMs. After the acquisition, Cardtronics will have approximately 52,250 company and merchant-owned ATMs.

APPOINTMENTS

Hanna to lead GETI business development

GETI appointed **Hal Hanna** its Business Development Director. Hanna will be responsible for expanding GETI's ISO network and its independent software vendor initiatives as well as developing future strategic initiatives. Hanna worked previously at Ingenico and First Data Corp.

On Deck

Partner With Us To Give Your Merchants A Better Financing Option

- Offer Your Customers a True Business Loan - NOT a Merchant Cash Advance
- Providing Business Loans In All 50 States
- Financing From $5k - $150k & 6 - 18 Month Terms
- Customer Servicing With Integrity
- Full Commissions On Renewals

Distribution Partners Wanted

CALL US TODAY TO BECOME OUR PARTNER!
888.269.4246

www.ondeckcapital.com | partners@ondeckcapital.com

Hills goes to Meritus Payment Solutions

Timothy Hills is the new Director of Business Development at Meritus Payment Solutions in Santa Ana, Calif. Hills will be in charge of initiating strategic partnerships and working with top clients. Hills was formerly in charge of Commercial Services at TransFirst LLC's VAR/Partner Division where he led POS integrations and worked in sales.

Hogan joins Heartland as Executive Director

David J. Hogan is the new Executive Director of Major Accounts for Heartland Payment Systems Inc. Hogan joins Heartland from the National Retail Federation where he was Chief Information Officer and Senior Vice President of Retail Operations. Hogan is responsible for Heartland's effort to promote business growth among Level 1 and Level 2 retail and hospitality merchants.

Keenan now leads ACCEL/Exchange network

Fiserv Inc. named **Dave Keenan** its new General Manager of ACCEL/Exchange payments network. Keenan comes to Fiserv from Bankserv where he was Vice President of Sales and Marketing. ACCEL/Exchange specializes in secure Internet PIN debit for online shopping purchases.

Postle named JHA Payment Processing GM

John Postle is the new General Manager of Jack Henry & Associates' Payment Processing Solution (PPS) division. Postle previously served as Manager of Jack Henry's jhaPassPort business line. Postle is responsible for development, quality assurance, support, installation, operations, communications and education support for PPS.

Clearent names Terrell to board

Missouri-based ISO Clearent LLC named former Heartland Chief Technology Officer **Brooks Terrell** to its board of directors. Terrell is President of the Tierra Advisory Group, a consulting service for investment firms, payment processors and ISOs.

Tikhonov joins Dejavoo

Andrey Tikhonov is moving to POS terminal manufacturer Dejavoo Systems as CTO. Tikhonov will be responsible for maintaining company growth in the U.S. market and increasing customer satisfaction. He brings with him more than 15 years of payments industry technology development and management experience.

FREE* Harbortouch POS program.

FREE* fully integrated electronic cash register program.

FREE* terminal program.

50 FREE custom gift cards to every new merchant.

Customize your own residual program - up to 70% residual split.

Enough said.

Learn more at www.isoprogram.com

United Bank Card ◇

Contact:
Brian Jones, EVP Sales and Marketing: 800-201-0461 x 136
Jonathan Brandon, National Sales Manager East: 800-201-0461 x 145
Max Sinovoi, National Sales Manager West: 800-201-0461 x 219
Brian Fitzgerald, National Sales Manager Central: 800-201-0461 x 257

ISO SUCCESS

Bryan and Eric have placed **over 60 free Harbortouch POS systems in 8 months!**

REJUVINATE YOUR RESIDUALS:

Bryan: I cannot imagine going back to 2010 and not having the free POS program. This program has changed everything, and we are extremely excited to have such an incredible program to offer to our customers. Harbortouch has completed the package.

Eric: Harbortouch has invigorated our office tremendously. Who else can walk into a meeting and even *begin* to have a conversation about providing a $10,000 to $30,000 system to run and manage their business? It seems to intrigue merchants enough that they feel they have to find out more information.

Bryan/Eric: Harbortouch has changed everything. We now have a product offering that allows us to reach the mid to large merchants that we might not have been able to approach before. The other free soutions are great, but they most often open doors to smaller merchants. It was hard for a larger restaurant to get excited about an ECR when that did not serve them well. When I can go in with the free POS offer I am usually thanked for coming in and talking with them. Merchants are blown away that we can offer such a program, and they are happy to tell their friends about it as well. Referrals have never been easier to obtain than they are with the free Harbortouch program.

THE HARBORTOUCH ADVANTAGE:

Bryan: Success with Harbortouch has come in the form of being able to walk in cold to a new location and, with confidence, know that I am the only one talking about a free POS system. Everyone else is talking about saving them money on the processing, while I am able to help them run their entire business, not just their credit cards.

Eric: Harbortouch gives you the ability to have a *different* conversation with every prospective merchant. When dozens of MLS come by every month or every week with the same old story, Harbortouch is something they have not yet heard of.

Our merchants are talking too...

Dave
from Jake's Bar & Grill

"When we decided to open Jake's, we searched numerous POS systems to find the best choice. We determined that Harbortouch offered a much greater value than the others. You just get much more bang for your buck. I've used various other POS systems in the past and I can tell you that Harbortouch stands up to these systems with no problem."

ABOUT INSTALLATION & TRAINING:

"Harbortouch was committed to the job and did what needed to be done in order to get us up and running successfully. I really appreciated the personal interest they seemed to take in our restaurant. Once the system was installed, the employees picked it up quickly and were proficient in no time."

ABOUT EFFICIENCY:

"With Harbortouch, we're able to get the food tickets to the kitchen more quickly, resulting in faster table turns. On the back-end, the reporting features have proven to be very valuable. It gives us easy access to financial and sales information, labor reports, customer counts and product mix reports."

ABOUT CUSTOMER SUPPORT:

"We've been open 7 months now without any problems. The only times we've had to call Harbortouch customer support were for small questions and they were always very helpful. Overall, I'm very happy with our Harbortouch POS system. This is probably not my last venture in the restaurant industry and I would definitely go with Harbortouch again."

Visit www.harbortouch.com/testimonials to watch the video

Contact:
Brian Jones, EVP Sales and Marketing: 800-201-0461 x 136
Jonathan Brandon, National Sales Manager East: 800-201-0461 x 145
Max Sinovoi, National Sales Manager West: 800-201-0461 x 219
Brian Fitzgerald, National Sales Manager Central: 800-201-0461 x 257
or log on to www.isoprogram.com

Offer this full-featured POS system to your merchants
for FREE!*

Open New Doors with Harbortouch POS

Similar systems sell for tens of thousands of dollars, and now you can offer the Harbortouch POS system with integrated payments for free!

- Free state of the art software combined with top of the line hardware
- Simplified setup process and intuitive user interface
- Streamlined operations, detailed reporting, inventory tracking and labor management
- 24/7 customer service and technical support including remote support
- With the "Lighthouse", merchants can run reports or update their menu from any computer with an Internet connection

FEATURE	CREDIT CARD TERMINAL	HARBORTOUCH POS
Process Credit Cards	●	●
Print Receipts	●	●
Detailed Reporting		●
Inventory Tracking		●
Employee Scheduling		●
Built-in Time Clock		●

Make an average of $900.00 commission per POS deal!

Why would a merchant opt for a standalone credit card terminal when they can receive a full featured touch-screen POS system for free? Why would a merchant pay tens of thousands of dollars for a POS system when they can get one for free? The ability to offer a free POS system will set you apart from all the other bank card sales representatives and POS dealers. With Harbortouch, you will have a unique product offering that the competition can't touch!

Participants in this program will be able to supply merchants with a free Harbortouch POS system with no upfront costs, no money down and no cost at all for the equipment*.

- In addition to impressive residuals, you will receive a $300.00 up-front commission per free POS terminal. An average merchant location requires three terminals, resulting in an average commission of $900.00 per POS deal!
- Free "Harbortouch Sales Center" software allows you to demo the POS system and sign up merchants from start to finish on your laptop at their location.
- "Harbortouch University" offers a comprehensive online training course to provide the knowledge about Harbortouch POS you need to succeed.
- Through our complimentary leads program, you will receive pre-set appointments with merchants in your area that are specifically interested in acquiring a Harbortouch POS system.

Harbortouch: a truly unparalleled sales tool the likes of which has never been seen in the ISO community.

Contact us today to learn how you can start selling Harbortouch POS.

Learn more at www.isoprogram.com

HARBORTOUCH

News

PCI tokenization guidelines draw much comment

Guidelines for tokenization – which allows for hiding payment card primary account numbers (PANs) by replacing them with randomly generated numbers – were recently released by the PCI Security Standards Council (PCI SSC). The guidelines immediately drew words of praise, caution and criticism from the data security industry.

Tokens are a way for merchants to reduce the scope of Payment Card Industry (PCI) Data Security Standard (DSS) requirements. Reducing said scope can save money that might otherwise be spent on demonstrating compliance with the PCI DSS. Tokens replace the customer's PAN with a random, 16-digit number that always begins with the last four digits of the consumer's card.

The token substitution applies to files, applications, systems and databases in the merchant's computer network, effectively hiding PANs therein. One of the easiest ways to fall out of PCI DSS compliance is by storing customer credit card information. Tokenization removes that data from the merchant computer, decreasing the likelihood of a data breach.

A starting point

"Merchants are ultimately responsible for the proper implementation of any tokenization solution they use, including its deployment and operation and validation of its tokenization environment as part of their annual PCI DSS compliance assessment," the PCI SSC stated when releasing the guidelines.

"As with many evolving technologies, there is currently a lack of industry standards for implementing secure tokenization solutions in a payment environment."

PCI SSC General Manager Bob Russo said the guidelines are just a starting point for merchants considering tokenization. "The council will continue to evaluate tokenization and other technologies to determine the need for further guidance and/or requirements," Russo said. "While this guidance will provide merchants with additional understanding on how tokenization may help their PCI efforts, it is important to note that tokenization should not be viewed as an alternative to the [PCI DSS]."

Reaction to guidelines

Reaction to the tokenization guidelines quickly followed its release. "Those with a strong grasp of the DSS, security best practices and data tokenization concepts will probably find that this document does more to confirm current assumptions than to provide new insights or information," Jeremy Simon of Halock Security Labs said. "It seems these documents are aimed more at those without a strong understanding of the DSS or how tokenization works to help them avoid implementing a solution that does not achieve the desired objectives for PCI scope reduction and/or risk reduction."

Simon called the guidelines a "must read for any organization currently planning or considering tokenization."

In his blog, Trustwave Security Consultant Joel Dubin, wrote, "Is tokenization effective? For the time being, it probably is. Of course, eventually some clever hacker will probably find a way to beat the system. But right now it offers both PCI compliance and some level of network security – the best of both worlds for merchants using credit cards."

Guideline surprises

Walter Conway, a Qualified Security Assessor and PCI DSS consultant with 403 Labs LLC, wrote that the guidelines contain surprises. "In particular, the council declares that all tokens are not equal, and that, contrary to what anyone might tell you, some tokens (so called 'high value tokens') will still be in scope for PCI compliance," he stated.

The PCI SSC stated in the tokenization guidelines that it believes high-value tokens could potentially be hacked and converted to cash or used in fraudulent transactions. For this reason the PCI SSC deemed high-value tokens may be included in the PCI DSS scope – even though they cannot be used directly to get PANs or other cardholder information.

"Merchants should understand that tokenization is not a silver bullet that makes PCI go away," Conway stated. "Unfortunately, silver bullets have been outlawed for PCI. Instead, tokenization is a strategy that can reduce a merchant's PCI scope, often dramatically."

He added that the amount of scope reduction depends on a number of factors, including how the tokens are constructed, how effectively the merchant is able to segment the tokenization engine from other parts of the network, the merchant's ability to secure the "token vault" that matches tokens with PANs, how the encryption is managed and how the changing of tokens back into the original PANs is handled.

"My recommendation is that before you can assess how tokenization will reduce your PCI scope, you not only need to understand how your tokens are generated and stored, but also how you will use them," Conway said.

Praise for guidelines

Vendors were quick to praise the guidelines. "We're pleased with the initial result of many months of effort by the PCI SSC and members of the Tokenization Working Group, within the Scoping Special Interest Group, led by our own VP of Product Management, Gary Palgon," said Dan Konisky, Liaison Technologies Inc.'s Director of Product Management.

"This document is an important stepping stone with additional guidance to follow, which we hope will include validation criteria for PCI auditors."

Electronic Payment Exchange Inc., a provider of tokenization and end-to-end encryption services, welcomed the guidelines. "We are delighted to see that the [PCI SSC] is now officially recognizing the value and security of tokenization solutions," EPX Chief Security Officer Matt Ornce said. "While we have always known that EPX tokenization solutions reduced the level of merchant risk, now we can say with certainty that they also reduce the level of PCI DSS assessment scope for merchants."

Criticism

Shift4 Corp., the inventor of the technology that generates and accepts tokens, expressed a different view. Shift4 released its tokenization technology in 2005. It did not patent the tech-

News

nology or copyright the name, believing the technology would be a driver for the industry.

According to a blog on the Shift4 website, the PCI DSS guidelines "missed the mark." The blog further stated, "At no point in the 23-page response does the PCI SSC publish anything that could even remotely be construed as a standard."

Shift4 was represented on the Tokenization Working Group but wrote that each group member "brought his/her own agenda, and many promoted overtly, supporting patented and/or copyrighted 'tokenization' technologies to the group – knowing that if they could get their idea included, they stood to profit. Seeking compromise, the SSC forced these dissimilar pieces into the standard and created not just a camel, but a crippled one at that.

"What was released today was not an industry standard, and it was not a guideline. It was an eloquently worded, poorly veiled passing of the buck from the PCI SSC to individual acquirers and QSAs. And it is the QSAs and the PCI Council who stand to profit from these 'guide-lines,' as more merchants will be required to validate obviously secure solutions with QSAs in order to comply with this new document."

The PCI SSC did not respond to a request for a response to the Shift4 comments.

How will the Google-Motorola deal affect mobile payments?

Google Inc.'s purchase of Motorola Mobility Holdings Inc. could alter the mobile phone market landscape. It could also change the perception of Google as a search engine to potentially becoming known as a major mobile device manufacturer, software developer and retailer on par with Apple Inc. But the merger may hinder ISOs and merchant level salespeople in determining which mobile payment platforms will best serve their needs.

The buy

Google recently paid $12.5 billion cash for Motorola Mobility. Analysts universally admit they can only guess at Google's reasoning behind the buy. They believe Google, maker of the Android mobile platform, is protecting itself from patent infringement claims against Android by purchasing more than 17,000 patents in the Motorola acquisition.

Analysts also accept Google's statement that Motorola Mobility "will remain a licensee of Android and Android will remain open. Google will run Motorola Mobility as a separate business." Thirty-nine device manufacturers and 231 wireless carriers use the Android platform.

Next steps

Speculation about Google's further intentions ranges from direct competition with Apple, including proprietary software unavailable to Google's Android partners, and a foray into new hardware and software that will make tablets and phones work like televisions.

"Our vision for Android is unchanged, and Google remains firmly committed to Android as an open platform and a vibrant open source community," Google Senior Vice President Andy Rubin said. "We will continue to work with all of our valued Android partners to develop and distribute innovative Android-powered devices."

A proprietary Google-Motorola phone would directly challenge the Apple iPhone with its vertical integration and ease of use. It would also give Google more authority over development, pricing and distribution of its products. A custom, innovative mobile device would also put Google in direct competition with its Android partners.

Partner support

Nonetheless, all handset manufacturers that are Android partners issued statements supporting Google's acquisition. These include statements from the CEOs of Samsung Electronics, Sony Ericsson Mobile Communications, HTC Corp., and LG Electronics – all of which are now potential competitors with the Google-Motorola entity.

A *New York Times* article about Google's Motorola purchase written by Evelyn M. Rusli noted, "The effect of a Google-Motorola Mobility merger on consumers is unclear.

"Google has shaken up the mobile industry by pushing cell phone carriers to open up their networks, and by licensing its Android system at no charge, increasing competition. With the Motorola deal, analysts said, Google may be able to accelerate innovation in smart phones and tablets."

B notice advice from Convey

An IRS B notice is easy to acquire and difficult to lose, Convey Compliance Systems Inc. Product Manager Neal Lefebvre pointed out in a recent webinar focusing on backup withholding notices (B notices) and 6050W compliance. In the first of a two-part webinar, he offered detailed advice for payment processors and acquirers seeking to comply with IRS rule 6050W, which goes into effect Jan. 1, 2012.

6050W requirements

IRS rule 6050W, mandated by The Housing and Economic Recovery Act of 2008, is designed to help the IRS locate fraud and track revenue streams in the payments system. It is expected to bring the government at least $9 billion in new revenue annually.

Rule 6050W requires payment providers (that is, merchant acquirers and processors) to annually report sales information for any seller who received more than $20,000 and 200 payments during the year. It requires payment providers to annually submit this information on IRS form 1099-K.

Every 1099-K form must have a correct taxpayer identification number (TIN) and business name. Any 1099-K submitted with an invalid TIN or business name will be rejected. When a 1099-K is rejected, the IRS will send out a notice informing the payment provider of backup withholding liability if the 1099 is not properly filed within 30 days.

News

> *When there are errors or missing information in a TIN match batch, the agency returns either a CP2100 or CP2100A notice to alert the payment provider it may be responsible for backup withholding.*

Failure to properly submit a 1099-K on time can result in severe penalties for merchants: the IRS requires withholding of 28 percent of the merchant's gross receipts until the business is in compliance. Payment providers can be fined up to $1.5 million for incorrect information returns, up to $1.5 million for incorrect payee statements, and $250 per error – with no cap – for intentionally ignoring the filing requirement.

Payment providers can also be fined for missing or incorrect TINs, late returns, and information delivered in the wrong format.

1099-K filing, TIN matching

To eliminate errors, Lefebvre recommended payment providers check TINs and business names through the IRS' TIN Matching service, a free service that checks submitted TIN numbers against IRS records.

When there are errors or missing information in a TIN match batch, the agency returns either a CP2100 or CP2100A notice to alert the payment provider it may be responsible for backup withholding. This notice includes a list of merchants with missing, incorrect or unknown TINs, but it doesn't indicate which error is the problem with the account.

The payment provider has 15 days to contact errant merchants with a request to document and verify the TIN and business name. The merchant has 15 days to respond. Failure to correct the error within 30 days results in a B notice.

Necessary actions

Lefebvre advised that when a payment provider receives a first B notice, it should send the account a clear, easy to understand cover letter explaining the problem. The letter should include the IRS W-9 tax ID number form. It should also have the payment provider's phone number, website and/or a FAQ page address for answering questions.

Lefebvre believes including a return envelope in the solicitation will generate a higher response. He also noted that when a merchant responds with a correction, the payment processor needs only to correct its records; it does not have to file a corrected return.

When a second B notice is sent, the IRS requires a Social Security Administration printout of the taxpayer Social Security number or the filing of form 147C – a request to the IRS for a previously assigned TIN.

The payment provider is required to send out two requests a year for TIN and business name corrections when it receives a CP2100 or CP2100A. By sending these notices, the payment provider cannot be held liable for penalties if another incorrect TIN and business name pair associated with the CP2100 or CP2100A is filed that year.

Withholding and penalties

If a TIN remains uncorrected, the IRS sends out a proposed penalty notice to the payment provider. The payment provider is required to respond within 45 days. The payment provider can avoid the penalty if it can show it responded to the B notices properly.

Documentation is the key to avoiding penalties, Lefebvre stressed. Every abatement step – from process and procedures, to year-to-year progress, to mailings and responses and W-9 returns – should be kept in digital records.

An abatement letter to the IRS should include a history of the filing with the correct TIN or business name, or it should include documentation that the payee either submitted incorrect information or didn't respond to the solicitation for information.

"The best way to eliminate B notices is not to get them at all," Lefebvre said. "IRS TIN matching takes time, and it requires Social Security numbers, adjusted gross income and the signature of an officer of the company at least at the vice president level," he said.

Proactive measures

Lefebvre said payment providers need "proactive validation" of TIN and business names. This means when a payment provider gets a CP2100 or a CP2100A, it should immediately contact merchants on the error list with requests for TIN and business name information. This should be followed by continuous resubmission of TIN matching information to the IRS until the data is cleansed of errors.

He also recommended using many forms of solicitation to get TIN and business name information. This includes mailing IRS W-9 forms, sending emails, posting letters, making telephone calls and putting information on how to correct the information up on the payment provider's website. In addition, he advised payment providers to automate their B notice response processes so they can update their systems immediately upon receipt of corrected information. ◼

Cash advance in 2011: Fool's gold or gold rush?

By Mitchell D. Levy
Merchant Cash and Capital LLC

It is no surprise that in these uncertain economic times, small-business owners face challenges when it comes to raising capital, whether for growth, expansion or just to help with cash flow. Yet merchants need access to capital to enable their businesses to grow and to help bolster our economy.

However, despite what we read about the federal government's Troubled Asset Relief Program and the pressure on financial institutions to lend, the vast majority of small business owners cannot borrow money.

Alternative Funding for merchants

Approximately 10 years ago, a cottage industry known as merchant cash advance (MCA) was established. MCA provides alternative financing for small-business owners who cannot obtain traditional financing.

MCA is similar to traditional accounts receivable factoring with one glaring exception: while traditional factors finance a merchant's existing receivables, cash advance companies advance funds against future receivables and anticipate that those future receivables will be generated by the merchant.

There are substantial risks to MCA providers. An MCA is not a loan, so there are no personal guarantees, collateral, late fees or predictable payments. Instead, a provider receives a fixed, agreed upon percentage of a merchant's future credit card transactions until the provider has received the total amount of future receivables that it has purchased.

Because of the risks an MCA funder is subject to, traditional MCA factor rates are high, often in the range of 1.38 over a projected six- or seven-month term, meaning that if an MCA provider advances $10,000 on day one, it is expecting to collect $13,800 over a six- or seven-month period.

That sounds like an excellent return for the provider, assuming the merchant accepting the advance stays in business and generates subsequent credit card receivables within the anticipated timeframe.

Iron pyrite or the real deal?

Now, put yourself in the shoes of the merchant. Is that $10,000 advance fool's gold? Is it a good idea for a small-business owner to sell $13,800 of future credit card receipts over an extended period for $10,000 up front? Sounds expensive, but let's consider the options.

With traditional providers of capital having basically closed their doors to America's small business owners, where is the business owner to turn? Bank loans, to the extent available, take months to close, require extensive documentation, personal guarantees, collateral, and are accompanied by late fees and penalties.

Many small-business owners in this economy have challenging personal credit and limited funds in the bank. MCA offers merchants the opportunity to grow their businesses and improve their lives.

An opportunity in need of cash

Let's consider an example. Pizzeria 1 has been in business for four years. The owner has a small yet profitable business, selling $800,000 of pizza annually, earning an annual net profit of $80,000, or 10 percent. Two blocks down the road is Pizzeria 2. But this business is struggling, losing money because of a high cost of goods, despite doing $500,000 in annual sales.

View

As a result, the owner of Pizzeria 2 is looking to sell the business for $75,000, along with an assignment of the lease, which has five years remaining. On the other hand, the owner of Pizzeria 1 is looking to expand.

Assuming the merchant can generate the same net profit at Pizzeria 2 as at Pizzeria 1 (10 percent of gross sales, though the profit could be greater given economies of scale), the owner of Pizzeria 1 concludes that operating Pizzeria 2 could generate an additional net annual profit of $50,000.

Yet despite the profitability of Pizzeria 1, the merchant does not have the free cash flow to write a check for $75,000 to buy Pizzeria 2. The merchant has a 650 credit score and an average daily bank balance of less than $250, so the business will not qualify for a Small Business Administration or bank loan. In the world of traditional finance, the owner of Pizzeria 1 will hit a dead end, despite having a real opportunity to acquire Pizzeria 2.

A new golden equation?

What the owner of Pizzeria 1 does have is $50,000 in monthly credit card sales. An MCA funder will likely allow that merchant to leverage that $50,000 in credit card sales for the $75,000 needed to purchase Pizzeria 2. So, would the owner of Pizzeria 1 be making a wise decision by taking that MCA funding?

Let's consider the economics of the transaction using the assumptions identified above. In order to acquire the $75,000 needed to purchase Pizzeria 2, the owner of Pizzeria 1 will need to sell $103,500 of future credit card receivables ($75,000 x 1.38 factor rate). So the cost of the funds from the MCA provider will amount to $103,500 for the business owner.

Thus, for a one-time cost of $103,500, the owner of Pizzeria 1 will be buying a business – Pizzeria 2 – that will generate annual profit of $50,000 (10 percent of $500,000 in annual sales) for each of the five years remaining on Pizzeria 2's lease. For a short-term cost of $103,500, the new owner of Pizzeria 2 will generate a gross profit of $250,000 ($50,000 x 5 years remaining on the lease).

A recent *Wall Street Journal* online article supported the conclusion that the MCA industry is growing and accepted. But, in order for merchants to make proper decisions for their businesses, they must consider alternative options, the article stated.

Problems with banks, investors

One can only assume that, in today's economy, a traditional bank loan will be out of reach. In addition, a bank loan will take far more time to close than a cash advance and will require more paperwork, personal guarantees and collateral.

The merchant will also have to pay the bank's legal fees

and run the risk of penalties and late fees in the event scheduled payments are missed. None of these requirements apply to a cash advance.

Well, with a bank being eliminated as a capital funding source, where else can the small business owner turn? There are always friends and family. But it is a rare merchant who wants to be in debt to friends and family and even rarer to want to take them in as partners who have a say in how the business is operated.

Some merchants look to professional investors or venture capitalists for funding. But it is difficult to imagine a professional investor providing capital for such a small transaction. Additionally, dealing with venture capitalists requires difficult discussions with respect to equity and control.

These are not issues which the owner of Pizzeria 1 is going to have experience dealing with. And why should the owner of Pizzeria 1 want a partner, as a venture capitalist would demand? After all, the merchant has already demonstrated the ability to make money.

Prospecting ahead

With other capital sources unavailable to our merchant, let's return to the MCA industry and look at its evolution. The owner of Pizzeria 1 has a healthy credit score and positive bank balances. MCA industry data will indicate that business owners with high personal credit and positive bank balances are considered "premium" merchants.

As a result, this merchant may be able to qualify for so-called "gold" or "diamond" MCA programs, which are generally longer programs with lower factor rates. Should this be the case, the owner of Pizzeria 1 will have a lower cost to attain funds, enabling a quicker return on the investment in Pizzeria 2.

Of course, equating the rise of the MCA industry to, say, the California Gold Rush of the mid 1800's has limits. The comparison does not take into account socioeconomic differences between then and now. But the economic basics have not changed. People have always strived for better lives for themselves and their families, whether by prospecting for gold or leveraging the value of their businesses.

MCA is therefore hardly a case of prospectors chasing after fool's gold. While it may not be an example of the return of the Gold Rush either, it does demonstrate that, in certain circumstances, MCA provides an important and accepted form of small business finance in difficult times.

Mitchell D. Levy is Co-Chief Operating Officer at Merchant Cash and Capital LLC, where he co- manages the company's commercial business development, which is primarily in the hospitality industry. Formerly, Mitch practiced bankruptcy law in New York and served as a senior executive of a publicly traded restaurant holding company. Mitch can be reached at 800-796-0136 or via email at mlevy@merchantcashandcapital.com.

SellingPrepaid

Prepaid in brief

NEWS

Prepaid in the form of a wristband

U.S. Bank, the main bank of U.S. Bancorp, launched **VITAband**, which combines near field communication (NFC) contactless payment technology with emergency contact and medical information in the form of a wristband. The MasterCard Worldwide PayPass technology-enabled device allows for "Tap & Go" payments at the POS and includes universal health record technology for the storage and retrieval of medical information.

Illinois changes its unclaimed property law

On Aug. 8, 2011, **Illinois** enacted **HB 1560**, which immediately takes effect. HB 1560 lowers the unclaimed property abandonment period from five years to one. Unclaimed wages, payroll and salary in any form – such as prepaid payroll cards – that are held or owed by a bank, financial institution or business association, are considered abandoned and reportable to the state after one year.

Green Dot closing in on Bonneville purchase

In the July 29 conference call to discuss **Green Dot Corp.**'s second quarter 2011 financial results, Chief Executive Officer **Steve Streit** provided an update on the Monrovia, Calif.-based prepaid card company's progress in becoming a bank holding company through the purchase of Bonneville Bancorp of Provo, Utah.

"Our legal team has been working nearly around the clock over the past few weeks in an effort to wrap up the final details needed to provide our regulators with all the final documentation needed to formally consider our application," Streit said. Green Dot's reported acquisition price for Bonneville Bancorp is approximately $15.6 million.

ANNOUNCEMENTS

BillMyParents targets moms

BillMyParents, the teen payment solutions brand of Socialwise Inc., contracted with Procter & Gamble Co.-owned marketing firm Tremor for a three-month, integrated, multiplatform marketing program targeted to over 600,000 mothers who are members of Vocalpoint, Tremor's mom-centered online community.

More students using BlackboardPay

Over 120,000 students now use BlackboardPay student ID and prepaid cards to spend financial aid, according to higher learning software provider **Blackboard Inc.** BlackboardPay offers surcharge-free withdrawals on the Allpoint ATM network and helps schools reduce overhead expenses associated with paper check handling. The service was introduced in the fall of 2010 in collaboration with First Data Corp. and Discover Financial Services.

Stevie honors Blackhawk in Europe

Blackhawk Network, the prepaid card arm of Safeway Inc., said its European division was named a Distinguished Honoree in the Financial Services Company of the Year category of the 2011 International Business Awards, also known as the Stevie Awards. Winners will be recognized Oct. 11, 2011, in Abu Dhabi, United Arab Emirates.

Wal-Mart adds to card cashing services

Wal-Mart Stores Inc. expanded its card cashing services to include payroll and government benefit cards. The retail giant said it charges a $3 transaction fee to cash a prepaid card holding value of up to $1,000; it cashes checks worth up to $5,000 for a $6 fee.

PARTNERSHIPS

NetSpend banks on direct deposit

NetSpend Holdings Inc. and technology company **Prepaid Resources Inc.** collaborated for BenefitsExpress, an automated, private-labeled and value-added direct deposit enrollment management application aimed at the estimated 60 million underbanked consumers in the United States.

NetSpend is providing the platform and Prepaid Resources is contributing the software that powers the service.

Global Payout expands into Mexico

A processing agreement with Mexico City microlender **Mi Adelanto Corp.** will allow San Diego-based prepaid card processor **Global Payout Inc.** to launch a MasterCard Worldwide-branded prepaid card denominated in Mexican pesos, as well as provide money transfer services to Mexico from U.S.-issued prepaid cards. Global Payout is also beta testing an e-wallet payment platform.

paycloud®

The only mobile wallet that works with your existing terminals and extends your gift and loyalty programs to more than 50 million smartphone users.

Don't wait for NFC. Paycloud will be available nationwide beginning Q4 2011.

View a demo at **sparkbase.com/paycloud** or call **877-797-7275** to learn more.

Simple. Secure. Integrated.

S SPARKBASE

ETA
2011 Winner
Technology Innovation Award
electran.org

MWAA
MidWest Acquirers Association®
2011 Winner
Shark Tank Innovation Award
midwestacquirers.com

SellingPrepaid

Prepaid cards to facilitate product sampling

Marketing firm **Young America Corp.** inked a deal with **Citi Prepaid Services** to distribute product samples to consumers via prepaid cards. The patent-pending sampling process enables businesses to send customers prepaid cards that can be redeemed for free, full-size product samples at retail locations and grocery stores, rather than receive trial-size versions of products.

APPOINTMENTS

CashStar bolsters B2B team

Digital gifting and incentives company CashStar Inc. added three professionals to its business-to-business marketing team. **Brian Rigney**, CashStar's Vice President, Business Development and Strategy, has also become Vice President and General Manager, Business Solutions.

Lisa Dorn, hired as Director, Retail Development, brings 12 years of experience in the incentive and prepaid card industry. And **Alex Rogow**, Director of B2B Business Development, comes to CashStar with nearly 20 years of experience in sales, marketing and technology.

Frank joins SparkBase as COO

SparkBase, a provider of white-label reward program and gift card processing to ISOs, hired **Ted Frank** as its Chief Operating Officer. The appointment reflects the company's strategic decision to increase the time and resources devoted to support the rapid growth of the SparkBase processing platform and Paycloud mobile wallet application. Frank joins SparkBase from JumpStart Inc., where he was a venture partner working with emerging technology companies.

MasterCard hires Janssen

Debra Janssen joined MasterCard as Managing Director of MasterCard's Access Prepaid Worldwide, a subsidiary of the card brand. Janssen was Executive Vice President of EFT Processing Services for Fidelity Information Services Inc. before joining MasterCard in 2009. She has experience in sales, marketing and technology.

Sheehy named to Evolution1 board

Robert J. Sheehy, former CEO of UnitedHealthcare Services Inc., joined the board of directors of Evolution1, the health care card program manager. Evolution1 was created out of the July 2011 merger of Evolution Benefits Inc. and Lighthouse1 LLC.

Features

Prepaid Q&A: Gary L. Palmer

Gary L. Palmer is considered an industry pioneer. In fact, he was called a "founding father" when he was honored at the 2010 Prepaid Expo USA with the Industry Achievement Award. He co-founded WildCard Systems in 1997.

According to Palmer, the company became the largest processor of open-loop, network-branded prepaid cards in the world; at one point, WildCard provided processing for seven of the 10 largest banks.

In 2009, Palmer co-founded program management technology company Wave Crest Holdings Ltd., where he serves as President. Among the many other hats he wears, Palmer owns and operates Funderdome, an indoor children's playground and café in South Florida.

SellingPrepaid: As a "founding father," how do you characterize the current state of the industry?

Gary Palmer: My overall reaction is that the industry is growing in a way that I'd hoped and thought that it would back in 1999.

I'm seeing great success and adoption of cards and recognition of the value that's created in the three main categories that I think of these cards, which are consumer-funded cards, corporate-funded cards ranging from everything from rebates to promotions to payroll, and then government-funded which has really exceeded my expectations.

On the downside, I never thought that consumer groups would be so blind to value created versus alternatives that exist and that there would be such a piling on of negativity around these products. And that's kind of the one disappointment that I have.

What I found shocking and disappointing was the approach by some to really attack the industry as a whole and try to [promulgate] regulations and rulemaking as a way of dealing with things that should have been dealt with in a constructive and proactive way.

And also the desire to paint the entire industry and every player in the industry with a negative brush. And, in

some cases, using formulas and models to tell a story that isn't based on reality and fact. And people actually listen to the nonsense and believe it.

SP: Did you recognize the industry's potential back in the 1990's?

GP: I was one of the early guys – and one of the few early guys – who saw for example the possibility of explosive growth for gift cards. I'm walking down the street in Philadelphia today on the way to a meeting and walked by a bank and, literally, there's a big poster in the window of the bank that says, 'Buy your Visa gift card here.'

One of my colleagues walking with me said, 'Gary, you spoke of this in 1997 and 1998 and 1999 that retailers would be selling Visa gift cards and banks would be selling Visa gift cards, and no one believed you.'

SP: What are your thoughts on federal and state regulation of the industry?

GP: I feel very strongly that what we should have done is taken the leadership role and encouraged Congress to codify regulations for prepaid cards.

The reason I think we should have done that is that when you look at prepaid cards from a legal perspective, prior to what's been happening the last couple of years, there was no single place in the regs to look for rules that applied to prepaid cards.

So if you had a reloadable card where you had consumer information, then it was logical for everyone to look to Reg E [that implements the 1978 Electronic Fund Transfer Act] for the laws and regulations that apply to that card.

But if you had a nonreloadable, very limited, small-dollar denominated prepaid card, that card was not treated as an account under Reg E and you looked to another place in the regulations for that card.

And this sort of ambiguity caused people to say, 'There's no regulations over these products.' And that's patently untrue.

But because it wasn't clear and the industry didn't go to Congress and say, 'Look, here's some model legislation. These are the laws that apply to prepaid cards today. Let's assemble them into a single category the same way we did Reg E for debit cards and Reg Z [that implements the Truth in Lending Act of 1968] for credit cards.

'Let's have a series of regs for prepaid cards that distinguish between the various types of cards, whether they're nonreloadable, small dollar, anonymous versus those that are reloadable by consumers, etc., so that there is no confusion – that there's no misunderstanding – that these products are highly regulated, that consumers have

fantastic protections under the law.' And I think that if the industry had been more proactive, some [legislation] could have been headed off at the pass.

SP: Do you believe states should regulate the fees issuers and program managers charge consumers?

GP: I'm an advocate of clear and powerful consumer protections. I am not an advocate of fee regulations. That is government gone too far. … Consumers ought to be protected in terms of disclosures and clear and understandable terms and conditions.

They ought to be protected in terms of their private information and the funds on these cards. But if consumers have the full ability to look at the fees that are associated with these cards, whether we think they are outrageous or whether we think they're too low, that's not the point.

The consumers should have a choice as to whether they buy a product or not, based on fully understanding the fees.

But what we're already seeing happen is that states have passed laws that have now made it impossible for things like Visa gift cards to be offered in the state. Is that the consequence? Is that what we really want? We still live in a free country.

Consumers should be able to choose for themselves whether they want to spend $1.00 for McDonald's coffee or $4.95 for Starbucks. They should be free to choose whether they want to buy me an ugly tie for my birthday or they want to give me cash or whether they want to give me a $50 Visa gift card. 🔲

Interchange lower on benefit cards than debit

To comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Federal Reserve Board made the first of what is to be an annual report to Congress on the metrics that underscore the use of government benefit cards. The July 2011 report found that the interchange fee on benefit cards averaged 40 cents in 2009, compared to 44 cents per transaction for debit cards that same year.

The fed attributed the difference to the lower-cost networks that federal- and state-funded cards travel over. "A greater proportion of government-administered card transactions are made over personal identification number (PIN) debit networks, which have significantly lower interchange fees," the report said.

Additionally, the report stated that federal prepaid card programs had slightly higher interchange per transaction than state programs – 38 cents as opposed to 29 cents. But, as a percentage of the total transaction amount per card, interchange was "essentially the same" for federal and state programs, the Fed noted.

"This may be explained by the structure of interchange fees charged by payment card networks," the report said. "In general, interchange fees for both signature-based and, more recently, PIN-based networks are structured similarly to credit cards in that they include both an ad valorem [according to value] and a fixed component.

"The higher average per transaction interchange fee for the federal programs may be attributable to the higher average value per transaction."

Metrics on fees

However, the report also found the total fees charged cardholders per card were slightly less on federally funded cards than their state-funded counterparts. For example, the average ATM transaction fee on a federal program was 55 cents compared with 62 cents on state programs.

The banks that took part in the study – constituting 90 prepaid card programs altogether – reported that 185.5 million ATM cash withdrawals were made using government benefit cards in 2010.

The average ATM cash withdrawal using federal benefit cards was $179.04, while the average ATM withdrawal using state and other "local" benefit cards was $130.68 in 2010.

The report noted that the average ATM fee charged cardholders was approximately 20 percent less than the interchange fees bank issuers returned to ATM operators for those transactions.

Overall, cardholders were charged an average of $9.04 in fees per transaction on federal benefit cards, as opposed to $9.81 for state-funded cards. Among other fee metrics, the Fed found:

- Balance inquiry fees ranged from $0 to $2.95 per inquiry

- Monthly maintenance fees ranged from $0 to $2.25

- ATM cash withdrawal fees ranged from $0 to $1.75 per withdrawal

The Report to the Congress on Government-Administered, General-Use Prepaid Cards can be accessed at *www. federalreserve.gov/publications/other-reports/files/government-prepaid-report-201107.pdf.* 🔲

TheMobileBuzz

Yes, there is an alternative to NFC

By Doug Dwyre

Mocapay

....

The buzz around mobile payments has increased in recent months after several big players launched two separate initiatives, each promising to be the next generation of payments. Not only do carriers and technology companies see the payments industry moving in the mobile direction, but also research firm Gartner Inc. believes mobile payment users worldwide will reach 141.1 million by the end of 2011.

The two major-player mobile initiatives have been Google Wallet, a partnership between companies including Google Inc., Citigroup Inc., MasterCard Worldwide, First Data Corp. and Sprint Nextel Corp., and ISIS, a mobile payment network venture formed by AT&T, T-Mobile USA Inc. and Verizon Mobile. Both are relying on near field communication (NFC) and stored credentials to provision accounts and transact at the POS.

NFC, a technology that completes transactions by exchanging encrypted data with an NFC reader when the payment device is in proximity to the reader, is not new to the payments sphere.

The technology, currently being used with tap-and-go credit cards from American Express Co., Discover Financial Services, MasterCard, and Visa Inc., has been in existence for quite some time. But it has yet to catch on at a majority of merchant locations.

Drawbacks to an NFC-only solution

One barrier to NFC adoption has been the requirement for merchants to add hardware in order to accept this technology and for consumers to carry additional NFC-enabled cards, which are similar to traditional mag stripe cards.

Integration of payment functionality into mobile phones eliminates the need for consumers to carry such cards. However, the Google and ISIS solutions require merchants to invest in NFC readers and for consumers to invest in NFC-capable mobile devices.

In addition to employing NFC, the Google and ISIS mobile payment solutions are provisioning and storing sensitive consumer payment credentials on mobile handsets. This, in itself, presents unique security challenges to payment professionals and the merchants they serve.

These issues exist now, when NFC is not even an industry standard, which is asking much from smaller merchants and for consumers outside of the early-adopter demographic. NFC readers on average cost around $100 per terminal, and provisioning accounts to a mobile handset requires a trusted service manager (TSM) that ensures safe and secure transmission of account credentials "over the air" on to the chip within the handset.

For consumers, the only mobile phone available for this is the Sprint Google Nexus S 4G, in addition to a few older Nokia devices that are not available from U.S. carriers.

The requirements and investments surrounding NFC have hindered the adoption of mobile payments for some time. Much like today's payment structure, which includes multiple tender types — cash, check, credit, debit, prepaid, etc. – the mobile payments arena will need to have various players and technologies in addition to NFC to appeal to an array of consumers and merchants.

Three points for maximum appeal

Mobile payment structures need to address three aspects or features in order to appeal to a large group of merchants and consumers.

1. **Compatibility:** Expensive upgrades and requirements are not going to fly for small retailers and consumers who are not early adopters. Therefore, in order for mobile payments to see widespread adoption, compatibility is crucial. For merchants, compatibility with existing POS equipment is critical.

   A solution that enables mobile payments through a software upgrade or service will help reduce the required investment. Compatibility for consumers is important, as carrier upgrade cycles are typically every 18 months, which would then allow the consumer to purchase a device that features the specific technology.

   Short message service (SMS) is widely deployed across the world and can perform functions outside just communication with other people. Offering multiple technology solutions, whether they be SMS, mobile Web (wireless application protocol) or mobile applications, will allow a greater number of consumers to participate, therefore increasing adoption.

2. **Value add:** The payments industry, simply stated, has always represented the transfer of funds from one entity to another. Major credit, debit and prepaid processors have been competing for years by offering lower transaction costs than their competitors to sign up merchants. In many cases, it

becomes a "how low can you go" game. The reason for this is because payment acceptance solutions – whether paper, plastic or mobile – are difficult to differentiate.

What merchants have yet to obtain from a payment system is the ability to integrate marketing tools that better connect consumers to their purchases and all their future spending.

This fact has led to the adoption of gift and loyalty solutions. Even for the merchants who have implemented loyalty programs, solutions integrating payments, marketing and loyalty are rare or not utilized effectively.

The same is true for consumers, who ask why they should use their phones instead of credit cards or cash to make payments. Consumers need a reason to adopt and a reason to continue using a given solution. At minimum, consumers must be able to use the solution at a wide variety and large number of merchants; they also must receive value beyond simply paying with their mobile handsets.

History tells us initial consumer adoption isn't the problem: ongoing use of NFC and mobile commerce as the preferred payment method for consumers has been the hurdle.

Issuers have provided consumers incentives for years to maintain a "top of wallet" position with plastic cards; mobile is no different. Mobile payments need to be a piece of a larger offering to make adoption and continued usage more attractive than other payment options.

3. **Security:** Historically, as payments have evolved, security has strengthened. Whether a transaction involves a stop payment on a check or cancelling a stolen credit card, consumers have been protected.

The age of the Internet and alternative payment methods and channels has exposed new security threats that force merchants, financial institutions and issuers to react with more stringent security features to protect consumers.

Those who are shaping the mobile payments market have an opportunity to establish a secure payment method from the beginning. Security concerns already present within the industry involve account provisioning, storing of payment credentials and transmitting sensitive consumer payment credentials when transacting. This presents an additional challenge for issuers and merchants.

Successful solutions will protect consumer-sensitive information from the beginning, when accounts are provisioned, and maintain a high level of security throughout each consumer relationship.

Tailored value to deliver

The notion of a single solution for mobile commerce seems shortsighted. Mobile presents an opportunity for many constituents within the payments ecosystem to engage with consumers and deliver value in a more personal way. Savvy consumers will demand options and, if not presented with them, may choose not to adopt mobile payments at all.

In the end, solutions that are available to the largest audience, provide additional value beyond just paying for products and services, and protect consumers from theft and fraud will be the most successful in increasing sales for merchants and providing more convenience and benefits for consumers. 🔲

Doug Dwyre, President of Mocapay, is a seasoned executive with 24 years of experience in the financial services industry delivering innovative payment solutions to issuers, merchants and consumers. Doug has launched state-of-the-art incentive marketing programs focused on driving consumer behavior and providing valuable customer data to retailers and financial services firms. For more information, email him at doug.dwyer@mocapay.com.

Company**Profile**

Sage Payment Solutions

ISO/MLS contact:
Nick Oettinger
Director, Partner Channel
Sage Payment Solutions
Phone: 877-394-2451
Email: *noettinger@sagepayments.com*

Company address:
1750 Old Meadow Road, Suite 300
McLean, VA 22102
Phone: 703-848-2980
Fax: 703-848-9457
Website: *www.sagepayments.com*

ISO/MLS benefits:
- Combined software development with merchant services programs reduce product costs and simplify delivery and maintenance
- 70 percent of sales are made through ISOs and other third-party sellers
- Cloud-based business management software platform for merchants allows them to view financial data in complex ways and eliminate manual computations
- Merchant POS systems receive seamless, automatic upgrades and enhancements
- Cloud-based solution keeps card data out of merchant environments, reducing the scope of PCI compliance and maintaining encryption from point of swipe to gateway arrival

High-level integration, synchronization

According to company President Greg Hammermaster, Sage Payment Solutions, a division of Sage North America, is an unusual amalgam: it is both a software developer and a merchant services firm. In practical terms, that means it is not an intermediary selling various products to its ISOs and merchants, but rather a company that sells its own payment solutions. That combination yields two major benefits, according to Hammermaster:

1. The company's products are cheaper because they lack the markup necessitated by an extra player on the chain.

2. The company and its ISOs can cultivate more intimate and efficient relationships with their merchants by responding more quickly to inquiries or requests, automatically providing technology upgrades and seamlessly integrating new features to merchant POS systems.

Confusion and bureaucracy diminish when a merchant's payment provider not only sells that merchant the technology, but can also help him or her manage it without the assistance of a third party, Hammermaster said.

"Sage is really the only global software company that's this focused on payments from the commercial side," Hammermaster said. "Google and Apple are playing with consumer-based payments, but we're talking about a commercial enterprise provider saying, 'You're who we serve, and we want to make your business life easier.'"

Sage's merchant services platform revolves around an idea that some might find counterintuitive: merchants can maximize profitability by devoting less time to managerial tasks, not more.

For merchants contracted with Sage – as well as for the affiliated resellers through which Sage sells about 70 percent of its merchant services products – the focus is on developing and integrating tools that can boost merchant profits while minimizing the stress and complexity of the operating environment, Hammermaster said.

According to Hammermaster, reduced costs and higher revenues are the common corollary of a cloud-based Sage software program that consolidates, automates, updates, streamlines, and simplifies the work of payment acceptance and business management.

Sage Exchange

"Our interest is making our customers' business lives easier, and to us that means looking for ways to get paid faster, to reduce their processing costs, to increase sales channel revenue," Hammermaster said. "What it really comes down to is the integration of their back-office software.

"We've developed a platform called Sage Exchange, and we've connected to this platform all the different information channels a merchant deals with and automated it with electronic data and updates."

Sage Exchange performs and automates tasks that range from totaling receivables to managing inventory and sending invoices.

He added that small business owners today almost need a Ph.D just to open their doors, and payment professionals need to be more helpful. "They're trying to figure out their payroll tax, and we're just adding our acronyms and PCI," he said. "When a business is dealing with an automatized, electronic data system and not doing things manually, it really helps simplify how they get to where they want to be in terms of growing their business."

Hammermaster said merchants save as much as five minutes per transaction through automating tasks commonly done manually (for example, tabulating the day's receivables from a stack of paper receipts).

Sage Exchange performs and automates tasks that range from totaling receivables to managing inventory and sending invoices. It also crunches and aggregates numbers for franchises that sell from multiple locations and businesses that use varied payment acceptance methods, for example, merchants who sell from a brick-and-mortar environment but also take payments on electronic or mobile commerce platforms.

SaaS advantages

It is the software-as-a-service (SaaS) aspect of Sage Exchange that allows all of it to happen, Hammermaster said. For one, merchants are not saddled with a complicated program that can weigh down POS networks and force them into a troubleshooting role if something goes awry. All of the technical work is handled by Sage, with the program residing on the company's server. Thus Sage feels merchants enjoy the best of both worlds: a whole suite of features from a software program and no worries about maintenance, upgrades or technical oversight.

Back-end business management is growing increasingly complicated, as more and more merchants take up different forms of payment acceptance, in particular mobile payment acceptance, and expand their payment acceptance options with each device. Options can include credit and debit card, check, automated clearing house, and gift card payments, as well as increasingly popular online alternative payments (enabled by such businesses as Bill Me Later Inc.) and, for business-to-business transactions, e-procurement services.

Merchants using Sage Exchange can track, in real time, both the progress of the day's receivables and outgoing money related to things like inventory purchases, bank and network fees, and invoice-based payments to employees, Hammermaster said. With such a spectrum of transaction data aggregated into one place, business owners and managers can see a complete financial picture at any point in time.

Merchant tools

Merchants can view their disparate data streams separately and parse them in numerous ways: by sales at a particular location, sales with mobile terminals, sales of high-ticket items, etc. They can also aggregate all of the data to obtain a broad, overall picture of the company's financial standing.

"These reports are highly configurable," Hammermaster said. "As a merchant, you can choose the fields you want to activate. You can look at it by ZIP code, by dollar amount … it allows you to pick and choose what you run your reports on, and there's a lot more visibility with cash management."

Another benefit of Sage's SaaS solution is the ease and efficiency with which merchants can add new features or otherwise upgrade their networks. General updates to merchant POS systems happen automatically and seamlessly, as opposed to requiring merchants to take proactive action anytime they want a terminal update, Hammermaster said.

Also, merchants who want to add features can send in a request through the software program and have the new feature incorporated almost instantaneously. Again, all the work is done at Sage's end; merchants need only submit a request, and the software enhancement flows in automatically.

Hammermaster said Sage is helping merchants create enterprise resource planning. "So when a business says, 'I just want to start with the payment device now, and then later they want to add six other solutions,' those can be integrated seamlessly at any point in time," Hammermaster said.

Front-end features

Hammermaster added that Sage is expanding its front-end features as well. For example, with the company's newer terminals, merchants can deploy receipt-based couponing and advertising. And they can acquire that capability with the same ease and efficiency that they do with everything else on Sage Exchange. Again, the feature addition is sent in remotely from Sage's server and seamlessly integrated.

"An [Internet Protocol]-based terminal gives you two-way capability," Hammermaster said. "They can say, 'I want

this printed on the receipt,' and we can instantly change it into an ad or coupon in a matter of a nanosecond."

For merchants, the POS system offered by Sage is textured in such a way that it appears to reside on a merchant's own network, Hammermaster said. In fact, everything with Sage Exchange is cloud-based; nothing runs through the merchant's environment. All transactions flow immediately into the cloud-based software channels run by Sage and remain in Sage's network until they reach their gateway destination.

Data security

Hammermaster said that by removing all data from the merchant environment, the scope of merchants' Payment Card Industry (PCI) Data Security Standard (DSS) compliance responsibility is greatly diminished; this is not to mention the more fundamental problem of stolen payment information. Payment data that sits or travels through merchant proprietary POS systems is statistically more vulnerable than data that circumvents the merchant's environment.

Hammermaster added that Sage approaches data security from two angles: prevention and detection. On the prevention end, the data is routed away from the merchant environment and subject to end-to-end encryption, or what Hammermaster calls swipe to settlement (s-to-s) encryption. This type of encryption begins at the point of swipe and is maintained until it gets to its next destination at the merchant's gateway provider.

On the detection side, Sage has a partnership with information security company Trustwave Inc. through which they offer a "sniffer" that combs payment networks for potential invaders such as spyware on a personal computer, Hammermaster said.

He added that Sage has lent special focus to mobile payment security, an area that is not yet subject to PCI regulations. This absence of PCI guidance and the fact that personal cell phone networks are always on and open (unlike dedicated phone line terminals), mean mobile payments present a particularly difficult security challenge, he noted.

"We've had different PCI breaches in the press that have been more at arm's length from the consumer," Hammermaster said. "Now, if a consumer hears about a mobile attack and it's widespread, that becomes more intimate and personal for the average consumer, who always carries a mobile phone."

Hammermaster said his "biggest fear, now that we're in the mobile payments game, is a lack of PCI guidance and a haphazard approach" he has seen from mobile technology and payment providers. To safeguard sensitive data, Sage uses the same security standards, such as s-to-s encryption and attachable swipe devices, with mobile

payment acceptance that it does with every other payment medium it offers, he noted.

Flexibility and synergy

Sage believes having its own technology suite enables it to be flexible, meeting new market demands with products of its own making. According to Hammermaster, mobile payments present the most daunting new challenges, especially because they lend themselves to small businesses that might not otherwise pay for traditional terminal-based card processing.

Sage keeps a particularly close eye on such businesses; its focus is small and midsize businesses. "We are a global business software company that serves businesses with 1,000 employees or less," Hammermaster said. "Every day they're trying to make business better, and we can integrate sales channels that open new revenue opportunities and bring down their expenses.

"With all our solutions, there's tremendous DNA on the software side to give to the payments side and vice versa. For our customers, it's not just a payments process but a software process, and using those two things together to maximize the advantages our clients have. It's chocolate and peanut butter coming together."

Your Competitive Advantage

Company**Profile**

CHARGE Anywhere LLC

ISO/MLS contact:
Kelley McDermott
Marketing Manager
Phone: 732-417-4447, ext. 125
Email: *kmcdermott@chargeanywhere.com*

Company address:
CHARGE Anywhere LLC
4041 B Hadley Road
South Plainfield, NJ 07080
Phone: 800-211-1256
Fax: 732-417-4447
www.chargeanywhere.com

ISO/MLS benefits:
- Feature-rich mobile platform accepting multiple forms of payment
- One provider for both payment operating system and gateway
- Device-agnostic mobile operating system compatible with every major smart phone
- Seamless movement of payment platform and data for merchants switching carriers or smart phone operating systems
- Payment program within phones, embedded as an app
- No payment data stored within merchant environments

Mobile acceptance options galore

Mobile payments are a burgeoning and exciting phenomenon, generating significant interest but also speculation. In what direction will this method of payment acceptance evolve? Gateway and merchant payments company CHARGE Anywhere LLC appears to have its bases covered where mobile acceptance is concerned. It was recently recognized as the Mobile Solution Provider of the Year at the 2011 Mobile Banking and Emerging Applications Summit.

Much of the company's strength is due to its broad reach in the marketplace. CHARGE Anywhere offers a matrix of processing, acceptance and connection options designed to provide an easy-to-use and wide ranging platform of mobile acceptance.

Connecting for merchant ease

To that end, CHARGE Anywhere is connected to essentially every processor in the United States. According to the company, that means merchants who adopt its platform can keep the processor with which they've already signed on, as well as provide a virtually limitless array of programs through CHARGE Anywhere.

"Our Level-1 Security Validated Transaction Gateway, ComsGate, is connected to 100 percent of the payment processors [doing business] within the U.S. today," said Oscar Munoz, Vice President of International Business Development for CHARGE Anywhere.

"What this means for an ISO/MLS is that, unlike other providers, they can simply use our CHARGE Anywhere Secure Mobile Application with any processor or merchant account number provider that they want to accommodate for their clients."

Covering all the payment bases

Among the payment types accepted by CHARGE Anywhere mobile acceptance devices (both purpose-built hardware mobile acceptance modules and smart phone-based payment acceptance operating systems) are credit and debit card, cash, check, and automated clearing house (ACH) payments, as well as state-of-the-art gift and loyalty-based programs.

The company also offers magnetic stripe readers, e-mail receipts and paper receipt printers as peripherals to all its mobile devices, allowing mobile merchants to accept conventional, card-present payments. In fact, most of its swipe devices come packaged with receipt printers, though specifics vary with each type of phone.

The company's swipe piece plugs into the audio-jack of Google Inc. Android and Research in Motion BlackBerry devices, but connects to the serial port of Apple Inc. iPhones, iPads and iPods. With BlackBerrys, users can also get wireless connectivity to swipe devices using Bluetooth technology; that same functionality is also available with Android and Windows Mobile phones.

Innovating for mobility

The company also reported it is among the first in the United States to offer near field communication (NFC) functionality on its acceptance pieces, allowing customers to pay with a card by merely holding it near a sensor and not sliding it as they traditionally would. Devices can also accommodate Europay/MasterCard/Visa card payments.

CHARGE Anywhere Marketing Manager Kelley McDermott said that, while NFC has yet to catch on in the United States, the terminals can be useful for merchants in places like Canada and Europe.

She also said the company, which has resellers and merchants all over the world, is in talks to expand its NFC platform through an undisclosed partnership with another payment firm.

"We accommodate all tender types and flavors of payment acceptance our ISOs/MLSs are accustomed to, yet provide the full functionality for them to be able to offer newer items on the market," Munoz said, pointing to examples such as "services related to closed/open-loop prepaid cards and all check-acceptance flavors through their provider of choice."

Designing for versatility

Other ease-of-use features CHARGE Anywhere provides include a proprietary mobile operating system for mobile payment acceptance and a proprietary gateway, ComsGate, that merchants connect to.

Thus merchants can sign up with the same company to receive both gateway and mobile acceptance services, saving them the time, hassle and money of registering with two different providers.

Munoz referred to the company's proprietary gateway as the "brain of the payment ecosystem," and noted that "you don't have to go out and sign with another company; you can get the mobile app straight from us and also use our gateway."

Another plus the company noted about its mobile operating system is device agnosticism: the system works with every major smart phone on the market. In addition, McDermott pointed out that part of what makes the operating platform special is that, although it is compatible with a wide range of devices, it is also subtly tailored to fit each one.

"We decided way back that when we were going to have an operating system on a BlackBerry, we didn't want it to look like what it did on the iPhone," McDermott said. "We keep our own canvas, touch and feel … but do it with different sub-features so that each program sits nicely within the operating system in which it resides."

Protecting existing relationships

Dovetailing with that is the ability for mobile merchants to retain their operating relationships with CHARGE Anywhere even when they switch carriers. Rather than download an entirely new operating system, a merchant can contact his or her ISO and immediately embed the same payment acceptance provider into the new phone.

"We have an app for all the operating systems," McDermott said. "When we built the app, we built the software for the operating system instead of the phone. We built it for an Android platform, so it'll work for AT&T, BlackBerry and Android."

According to McDermott, merchants can "switch carriers and operating systems completely" and can get a CHARGE Anywhere operating system to work. "From the old BlackBerry system, your payment acceptance will be just as compatible with the new iPhone from AT&T," she said. "It's as simple as transferring your account from one to the other. Just download a new app, free of cost, and all the transactions that have been recording stay on that same gateway account."

McDermott added that a phone contract is typically for only one or two years, and if a merchant wants to switch carriers or operating systems when a contract ends, CHARGE Anywhere can "look up the account, send them a link and then they can use their license key to re-register the app on their new device and are up and running literally within a few moments and ready to accept credit card payments."

Embedding for ease, stability, security

The proprietary reach of CHARGE Anywhere extends to its mobile operating systems as well, which are embedded on each phone as a device, rather than existing online. According to Munoz, this makes the program convenient, efficient and highly secure.

"Our mobile app does actually reside on the operating system of the different cell phones," Munoz said. "We are not simply opening a web session from the handset which, as would be expected, is not as fast, nor as stable, nor as secure.

"When our front-end users log in through the security layer to access the app, it is the Mobile CHARGE Anywhere secure application that actually resides on the phone."

Having the app operate on the phone itself, not in a "cloud" or on the Internet, is additionally conducive to stronger security, Munoz said. CHARGE Anywhere's operating system protects card data as soon as it enters a phone using encryption and truncation methods to keep it shielded.

This is also true of data entered into terminals and e-commerce sites. In addition, no customer data is stored on a merchant's phone or merchant's environment, Munoz said.

"It's very simple: our application does not keep any sensitive data on the device, and we do not just talk about encryption; we have in-house specialists in cryptology that have always taken the subject to new levels," he said.

Munoz pointed out that the company has added a new security layer: signature capture, which can be done by touch on phones that have touch screens. Merchants using peripheral printers can have receipts signed as they would in a regular store. Such measures help prevent chargebacks, Munoz said.

Tending to customer satisfaction

CHARGE Anywhere also provides extensive back-end service for all its clients, including Intuit Inc. QuickBooks accounting, real-time payment information coming in from merchants and inventory management.

McDermott said the system can be used as a consolidated database with multiple contractors working under one merchant.

For example, the owner of a cab company can see the collective payment data of all the company's drivers in one night, as well as splice that data into various categories such as sales per driver; total sales; and sales by hour, by geographic region, etc.

"As it relates to the foundation of our industry, it is all about greater flexibility, convenience and as many payment options as possible," Munoz said. "The merchant just wants to get paid, regardless of the tender type that the different customers within his geographical reach or target market will bring to his or her business."

He added that anytime an ISO or MLS leaves a payment door opened – or not serviced – for a merchant, someone else will come and close it.

88

The largest credit card companies, Visa, MasterCard Worldwide, Discover Financial Services and American Express Co. are backing ISIS, which now competes with other mobile payment schemes launched by technology industry giants like Google Inc. and PayPal Inc. It is not clear at this early date in the mobile payments revolution which current technology, if any, will win the race for mobile payments dominance.

Paul Martaus, President of payment systems research consulting company Martaus & Associates, said, "The chip card is an anachronism; it's not important. What is important is that Visa is a member of ISIS. They are trying to come up with mobile commerce standards everybody can rely on. EMV authorization can be adapted to mobile. The next step is the adoption of end-to-end encryption."

Boon to ISOs

Ken Musante, President of Eureka Payments LLC, a processing and acquiring business with an emphasis on card-not-present and wireless payments, said there is a general feeling the move to EMV will help ISOs. "This will be beneficial to ISOs because more merchants will be able to accept payments," he said. But the customers won't rush to embrace the technology, he added. "Retailers will wait until the deadline to acquire this technology," he said. "The demand will drive down the price. The new Visa policy will only help ISOs."

Martaus also feels the Visa mandate will be a boon to ISOs. "There are 6 million merchants out there who need to adopt the technology," he said. "What is happening right now across the board is processors and a ton of ISOs are charging $50 per month for merchants to be PCI compliant. They charge for upgrades to keep them compliant, and they charge more if they are not compliant. This is a strategic move from Visa. Ninety percent of the transactions come from big-box stores."

However, EMV still has value for the smaller merchants, Martaus stated. "Visa can't make them go with EMV," he said. "But if they want to save money, this is the way to go. If I were an ISO, I'd be all over this. 'Pay me $200, and I'll stop charging you $50 a month to be PCI compliant.' Who wouldn't want to do that?"

Merchant resistance

According to Cindy Merritt, Assistant Director of the Retail Payments Risk Forum at the Atlanta Federal Reserve Bank, ISOs and MLSs should keep in mind merchants may balk at paying for new EMV terminals.

"The merchant community in particular has rightfully expressed concerns over the infrastructure investment costs for card acceptance terminals," she said. "While they acknowledge the need to migrate to a more secure payment system that does not rely on outmoded magnetic stripe card technology, they understandably want

a future-proof investment strategy." Merritt added that Visa's plans to accelerate chip migration, and the adoption of mobile payments "may just provide the clarity in direction and sufficient incentives to get merchants moving" to embrace EMV.

U.S. Merchant Services founder, President, and Chief Executive Officer Steve Norell said merchants should have been educated regarding EMV advantages years ago. "The ISOs need to help merchants see the value in preventing fraud rather than seeing the return on investment right away," he said. "The sales of POS terminals mean revenue."

Norell noted that Visa's attempt to introduce chip-and-PIN into the United States 13 years ago failed – and some ISOs fell with it when they tried to frighten merchants into adopting the chip-and-PIN technology before merchants understood the program or were ready for it. He also said Visa may face too many roadblocks for EMV implementation in the United States unless the company "really comes down heavy making [EMV adoption] mandatory at the ISO level."

PCI incentive, liability shift

To encourage EMV adoption, Visa is offering the Technology Innovation Program (TIP). "TIP will eliminate the requirement for eligible merchants to annually validate their compliance with the PCI DSS for any year in which at least 75 percent of the merchant's Visa transactions originate from chip-enabled terminals," Visa stated.

POS terminals must accept both contact and contactless payments, including near field communication (NFC) and mobile payments, to qualify. The merchant must also demonstrate compliance with all other goals and requirements of the Payment Card Industry (PCI) Data Security Standard (DSS) to be eligible for TIP compliance relief. "By encouraging investments in EMV contact and contactless chip technology, we will speed up the adoption of mobile payments, as well as improve international interoperability and security," Visa Global Head of Product Jim McCarthy said.

To further promote EMV adoption, Visa is instituting a fraud liability change. After Oct. 1, 2015, fraud liability will shift to merchant acquirers for any counterfeit card-present POS transactions on non-EMV compliant POS systems. Currently, as long as a merchant has correctly entered a card into the system, the card issuer is liable for counterfeit card-present POS transactions.

"The liability shift encourages chip adoption since any chip-on-chip transaction (chip card read by a chip terminal) provides the dynamic authentication data that helps to better protect all parties," Visa said. The United States is the only country in the world that does not have a chip payments liability shift, Visa noted.

Merchant levels and PCI DSS validation requirements

Following are descriptions of established merchant levels, along with their respective PCI DSS compliance validation requirements:

Level 1 comprises all merchants, … regardless of acceptance channel, who have Visa and MasterCard transactions totaling 6 million and up per year, as well as any merchant who has experienced a data breach.

- **Validation requirement:** Annual onsite review and report on compliance prepared by a qualified security assessor (QSA), or an internal audit signed by a company officer, in addition to a quarterly network security scan done by an approved scanning vendor (ASV).

Level 2 comprises all merchants, regardless of acceptance channel, whose Visa and MasterCard transaction total is from 1 million to 6 million per year.

- **Validation requirement:** Completion of PCI DSS self-assessment questionnaire (SAQ) annually and a quarterly network security scan and compliance certification done by an approved ASV.

Level 3 comprises all merchants whose Visa and MasterCard e-commerce transaction total is from 20,000 to 1 million per year.

- **Validation requirement:** Completion of the SAQ annually and a quarterly

network security scan and compliance certification done by an approved ASV.

Level 4 comprises all merchants who do not fall into the other levels: merchants processing fewer than 20,000 Visa or MasterCard e-commerce transactions per year, as well as all other merchants processing up to 1 million Visa or MasterCard transactions per year.

- **Validation requirement:** Completion of an annual SAQ is recommended. A quarterly network security scan done by an approved ASV is required of merchants who have networks.

Potential PCI wrinkles

Panoptic Security CEO Tim Cranny, whose company specializes in PCI DSS compliance, believes EMV should be adopted because, even though it has security flaws, it is an improvement over mag stripe technology. But he is not in favor of TIP.

"It is a genuine mistake for Visa to say if you do this you don't need annual PCI verification," Cranny said. "Letting merchants slide on validation is a mistake. What is needed is a new, friendlier SAQ [self-assessment questionnaire]. They need to make validation easier rather than make it go away."

Approved scanning vendors (ASVs) test POS systems for PCI DSS compliance. Andrew Weidenhamer, Audit and Compliance Manager for SecureState LLC, an information security management firm and ASV in Cleveland, noted that EMV technology is not bulletproof.

"There are still potential holes," he said. "If a major vulnerability surfaces, it could be a potential problem." Weidenhamer also noted that installing EMV technology won't reduce the scope of PCI compliance, but it will reduce costs because the business will not have to annually revalidate compliance for Visa.

"Although I am all for advancing technology which makes processes more secure, the notion that just because organizations are using more secure technology, they don't need to be formally audited, seems to be a bit ridiculous," he wrote in a recent blog post. "I think it is probably safe to assume that if a company is not required to have an on-site assessment performed, there is a very good chance they will become complacent in keeping up with the evolving PCI DSS."

Steve Robb, Vice President of Operations for ControlScan Inc., a PCI compliance company focusing on small to midsized businesses, said EMV adoption "is likely to occur quickly for the large multinational companies but adoption will take much longer, if ever, for smaller companies. I think this announcement causes confusion at the merchant level. There's no immediate savings for them. It doesn't make them PCI compliant."

Martaus believes TIP will have a positive impact. "Based on the fact that merchants have been screaming for quite some time to relieve them of PCI burdens every year, this does that," he said, adding that it doesn't eliminate liability for merchants, acquirers or issuers.

"It just gets rid of the paperwork," he noted. "Some of these big-box merchants are paying $10 million to $20 million to be PCI compliant every year."

The future of payments

Despite Visa's EMV push, many experts believe there are no indications that EMV will win out over other forms of secure payments in the fight for consumer preference. Rod Hometh, President and founder of RocketPay LLC, which specializes in global e-commerce and international merchant acquiring, believes the current explosion of technology needs to sort itself out before the market can determine where the industry is headed.

"I think overall we are entering an era in payments where we are making significant technological advancements," Hometh said. "This technology is directed to Level 3 merchants, which is many ISOs bread and butter." A Level 3 merchant is considered a midsized business processing between 20,000 and 1 million e-commerce transactions a year (see sidebar).

Lowest Cost
Mobile Payments Equipment

Device Name	Compatibility	Wholesale Price with Software
Mobile Payments		
Audio Jack Mag Stripe Reader	Android™ (certain models), Apple®	call now
Magstripe Reader for Apple® iPhone	Apple®	call now
2" Bluetooth® Printer/Mag Stripe Reader*	Android™, BlackBerry® Windows Mobile®, JME® Apple® iOS*	call now
4" Bluetooth® Printer/Mag Stripe Reader	Android™, BlackBerry®, Windows Phone®, JME®	call now
POS Terminals		
Spectra GPRS POS Terminal	AT&T Wireless Network	call now
Spectra In-Lane Solution	Stand-Alone or Microsoft® Windows®	call now
GPRS SIM Card	AT&T Wireless Network	call now
PC Solutions		
USB Mag Stripe Reader	QuickBooks® or Microsoft® Windows®	call now

*Cable required for Apple® iOS devices.

iPhone | **ANDROID™** | **BlackBerry.** Alliance Select Member | Designed for Windows Mobile | brew | Java

www.chargeanywhere.com   Call Now 1.800.211.1256

Hometh believes educating merchants and ISOs about the new technologies is the key to developing market strategies. "People are going to need to know where they are going to go to get the cleanest, most robust lines of communication on the subject," he said. "ISOs and acquirers are going to have to do a much better job educating merchants and consumers."

Hometh predicted early adopters of the right technology will have a significant advantage. "Those who are prepared and stable will dominate the market," he said, adding that determining the "right" technology can be tricky.

Hometh thinks it is important to be sure ISOs, MLSs, merchants and acquirers keep their options open. For instance, the move to mobile payment is so new the hardware and software are still evolving. "We really don't know where payments are going to be in two years," he said.

Hometh said the winners are likely to be the ones with the deepest research and development pockets who can produce products that integrate most easily with other devices.

The role of ISOs and MLSs

Hometh believes that, no matter what technology wins out, ISOs and MLSs will remain central to the payments industry and they will have to know what impact new technology will have on their merchants.

"The alternative payments companies like Google and PayPal are looking at consolidating the payments market, but they don't understand the market well enough yet to know what is going on," Hometh said. "If they participate in payments at Level 2 [1 million to 6 million transactions annually] and Level 3 merchants, the ISOs are the way in."

He predicted ISOs will soon be focusing more on introducing suite packages and applications to Level 1 merchants (more than 6 million transactions annually) because soon there may be no terminals – processing will be handled with swipes through devices attached to smart phones or tablets.

The good news for the U.S. market is that EMV technology has already been tested in much of the rest of the world, he added.

"I don't see the U.S. market worrying about how to take chip cards for very long," he said. Hometh expects Visa will further incentivize its move to EMV and that MasterCard will jump in with its own EMV push soon, along with its own incentives to foster a transition to EMV.

To Our Valued Resellers,

We at TenderCard appreciate the ongoing support of all our Reseller partners and will always recognize that you are the very lifeblood of our business. The significance of the relationships we've fostered over the years cannot be overstated. As the CEO of TenderCard I wish to take this opportunity to personally acknowledge and thank you for standing strong with us through one of the most difficult economic climates in decades. As with any successful enterprise, we occasionally have to make decisions which, in some cases, may affect these relationships we hold so dear. I know recently that was the case.

I would also like to pledge to you now that in the coming months you will see TenderCard as that major force within our industry upon which you have come to rely; only more committed than ever to providing cutting edge Gift and Loyalty programs for you to proudly and confidently stand behind. We are poised today to release the next generation of innovative features, integrated systems, enhanced security and redundancy and robust merchant retention and training programs, all designed to keep you ahead of the curve. Despite this focus on the future, we will always remain true to our roots as a friend of the Reseller, solidifying our hard-fought reputation as a dependable and trustworthy partner.

To help deliver on our ambitious goals, TenderCard has assembled a new leadership team: Tracy DeLoid will continue on to serve as our Chief Financial Officer as will Marilyn Quinn, our Compliance Officer with Michael Petrone stepping up as our new Chief Operations Officer. Joining them is Shaun Hayward as our new Chief Technology Officer. Michael and Shaun have risen through the ranks since our earliest days and there is nobody more qualified to fill these roles. Rounding out the team is John Furnari, our Chief Sales Officer. John has over 15 years of management experience working in the financial services and technology industries.

These commitments are only the first of many exciting initiatives already underway here at TenderCard. So Get With the Program and watch; I promise you'll like what you see.

Sincerely
Aaron Sorgman
CEO, TenderCard

To thank you for your support
we'll give you $100
for every new TenderCard account*

*for details contact:

John Furnari
john@tendercard.net

Michael Petrone
mpetrone@tendercard.net

www.tendercard.net
800.383.8280

Education

StreetSmarts℠

Proudly presented by

MPCT Publishing Co.

WSAA or bust

By Bill Pirtle

MPCT Publishing Co.

I n my last article, I asked people why they attend regional conferences; I received limited responses. Having just attended my first regional show – the Midwest Acquirers Association's annual meeting in Oak Brook, Ill., July 26 to 28, 2011 – I only have to say that if you have never attended one, you should.

The greatest benefit of attending a regional show is that even a relatively new merchant level salesperson (MLS) can get to it without breaking the bank or traveling across the country. I met several GS Online Forum members at the MWAA, including a few lurkers (those who read but do not post). I also had the pleasure of meeting Kate Rodriguez, General Manager of *The Green Sheet*.

The next regional event is the Western States Acquirers Association conference to be held Sept. 21 and 22, 2011. If you are on the West Coast, you need to go. The $75 entry fee for an MLS ($125 at the door) gives you unlimited access to the conference. One special event you must attend is Mark Dunn's Field Guide Seminar. This two-part seminar features six dynamic industry experts who will speak for 40 minutes apiece.

Field Guide highlights

At the MWAA, the Field Guide topics and speakers were:

- "How to Sell Online Merchants" – Ray Kenney, Director of ISO Partnerships at 1stPayGateway.Net

- "Consulting with Your International Acquirer" – Rod Hometh, President and founder of RocketPay LLC

- "Partnering with Banks" – Donna Embry, Senior Vice President at Payment Alliance International

- "How to Win Over the Challenges of Becoming an ISO" – Mark Dunn, owner of Field Guide Enterprises LLC

- "Building a Great Company" – Matt Clyne, President and owner of Direct Connect LLC

- "Finding Your Niche Market" – Mary Winningham, Mirror Consulting Inc.

Rod Hometh discussed how RocketPay can set up multiple processing and bank accounts around the world to allow companies to process worldwide in the currency of the region. This method eliminates some, if not all, cross-border fees and allows merchants to decide when or if to convert currencies.

I worked with LaSalle Bank Corp.'s processor and thought I had a good idea of how to land banks as referral partners. After seeing Donna Embry's presentation, I realized I did not have nearly the tools I thought I had. It is not just bringing merchants to the bank; it is bringing financial opportunity with no risk.

Regrettably, I missed Mark Dunn and half of Matt Clyne's presentation due to a chance to speak with a sought-after prospective partner. I walked in as Matt asked the packed room, "How many of you sell based on interchange-plus?" Three brave souls raised their hands out of almost 200. Seeing the three hands, he continued, "You're idiots!" to the thunderous applause of the crowd. "If you sell tiered

The Charge Card Systems Advantage

Merchant Cash Advance Program

12-Hour Funding

Sales Agent Line of Credit Program

Medical Billing Software

AMEX OnePoint Program (12-Hour Funding)

Access to 8 Platforms (First Data, Vital)

Processing for Hard-To-Place Merchants

CCS ePay
A DIVISION OF CHARGE CARD SYSTEMS, INC.

Gateway for E-Commerce Transactions

Mobile Processing for Smart Phones

HioPOS Point of Sale System

CCS
CHARGE CARD SYSTEMS, INC.

Close More Deals & Earn Greater Income with CCS

Charge Card Systems offers all of the above and more. We are 100% focused on providing state-of-the-art tools and resources to help our sales partners grow their residual income.

StreetSmarts

> *One interesting statistic was that, while the largest shopping day in brick-and-mortar stores is the day after Thanksgiving, the largest e-commerce day is the next Tuesday.*

pricing, you'll make good money for awhile." Matt was the hit of the seminar. If you ever have a chance to hear him speak, do it.

The closing presentation of the Field Guide seminar conducted by Mary Winningham of Mirror Consulting was on how to find niche markets. Why are niche markets important for MLSs and ISOs? They are important because if you can invest time and effort to learn a niche market, you will not be giving away processing. In other words, you will make more money because your knowledge and experience in that niche will be valued by your clients.

Main conference presentations

The opening keynote at the MWAA was by Michael McNamara, Vice President of SpendingPulse at MasterCard Worldwide, who discussed the card brand's retail data mining division. I'm sure the larger ISO attendees took a lot away from the program. The gist of the presentation was that e-commerce is making advances over the brick-and-mortar sector.

One interesting statistic was that, while the largest shopping day in brick-and-mortar stores is the day after Thanksgiving, the largest e-commerce day is the next Tuesday.

Among the other offerings were a discussion of the Electronic Transactions Association's Certified Payment Professional program, a panel on mobile payments and another panel featuring Women's Network in Electronic Transactions' co-founder Holli Targan, payment attorney Adam Atlas, and Mary Weaver Bennett, Director Government and Industry Relations at the ETA.

The final presentation was called the "Shark Tank," from the reality TV show of the same name. It featured four exhibitors touting new and "innovative" products. The presenters were from RosterWire LLC, Lending Cycle Inc., SparkBase and SecurityMetrics Inc.

RosterWire and SparkBase representatives talked about how to integrate gift and loyalty programs with smart phones. RosterWire is still in testing with it, but SparkBase already has stores in Cleveland and Chicago using its Paycloud mobile wallet service. SparkBase won the competition, and based on the presentation and potential for income, deservedly so.

However, I was intrigued with the other two presenters.

Lending Cycle founder and Chief Executive Officer John Jackson discussed the company's PaymentCycle customer relationship management software designed for the payments industry. Jackson referenced Lending Cycle's successful BankCycle program and the PaymentCycle sister program, SalesCycle. Speaking with Jackson after the presentation, I found that PaymentCycle costs $499 per month and had industry-specific details.

The SecurityMetrics presentation was hands-down the best overall, in my opinion. The presenter was Wenlock Free, Vice President of Business Development at SecurityMetrics. He indicated that 63 percent of merchants retain card information they should not. Wouldn't you like to know which of your merchants – almost two-thirds of them by Free's estimation – are retaining data, which potentially exposes ISOs to losses and fines if merchants get breached?

SecurityMetrics introduced PANscan to help merchants locate card data residing on their computer systems When downloaded, the program scans a computer's hard drive, including PDFs, looking for what could be card data. Once the scan is completed, you see the results and click on files to verify that the information found is card data. Once verified, PANscan helps merchants encrypt, truncate or delete the information.

While PANscan is not perfect in my estimation, ISOs and MLSs should consider investigating it as a potential value-added service to help merchants find out if they are in violation of the Payment Card Industry Data Security Standard requirements. I think the best feature of PANscan for ISOs is that they get copies of reports to allow for follow-up.

To try the program yourself, go to *www.securitymetrics.com* and click on the PANscan option. I urge you to register before you download the scan. SecurityMetrics did not win the Shark Tank challenge because they offered it as a free product and the judges were unsure how the company would monetize it. If paying customers were the only ones who could use all of the features, I am positive SecurityMetrics would have won the contest.

I wish to thank the MWAA officers and board for the outstanding conference they put on.

What to expect at WSAA

I wholeheartedly recommend that MLSs and small ISOs attend these events. If there is still time, register for the

WSAA and prepare to learn something to help you sign more clients and earn more money.

As of this writing, breakout sessions scheduled for the WSAA include:

- "Operating your ISO in Today's Marketplace" – Ken Musante, CEO of Eureka Payments LLC; Harold Montgomery, CEO of Calpian Inc.; and Greg Cohen, President of Moneris Solutions Inc.
- "Mobile Payments – Fad or Future!" – Tony Abruzzio of ISIS; Ken Elderts, Manager ISO Channel at VeriFone Inc.; Dave Wentker, Head of Mobile Product Development at Visa
- "Certified Payment Professional" – Rori Ferensic, Director of Education and Professional Development at the ETA
- "Industry Update" – Donna Embry
- Keynote address – Scott Stratton, speaker and author of *UnMarketing: Stop Marketing. Start Engaging!*

Ken Musante, as many of you know, was my predecessor as the Street Smarts columnist, and he continues to contribute articles to *The Green Sheet*. I had the pleasure of meeting him in Oak Brook and I believe this breakout will be well worth attending. Donna Embry really knows her stuff. I respect her and would like to hear her commentary on updates in the industry.

My first Street Smarts article was on the ETA's Certified Payment Professional program. MLSs, including myself, have expressed reservations about the pro-

gram. The MWAA presentation by Rori Ferensic did nothing to convince me it will work. In fact, her response to a valid question on confirming industry experience was dismissive. The representative of a large, mid-level ISO asked how the ETA could confirm an individual's experience in the industry. Her response was, "If you don't know how long you've been in the industry, I doubt you'd pass the exam." Did she misunderstand the question? Perhaps.

Regardless of my views on the CPP program, I respect the contributors to the program. You'll have an excellent chance to review it for yourself at WSAA. Ask good questions and expect good responses. The initiative will only work if it can get support. Make sure you know the details, good and bad, before you draw conclusions. Do not judge it based on the opinions of others, including myself.

Live for today, hope for tomorrow

Forum member **SEAZELL** (Steve Eazell, Director, National Sales and Marketing for Secure Payment Systems Inc.) is the President of WSAA. He assured me that attending the conference at the San Francisco Airport Hyatt Regency in Burlingame, Calif., will be an opportunity for a great learning experience.

I expect the Hyatt will be sold out by the time this article is published. Register at *www.westernstatesacquirers.com/register.html*. Then scroll down to the "Attendee Registration" button.

I close my articles with "What you do today, determines your tomorrow." If you want to expand your bank account and your business tomorrow, I highly encourage you to register for WSAA today.

Bill Pirtle is the President of MPCT Publishing Co. and author of Navigating Through the Risks of Credit Card Processing. *He is also a merchant level salesperson for Clearent LLC, Electronic Payments Inc. and Electronic Merchant Systems Inc. Bill's website is www.creditcardprocessingbook.com, and his email address is billpirtle@yahoo.com. He welcomes all connections on Facebook and LinkedIn.*

Learn to be a change pro

By Jeff Fortney
Clearent LLC

An old saying goes, "The only thing that stays the same is that everything changes." Change is a constant in all walks of life, none more so than in the payments world. In the 1980s and 1990s, we were forced to adapt to change almost daily. Merchants found terminals obsolete after six months.

The number of interchange categories grew from 10 to 200 or more. It was an exciting time, because with each change came advancements in the industry. These advancements meant new opportunities for all.

More recently, the changes we saw were gradual. They didn't have as great an impact as in the early years. We easily could adapt to the advent of, say, electronic benefit transfer, or the need to enter one more item during the acceptance of a payment. As an industry, we started to settle down – or so we thought.

The number of interchange categories grew from 10 to 200 or more. It was an exciting time, because with each change came advancements in the industry.

In the past five years, change has come robed in terms like PCI, IRS regulations and, lately, "Durbin." These changes have been profound, bringing with them fears of additional change – and, as perceived by many, not for the better.

Fear-based reactions

Our industry has evolved along with these changes. The growth of mid-tier ISOs has led to more merchant level salespeople. With the increase in these two tiers, the potential for deceptive practices grew as well. Merchants have become more suspicious of our industry as a whole.

The combination of these factors has created more fear. Many ISOs and MLSs fear they are getting only parts of the story. So they look for answers everywhere, sometimes getting misinformation in their searches. Or they react to the changes they are seeing before they have all the information. Others do nothing, but lament the fact that their returns are getting hammered.

Many of these groups tend to claim – in some cases, rightfully – that those above them in the food chain are profiting off them by leveraging these changes for their benefit. In other words, their processors or ISOs are not acting as partners but rather as parasites feeding off their sales forces.

Behind the scenes, many MLSs are preparing for the opportunity that change brings. They understand how to handle change and how to benefit from it.

Seven steps for healthy change

In 1998, Spencer Johnson published a book about change titled, *Who Moved My Cheese?* He suggested a new way to handle both personal and professional change. His approach remains relevant today, especially within our industry. Johnson provides seven steps for handling change and learning how to make it valuable for you.

1. **Change happens:** Accept the fact that change is happening now and will happen in the future.

2. **Anticipate change:** Expect it and be ready to address it.

3. **Monitor change:** Look for signs that change is happening. Simply put, stay informed about the

industry and look for indications that change with the potential to impact you may be coming. Understand and inform yourself, but don't react until all the facts are in.

4. **Adapt quickly:** When you see change coming, develop your plan for adapting to it. If this means changing how you price merchants, how you market to merchants or even which merchants you market to, so be it. However, be careful to not react too soon. Otherwise, you may not address the changes properly.

   Knowing that change is coming and understanding which variables are involved are two different elements. Moving too fast can do as much damage as not changing at all. I recommend you have your trusted advisors review your plan and ask them, "What's missing? Do I have my facts straight?"

5. **Change:** Drop the old, and concentrate on the new. If you have the facts and have done your homework, making a change will have a positive impact on your will to succeed and your success. All that's left is executing your new plan. This also means letting go of the old and bringing in the new. Keep in mind that you can't have both.

6. **Enjoy change:** Savor the new opportunity. Remember when the industry was new and exciting to you. Change gives you the chance to recapture that excitement. Take these changes as an opportunity to put a new bounce in your step. You will be surprised by how your upbeat attitude will be perceived by potential merchants.

7. **Be ready to change quickly, and enjoy it every time:** This completes the circle, because we all know change will come again. Yes, it does become easier to adapt to change after you have changed even once.

One area not mentioned in Johnson's book is just as important. To quote Satchel Paige, "Don't look back. Something may be gaining on you." Once you have made the appropriate changes, move ahead. Don't look back. Change is that opportunity for you to shine even brighter.

Jeff Fortney is Vice President of ISO Channel Management with Clearent LLC. He has more than 17 years' experience in the payments industry. Contact him at jeff@clearent.com or 972-618-7340. To learn about how Clearent can help you grow faster and go further, visit www.clearent.com.

The remarkable results of repetition, repetition

By Peggy Bekavac Olson

Strategic Marketing

The Rule of Seven is a powerful marketing principle that businesses often overlook. Simply put, the Rule of Seven holds that to get a prospect to take some kind of action to become a buyer, you must reach and positively impact them at least seven times, in as many different ways as possible. Successful marketing using the Rule of Seven is based on the simple idea of repetition.

Why repetition matters

Repetition in marketing is important because most prospects don't take action the first few times they're exposed to your company's marketing. The reasons for prospects' inaction are many.

- **They're busy.** Prospects are not sitting around waiting for you. They're busy living their lives and have countless business activities and initiatives on their plates. And they have responsibilities and commitments in their personal lives, too.

- **They're not familiar with your business.** Repetition builds brand recognition and awareness, which in turn builds trust and credibility. Prospects become familiar with your company and your products and services over time.

  Through repeated exposure, they begin validating your company's legitimacy and start thinking about doing business with you.

- **They are bombarded with noise and countless distractions.** Competition for time, money and attention is immense. You are competing in a noisy market, so you need to repeat your message until prospects hear you out.

  Even when you gain interest – and even when prospects decide they want your product or service – distractions can cause them to delay action and forget about buying from you and your company.

- **They can't or won't make a decision.** Some prospects need more time than others to decide whether or not to act, and sometimes they need someone else's approval.

  Others simply procrastinate over decision-making in general, which is an easy thing to do. Know that time works against you; the more time that passes

after a prospect receives your marketing, the less likely you are to make a sale.

- **Bad timing.** You may be precisely targeting prospects for your products and services, but chances are they may not need them yet. Perhaps your message hasn't sunk in because budget money isn't available, or because prospects are preparing for a big meeting, traveling on business, or involved in a merger or acquisition.

  Countless reasons could stall them. The timing of your marketing efforts can be off. If prospects see your message only once, they may not remember you when they are ready to buy. To stay top of mind, you need to keep your company and marketing message visible. The old adage is true: out of sight is out of mind.

- **Misplaced promotional material.** While marketing communications material is important to you and your business, it is less important to prospects, even when they ask for it.

  Prospects frequently lose and misplace the marketing information you provide, throwing it away or deleting it from their email inboxes. Repetition puts your material at their fingertips over and over again.

- **They are worried about price.** Price objections are usually a cover for prospects who are not really sure they need or want what you have to offer. If a prospect seems interested but worried about money, you haven't quite convinced him or her of the value of your offerings. The good news is you've gotten past the noise.

  If prospects continue to see powerful marketing messages from your company that clearly articulate product and service value propositions and the benefits of doing business with your company, they soon will forget about price. That's why you need to keep marketing.

- **Unclear call to action.** Many times, companies forget to encourage prospects to take immediate action. Your marketing should clearly communicate what you want prospects to do.

  Whether it's to pick up the telephone and call a sales representative, send an email, or download information from your website, you need to spell out exactly how you want prospects to take action.

Education

How to make it work

Ideally, you should put the Rule of Seven to work by creating a campaign that maps out the who, what, where, when and how related to your marketing communications.

- Identify *whom* you plan to communicate with by targeting prospects that are in a position to do business with you.

- Specify *what* information and messages you want to communicate.

- Choose *where* you will be communicating, such as in-person meetings and the telephone, industry journals and events, the Internet, etc.

- Determine the frequency of your communications – the *when*.

- Pick the vehicles – the *how* – you will employ to get the word out, such as websites, advertising, public relations, telesales, trade-shows, brochures and white papers.

Repetition ensures that the information and ideas you're trying to imprint are remembered. But memory quality and recall depend on how many marketing vehicles you use.

A direct correlation is forged between the number of marketing mediums involved in making imprints and a prospect's ability to recall your information.

Don't rely on just one type of marketing method, even if you are getting stellar results. Things often change. Using a variety of mediums in an integrated approach increases the likelihood of catching the attention of prospects.

Once your campaign is in place, begin executing and be persistent in your efforts. Remember, most prospects don't take action the first few times they're exposed to your company's marketing. So it's unreasonable to expect results when you do a postcard mailing just once or run an advertisement only a couple of times. Again, frequency is the key to success.

As a marketing approach, repetition is superior to presenting your message once and hoping for the best. Put the Rule of Seven to work in your business today to reap the benefits of increased sales and greater brand recognition.

After all, seven is a lucky number. ⊠

Peggy Bekavac Olson founded Strategic Marketing, a full-service marketing and communications firm specializing in financial services and electronic payment companies, after serving as Vice President of Marketing and Communications for TSYS. She can be reached at 480-706-0816 or peggyolson@smktg.com. If you would like information about Strategic Marketing, please visitt www.smktg.com.

Identity theft: It's not just PCI anymore

By Linda Grimm and Ross Federgreen

CSRSI, The Payment and Privacy Advisors

All business entities are obligated to know what regulations apply to their businesses and take all reasonable measures necessary to secure the data their customers entrust to them.

Identity theft is the number one concern of consumers and therefore one of regulators' highest priorities. Each state and many industries (including banking and health care) have their own requirements over and above federal regulations.

In the merchant services industry, the Payment Card Industry (PCI) Data Security Standard (DSS) is now a household phrase. Your merchants are reminded monthly about PCI when they get their statements and see the monthly or annual fees assessed for "PCI compliance."

The PCI DSS is managed by the Payment Card Industry Security Standards Council, which is comprised of experts in the field that define the standard that all card brands adhere to and establish their programs around. The programs include Visa Inc.'s Cardholder Information Security Program, American Express Co.'s Merchant Data Security Standard and MasterCard Worldwide's Site Data Protection.

The power of PII

Identity theft is the loss of personally identifiable information (PII) that leads to the utilization of that data for fraudulent purposes. The following are currently identified as PII: Social Security numbers, dates of birth, driver's license numbers, credit and debit card numbers, and check routing and account numbers.

However, the definition and therefore the points of data that must be protected are expanding. For example, on Feb. 10, 2011, the California Supreme Court ruled that a ZIP code is a form of PII and must be protected under various California laws. In addition, Internet Protocol addresses may also be considered PII.

The PCI DSS is just a small part of the picture. It addresses "cardholder" data: credit and debit card numbers – period. But what about all the other PII a business may have stored, processed or accessed such as customer or employee data with names, addresses, phone numbers, possibly Social Security numbers, bank routing and account numbers, email addresses, and financial or health information?

All this data is considered private information, and the PCI DSS deals with only one small subset of PII.

Numerous state and federal regulations address PII security. Why should your merchants care? Because if they don't, there could be significant business and personal repercussions – and not just if their systems are compromised.

The Federal Trade Commission takes its role of protecting U.S. consumers seriously. Many state regulations are even more stringent than those of the FTC, and the state attorneys general are actively pursuing businesses that fail to properly protect consumer data.

Companies found to be in violation of state regulations face stiff sanctions, often significant monetary fines with requirements to implement controls and, in many instances, ongoing reporting to the regulatory authority, often for many years.

Case studies: A pound of cure

To quote Benjamin Franklin, "An ounce of prevention is worth a pound of cure." Here are some case studies that illustrate "the pound of cure" that could have been avoided with prudent, proactive prevention and adherence to federal and state regulations in addition to the PCI DSS.

Regarding the cases involving the FTC, the filing of a complaint is authorized when the FTC has "reason to believe" the law has been or is being violated, and it appears the proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law. The stipulated order is for settlement purposes only and does not constitute an admission by the defendant of law violation.

In addition, a consent order issued by the FTC carries the force of law and civil penalties of up to $16,000 for each violation.

Penalties for selling marketing lists: FTC fines Teletrack

The FTC reported in June 2011 that credit reporting agency Teletrack Inc. "agreed to pay $1.8 million to settle charges that it sold credit reports to marketers in violation of the Fair Credit Reporting Act (FCRA)." As a credit reporting agency, Teletrack is bound by FCRA regulations. The company, however, allegedly chose to sell its list of customers for marketing purposes. Seems fairly harmless, doesn't it? Companies sell their customer lists all the time for "marketing" purposes.

However in this case, Teletrack included financial data, which is considered sensitive and is subject to more stringent controls. If Teletrack wanted to sell this information for marketing purposes, it would

have had to have gotten express consent from its customers to do so. Because Teletrack did not get express consent, it was investigated by the FTC and faced the following sanctions in addition to the $1.8 million penalty. It must:

- Provide written reports detailing the manner in which the company has complied with the court order annually for three years

- Maintain lists of all entities the company supplies consumer reports to, copies of all training materials related to the collection and sale of consumer reports, and documentation demonstrating full compliance with the court order for six years

- Provide a copy of the court order to all officers, vice presidents, directors, managers, employees, agents and representatives for three years

Source: www.ftc.gov/opa/2011/06/teletrack.shtm
(FTC File No. 102-3075; Civ. No. 1 11 CV-2060

Penalties for misleading consumers: FTC settlement with Chitika

Also in June, the FTC finalized the order "settling charges that online advertising company Chitika Inc. tracked consumers' online activities even after they chose to opt out of online tracking on the company's website."

It appeared to customers visiting Chitika's website that the company was abiding by FTC regulations to provide customers the ability to opt out of having cookies installed on their hard drives for marketing purposes.

And while Chitika did offer an opt-out option, apparently it expired after 10 days.

This detail was not disclosed to customers, who would reasonably assume the opt out would be upheld for months or years, not days. As a result, the FTC ordered Chitika to do the following:

- Not misrepresent the extent to which consumers may exercise control over and the extent to which data is collected, used, disclosed or shared

- Provide a clear and prominent notice on its website providing an opt-out option for the collection of customers' activities

- Notify customers who had previously opted out that their choice had expired and provide them the opportunity to renew their opt-out choice

- Ensure that every targeted ad includes a hyperlink that takes consumers to a clear opt-out mechanism that allows consumers to opt out for at least five years

- Destroy all identifiable user information collected when the defective opt out was in place

Source: www.ftc.gov/os/caselist/1023087/index.shtm
(FTC File No. 102-3087; Docket No; C-4324)

Penalties for not protecting sensitive data: Texas Attorney General v. Life Time Fitness

Life Time Fitness Inc., a Minnesota-based health club chain, was investigated by the Texas Attorney General in response to a complaint that the company did not safeguard the large amounts of sensitive personal information it collected from customers, including Social Security, driver's license and credit card numbers.

Investigators found hundreds of documents in dumpsters adjacent to the fitness center facilities containing this sensitive personal information. Additionally, Life Time Fitness' privacy and security notices provided to its customers indicated the company would safeguard customers' private information.

Due to the egregious nature of these violations, Life Time Fitness faces fines up to $50,000 for each violation of the Texas Identity Theft Enforcement and Protection Act and up to $25,000 per violation of the state's Deceptive Trade Practices Act (actual fines imposed are not known at this time).

*Source: Texas State Attorney General,
www.oag.state.tx.us/oagnews/release.php?id=2114*

These are just a few examples of the types of situations companies may find themselves in, illustrating the need to make sure your merchant customers:

- Are aware of the regulations regarding the safety and security of any personal data their company collects or has access to in the course of doing business

- Have in place proper security processes and procedures

- Enforce security processes and procedures with all employees that come into contact with the data.

Linda Grimm, Certified Information Privacy Professional (CIPP), is Senior Consultant, and Ross Federgreen, CIPP, is the founder of CSRSI, the leading payment and privacy consulting firm. Linda can be reached at lgrimm@csrsi.com; Ross can be reached at rfedergreen@csrsi.com. For more information or assistance in learning about the regulations as applicable to your or your merchant customers' business, contact CSRSI at 866-462-7774 or online at www.csrsi.com.

90%

Revenue Share for You

Call for details.
866.790.3995
sales@equitycommerce.com

EQUITY
COMMERCE, L.P.®
The Leader in Payment Processing

www.equitycommerce.com

Encryption's place in data protection

By Tim Cranny

Panoptic Security Inc.

Encryption is an important issue for compliance with Payment Card Industry (PCI) data, device and application security requirements. And like tokenization, which I discussed in "What tokenization is and isn't," *The Green Sheet*, May 9, 2011, issue 11:09:01, it is a confusing topic for many people.

In addition, vendor hype can make it difficult for non-technical people to separate fact from fiction. To make the picture clearer for ISOs, merchant level salespeople

> *To begin, encryption has been around in various forms for several thousand years and will still be used long after PCI is forgotten. It isn't a single technology or tool, but a whole family of solutions. Together, they form a key building block of the Internet and all forms of e-commerce.*

(MLSs), processors and their merchant customers, this article will delve into what encryption is and what it is not, and explore how it helps with PCI compliance.

To begin, encryption has been around in various forms for several thousand years and will still be used long after PCI is forgotten. It isn't a single technology or tool, but a whole family of solutions. Together, they form a key building block of the Internet and all forms of e-commerce. This contrasts with tokenization, which solves only one specific problem inside e-commerce.

Understanding encryption

Encryption consists of scrambling a message or piece of data so that it cannot be read. That wouldn't be very useful if the process was one-way – if it were, say, the electronic version of a paper shredder. But encryption involves doing the scrambling in such a way that it can be unscrambled if you have the secret piece of information: the key.

Encrypting data is a little like putting a private letter in a high-security safe: even if burglars steal the safe, they can't get to the information in the letter in order to read it. Similarly, if hackers steal a database containing millions of credit card numbers, no real harm is done if that data is encrypted and the hackers cannot decrypt it.

Following are basic principles regarding encryption. First, remember that encryption isn't a silver bullet. Although an invaluable tool in lots of different areas, encryption does not solve many security issues. Getting encryption right is an important part of addressing security – but only a part.

Second, encryption protects data only while it is actually encrypted. This sounds obvious, but it often gets forgotten. This means, for example, that if you rely on a wireless encryption scheme like Wi-Fi Protected Access 2 (WPA2), credit card data sent over the wireless link is protected only while it's traveling on the wireless leg of its journey.

If that sensitive data has to go across the country or across the world to reach the processor or gateway, wireless encryption protects only the first 50 feet of that journey.

Similarly, every time sensitive data is decrypted for use, it becomes vulnerable. This scenario is inevitable because the proper, intended recipient of the data can't work with the scrambled version.

That is why everyone should be diligent in checking the claims of companies that offer end-to-end encryption. Too often, the solution is not genuinely end to end, and the traffic is broken out at several points along the path, introducing vulnerability at each point.

Third, some good news: in almost all cases with encryption tools, you don't have to look far to find an excellent solution. In fact, most standard plug-and-play versions are better than the new, unusual solutions. So don't be fooled into looking for novelty or the latest and greatest breakthrough.

The boring solutions out there are incredibly strong and resistant to attack if used correctly. It's hard to get precise figures, but probably 99 percent of attacks on encryption either fail or only succeed because the encryption was set up incorrectly in the first place.

It's as if the world provides you with an almost-free, super-high-quality safe in which to store your confidential paperwork; the most likely source of problems is you – if you forget to lock the papers away or if you leave the key in plain sight on top of the safe.

Keeping data at rest from traveling

There are various ways encryption comes into play in PCI. We classify encryption of data found in two different modes: encryption of data at rest, for example when the

data is sitting in a file or database, and encryption of data in transit, when it is moving across a network.

Regarding PCI and encryption of data at rest, adhere to the following main requirements:

- Remember, certain types of data must not be stored, regardless of encryption issues: for example PINs and mag-stripe data.

- Whenever possible, avoid storing sensitive data, such as primary account numbers. Careful encryption of such data is the right fall-back plan, but the best solution is to avoid having the data in the first place.

- Make sure that all sensitive data is encrypted. This is the equivalent to making sure you don't leave sensitive paperwork sitting next to the safe instead of in it.

  One particular example of this deserving of attention is the storage of sensitive data on removable media such as thumb drives. Too often, people forget to encrypt this data, concentrating only on the obvious storage places, such as databases.

- Carefully manage how encryption/decryption keys are themselves stored and managed. An attacker who can get hold of the decryption key can easily get past any sort of encryption, no matter how powerful.

  So it is critical that keys be protected like valuable assets. This situation is no different from losing your house keys to burglars: no matter how expensive the locks on your doors, they open when someone uses the right key.

Keeping data in motion on course

Regarding PCI compliance and encryption of data in transit, respect these primary requirements:

- Encryption is crucial for traffic that passes over open, public networks such as the Internet. It is also vital that encryption protect the information for the entire length of that travel. The data obviously needs to be decrypted at some point, in order to be used at all. But that should occur inside the safe, internal environment of the gateway or processor.

- Wireless communications are a special case for encryption for two reasons. First, wireless is particularly vulnerable to malicious eavesdropping, since an attacker needs to have only a nearby antenna, as opposed to the much more difficult task of getting physical access to a cable inside a building.

  Second, wireless encryption has an unusual

history. The first type of encryption developed for wireless – called wireless equivalent privacy, or WEP – was badly designed and implemented, making it easy for hackers to defeat. The more modern replacements – WPA 2 and 802.11i, for example – are far stronger.

Following the rules

The more sensitive the communications, the more important encryption becomes. For instance, traffic used to control a system (such as administrative access to a computer) is more important and more sensitive than just normal system access. So it's particularly important that communications controlling systems be encrypted.

These rules should help clear the techno-babble haze surrounding encryption. Following them means merchants, ISOs, MLSs and others can enjoy the many benefits of this technology while doing relatively little work. And that's a good deal for everyone. 🖼

Dr. Tim Cranny is an internationally recognized security and compliance expert and is Chief Executive Officer of Panoptic Security Inc. (www.panopticsecurity.com). He speaks and writes frequently for the national and international press on compliance and technology issues. Contact him at tim.cranny@panopticsecurity.com or 801-599-3454.

Believe in what you offer, watch your sales soar

By Steve Norell

US Merchant Services Inc.

This is the first of what I hope will be many articles for *The Green Sheet*. Those of you who know me may have preconceived ideas about what is to come. I assure you, you will not be disappointed.

I am going to use my experience, education, knowledge, anecdotes and humor in an effort to wake up the great salesperson inside each of us who is, in some cases or situations, not quite able to get out.

Early lessons learned

So let's start with an anecdote. Many of you know that in a past life, I was in the food service industry working in Northern California for several food service manufacturers.

The first was Carnation Co. (now a brand of Nestle USA) when I was only 24 years old. The company sold many different food service products of which the most successful was the Chef Mate line of entrees. The top seller in that line was chili with beans.

> *We all need to figure out what our patented process should be. In other words, what is your Cooked Before Canning? I have found with my agents that if you tell them exactly what their goal is with the merchant and why we are better than the other guy, you will be more successful.*

Once I was hired, the company sent me on six weeks of training in big cities like Denver and Los Angeles, as well as smaller communities such as Oakland and Stockton in California. After awhile, I could not tell one hotel from the other.

Once the training was over, I met with my district manager, who sat me down and explained to me that the Chef Mate line was the most expensive in the market, and if I was going to sell on price and just be lower than the competition, I might as well quit.

Well, I was not going to argue with him since I needed the job. He went on to say that the reason they could get the price for their product was because of a patented process known as Cooked Before Canning, and no one else had it. He said that because of this process, the product was a lot better than the competition and, to tell you the truth, it was.

So once I hit my territory, which was Fresno, Calif., the only words that came out of my mouth were "Cooked Before Canning." And guess what? Because I believed the product was of the highest quality and was certain I was providing a better value, the merchants believed it, too.

I am here to tell you that I sold a lot of Chef Mate, not to mention chili with beans in No. 10 cans. I also ate a lot of that product since I was young, it was my first real job and I was broke.

The 'Cooked Before Canning' factor

What does this have to do with our industry? It is really very simple. Every day I hear and read that the average merchant level salesperson attempts to sell merchants on price – not quality or value, but price.

Sure they mention service, but that is a false promise. Service is only as good as the last time you provided it. And how are you going to prove to a prospective merchant that your service is so good until you either sign him or it is time to provide it?

We all need to figure out what our patented process should be. In other words, what is your Cooked Before Canning? I have found with my agents that if you tell them exactly what their goal is with the merchant and why we are better than the other guy, you will be more successful.

We have a monthly minimum profit based on the merchant's monthly dollar volume. It is not outlandish and is extremely fair. That is their goal.

My company's Cooked Before Canning consists of several things: we are locally based, our pricing is transparent and we are a well established company. But most of all, if our customers have problems, they can drive directly to our office and voice their concerns in person to the management.

Because I am a minor owner in a local business down the street from the office, I process the transactions at inter-

Education

change pass through without any markup. I'm sure not going to charge myself.

Day in and day out I am called to that business to meet with competitors who want to sell us processing services.

Most reps don't know who I am since they are relatively new to the industry, so when they see a statement they have no clue how to read it; they just go into how much they are going to reduce the fees and how much they are going to save me even though there is no way they could save me a dime.

It is extremely entertaining. However, not one of them, with the exception of Heartland Payment Systems Inc., has tried to sell on value or quality. The Heartland rep talked about the Merchant Bill of Rights, the company's new end-to-end encryption terminal, etc. I have no doubt that if you can offer something of value, you can get more money for your product.

The demotion of price

Before I entered the payments sphere, I knew a dairy products distributor in San Francisco who told me he tells all his customers they can have their choice of quality, price and service.

The only issue is that they get to pick only two. He also told me that all of his competitors who offered all three went out of business.

So what the heck does all this mean? Simple. Stop selling on price and start offering value and quality. Service starts after the sale and will determine how good you really are when the time comes.

Once you figure out what your Cooked Before Canning is and absolutely believe in it, success will come in waves, and price will never be an issue.

In most cases, price will be the last thing mentioned, and by that time the merchant will be ready to sign regardless of the price.

So I hope my first article has helped you. I promise future articles will just get better as I start to get the hang of this.

Steve Norell is Director of Sales at US Merchant Services Inc. Based in Port St. Lucie, Fla., he oversees the USMS sales force and maintains the company's bank and processor relationships. You can reach him by email at steven@usmsllc.com or by phone at 772-220-7515.

Worried about how you are going to meet your immediate financial needs **AND** receive a fair revenue split on your merchant accounts?

NewProducts

BPA-free receipt paper enters the cloud

Product: Papergistics private-label receipt paper

Company: Papergistics

From Papergistics comes what it calls a revolutionary approach for handling merchant receipt paper that enhances brand loyalty. With Papergistics' proprietary cloud-based technology, packaging and fulfillment process, ISOs and merchant level salespeople (MLSs) can outsource paper receipt orders and have them shipped directly to merchants private-labeled, whether sending one package per month or 50,000.

"It's a whole new way of doing business," said Isaac Lay, National Sales Manager for Papergistics. "Our technology and our products and the way that we're positioning it quite literally haven't been done before. You cannot go to any other supplier and get a private-label solution at all. It's not available."

Lay said that Papergistics, which has been in business for over seven years, recently decided to roll out a private-label fulfillment solution specifically for merchant service providers. "The whole idea is to make sure that when the merchant receives the package of receipt paper, they believe that it came directly from their service provider," he said.

Lay, who is also founder and President of SalonSwipe, a North American Bancard ISO specializing in beauty salons, believes ISOs can use Papergistics to strengthen merchant alliances.

"By producing this receipt paper as something that the merchant requests on an ongoing basis six to eight times a year, they can actually carry on more positive interactions with their merchants," he said. "And since all the packages are branded with the ISO's logo and their own design, it's a way to really build that brand."

Custom packaging, competitively priced

Papergistics works directly with ISOs to create the packaging labels and marketing inserts that accompany each order. "There are some really unique aspects to what we're doing with the shrink-wrapped label, the shipping box label and also the marketing insert that can be included, all designed by the ISO and provided to us," Lay said. "We print and stock all those things in-house. Once orders are submitted through our cloud-server, they're printed to our Zebra printers, and the fulfillment process begins. Orders are sent out very quickly."

Features of Papergistics private-label receipt paper include:

- Cloud-based receipt paper order fulfillment
- Private-label ISO/MLS branding opportunity
- In-house label/insert printing and packaging
- Web-based client setup and order placement
- Competitively priced receipt paper solution

Orders received by 4:30 p.m. Pacific Standard Time are processed and shipped by Papergistics the same day, according to Lay. The system operates in the background in much the same way as a printer driver used to execute FedEx or UPS shipments, he added. In this case, orders initiated on the Internet trigger the fulfillment process at Papergistics' Calif.-based facility. What's more, Papergistics' receipt paper is bisphenol A (BPA) -free and works with most credit card terminals and POS printers.

"We have our standard pack sizes, which are four, six and nine packs," Lay said. "But if an ISO wants to increase that to 12, for example, we can do even more in a specialty pack number." For larger merchants, the company offers custom-printed receipt paper on orders of 100 cases or more, which Papergistics stores free of charge for up to six months at its facility.

When comparing the cost of in-house order fulfillment using private-label packaging with outsourcing to Papergistics, Papergistics is less expensive, Lay said. He pointed out that major office supply stores can charge anywhere from $17 to $18 for nine rolls. "If you were to compare us to them, we're actually significantly less per roll with the fulfillment," he noted. "With the private labels, we're cheaper."

According to Lay, setting up an account with Papergistics is fast and simple; an agent can activate an account and be ready to place orders within minutes.

Papergistics

877-686-1112, ext. 5477
www.papergistics.com

Tablet innovation advances mobility

Product: CardFlex Tabulous Cloud tablets

Company: CardFlex Inc.

CardFlex Inc. has a new tool for tapping cash-based businesses interested in accepting credit cards. CardFlex is the exclusive provider of merchant processing and banking services to Tabulous Cloud, a company that specializes in customizing tablet devices down to the microchip level. Partnering with CardFlex sales agents can capture retail distributors, contractors, direct sales companies, multilevel marketers, street vendors and other enterprises where a portable POS solution is needed.

"Tabulous leverages cloud computing to turn its tablets into mobile devices for inventory tracking, accounting, anything associated with a business," CardFlex Marketing Director Will Swaim said. "We're built into the system as the dedicated processor. Tabulous is really terrific at integrating that kind of service down to the microchip level."

Tabulous Director Austin Hurst added, "Our goal is to

Features of CardFlex Tabulous Cloud tablets include:

- Cloud-based tablet technology expands sales channels

- Software integrates payment and accounting functions

- Virtual POS system delivers merchant portability

- Security built on international carrier-class network

- Lifetime residual income opportunity for sales agents

remove the friction entrepreneurs encounter when trying to collect payments from their customers while simultaneously decreasing the lead time for accessing their revenue." Tabulous Cloud was built on an international, carrier-class network infrastructure to maximize uptime and protect data integrity.

Funds are deposited directly into the merchant's bank account with immediate access for merchants set up with CardFlex debit cards. "Through our processing relationships, we process ACH [automated clearing house], we do cash advance setups for merchants, credit cards, we

NewProducts

even handle prepaid," Swaim said. "We handle virtually any kind of noncash transaction."

To process payments, a credit card scanner links the merchant's Tabulous-integrated tablet via Bluetooth to a secure Wi-Fi 3G or 4G network. "There are also e-trans-actions, which is the easiest way to do it," Swaim said. "It functions pretty much the same way a gateway would in a conventional computer setup, where you key in the transactions."

The portable office

Swaim said tablet technology is best suited to business environments where employees may not have regular access to computers. "A lot of people are thinking about mobile technology," he said. "The cloud allows you to be almost anywhere. As long as you have Internet capability, you can hook up to the cloud, which is where your hard drive and all your systems are backed up."

For example, an employee who services grocery stores for a food or beverage distributor could carry the integrated Tabulous tablet en route and be able to manage all aspects of each service call from the field, from accounts payable and receivable to inventory control, Swaim pointed out.

"So it's almost as if you're in the store or your own office all the time," he noted. "I think it's becoming an essential tool for people who are working outside the office or even in particularly large campus or warehouse environments." A businessperson can do virtually every-thing outside the office because they have cloud function-ality, he added.

Making a better impression

Every merchant level salesperson understands the impor-tance of maintaining visibility when establishing mer-chant relationships. "We're giving them one more pow-erful piece of technology to allow them to go back to merchants and say, 'This is why you want to work with us,'" Swaim said. "We're an agent office out in California, but we handle clients across the U.S."

According to the company, CardFlex offers a service-oriented reseller program that provides lifetime residual income for signed merchants, a processing rate that can be negotiated with potential merchants, no minimum volume requirement, cutting-edge processing technologies, sales agent collateral materials and 24/7 technical support.

CardFlex Inc.

866-634-3044
www.cardflexnow.com

Make WorldPay pay for you

Signing bonus of up to **$10,000**.
Six month high performance bonus up to **$15,000**.

If you're a 'best in class' Account Executive with a proven record in sales, WorldPay, one the world's largest merchant processors, will reward your sales success with generous commissions, bonuses, and residuals.

We need Account Executives to take our products to small and medium businesses.

So, if you're looking for a lucrative compensation plan that rewards great performance, we'd like to hear from you.

In return for your commitment, and in addition to the bonuses shown above, you'll get:

- New hire guarantee
- Incentive commission
- Additional products commission
- Residuals

Plus:

- Full training
- Medical, dental, vision insurance
- Life insurance
- Accidental death coverage
- Pet insurance
- 401k

With so much to offer, call us today to see exactly how you can make WorldPay pay for you.

Call 678-587-1115 visit worldpay.us or email salesjobs@worldpay.us

WorldPay™

DateBook

Western Payments Alliance

Payments Symposium 2011: Payments in Transition, Strategies for a Changing Landscape

Highlights: This event offers payments industry professionals an opportunity to network with peers and interact with experts to learn about the latest developments shaping the industry.

Daily sessions and workshops will address technological innovations in automated clearing house (ACH) and card networks, as well as mobile and other payment channels. It will also feature discussions on risk and fraud in addition to changing regulatory and compliance requirements.

Symposium attendees can also earn Accredited ACH Professional (AAP) renewal credits, as well as maintain AAP certification status through participation in this event.

When: Sept. 19 – 20, 2011
Where: The Westin San Diego, San Diego
Registration: *www.wespay.org*

Western States Acquirers Association

WSAA 8th Annual Conference

Highlights: WSAA's 2011 Annual Conference for payment professionals will be held in the San Francisco Bay Area. The group is returning to San Francisco for the first time since its inaugural annual meeting in 2004, and organizers feel the locale's beauty and reputation for leadership and innovation in the payments marketplace will contribute to record-breaking attendance and all the benefits that brings.

The event will feature networking opportunities and a chance to participate in breakout sessions and panel discussions on issues pertinent to the payments industry.

WSAA is a self-governing, nonprofit volunteer organization dedicated to creating an independent forum for educating and linking professionals engaged in the payments industry. Rather than offering memberships, the organization is funded through revenue generated by events it hosts.

When: Sept. 21 – 22, 2011
Where: Hyatt Regency San Francisco Airport, Burlingame, Calif.
Registration: *www.westernstatesacquirers.com*

Women's Network in Electronic Transactions (W.net)

LINC Northern California, LINC Chicago

Highlights: : W.net's Local Interest Networking Circle (LINC) Northern California meeting will be held in conjunction with the WSAA 2011 Annual Conference at the Hyatt Regency San Francisco Airport. Special guest speakers during this networking session will deliver payments industry insights in a collegial, informative gathering. Participants will also be able to exchange ideas and career development tips with other payment professionals doing business in the area.

W.net's LINC meetings occur periodically in regions throughout the United States and provide a forum for women in the payments industry to empower and inspire each other through networking opportunities with seasoned industry leaders, as well as newcomers and rising stars. To see other LINCs coming up this fall, visit *www.w-net.biz*.

LINC Northern California
When: Sept. 21, 2011
Where: Hyatt Regency San Francisco Airport, Burlingame, Calif.
Registration: *www.w-net.biz*

Bank Administration Institute

BAI Retail Delivery Conference & Expo 2011

Highlights: During a time of rapid changes in retail banking, the theme of this year's conference, Retailocity: Powering Breakthrough Banking, will focus on financial service opportunities in driving top-line revenue growth for organizations and delivering quality products and services that bank customers cost effectively.

Keynote speakers will include former President Bill Clinton; Howard Putnam, former Chief Executive Officer, Southwest Airlines Co.; and Randi Zuckerberg, former Director of Market Development, Facebook. General sessions will be divided into four categories: sales effectiveness, technology for business, multichannel strategy and marketing, and product development. Over 200 global technology and service providers will exhibit.

When: Oct. 11 – 13, 2011
Where: McCormick Place, Chicago
Registration: *www.bai.org/retaildelivery*

Inspiration

**It's the little details that are vital.
Little things make big things happen.**
– John Wooden

Preparation at summer's end

Labor Day has come and gone, vacation photos have been shared online and children are back in school. In the retail sphere, merchants are gearing up for Halloween and then the holiday season. While nothing ever ceases in our perpetual economic motion machine, now is an opportune time to take stock and prepare for the frenzy of the fall and winter retail seasons.

The payments industry is on the verge of implementing the Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Are you prepared for the coming changes? Are your merchants? What will you tell them when (and if) debit card use plummets at their stores? Can you summarize how Durbin will affect them?

An email blast reminding merchants of the upcoming Oct. 1 deadline for Durbin Amendment implementation might be appropriate. Processors may start charging new fees to make up for debit interchange shortfalls. You can avoid calls from irate merchants about new charges on their monthly statements with timely missives and phone calls today.

Break it down

In advance of the holidays, when retailers are busy making the bulk of their yearly revenue, are you prepared for those little and big emergencies? Do you have receipt paper in abundance for when merchants run out on Christmas Eve? Are your hardware vendors ready to help you come to the rescue when POS devices break down on the Saturday before Thanksgiving?

And if you're a small, one-person shop, how's the car? Does it need a tuneup for the winter months to come? Can your tires withstand the hectic running around that accompanies the holidays? You don't want a cranky jalopy when a desperate merchant calls you for assistance one snowy holiday eve.

And what about your technology infrastructure? Is your gateway functioning seamlessly and ready for peak holiday use? Any bugs needing fixing? Any firewalls needing reinforcing? And how about your spam filters? Are you confident that emails from panicked merchants seeking assistance won't be dumped by mistake into your spam folder? Tending to these matters could make the difference between retaining and losing merchants come 2012.

Add it up

This fall, the Electronic Transactions Association's Certified Payment Professional (CPP) program is beginning. Applications for the first round of testing are due Oct. 1, with the actual tests to begin in November. Since the exam involves a hefty entrance fee, it doesn't make sense to cram the night before. If you intend to take the voluntary test, start studying well in advance so you can pass the CPP exam with flying colors.

Ideally, taking stock of business practices is done year-round. But now might be the ideal time to polish up on protocols and tweak what needs to be tweaked before autumn is in full swing.

You've had three quarters of the year to do business and recognize deficiencies. Why not make the fixes that will push your yearly sales volume over the top? Go ahead; tend to those pesky business details today so you'll have no regrets once 2012 rolls around.

Good Selling![SM]

Paul H. Green, President and CEO

ResourceGuide

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

It doesn't have to be
COMPLICATED.
We keep it
simple.

**We understand that we work for you. Our success has always been dependent on our agent's success.
We work harder so you don't have to!**

You choose the program you want for each merchant account you sign.

Earn more on your portfolio

70%

OR

Get large up front signing bonuses

50%

Plus...

Bonuses are paid weekly

Free Terminals: Yours to sel, Lease or Give Away!

All in one merchant application for all your merchants needs
- Visa / Mastercard / Discover / American Express
  - Debit – Telecheck and Leasing

Authorization fees as low as 4¢ dialup and 3¢ for IP
- Visa / Mastercard / Discover / American Express / Debit

Next Day Funding for your Merchants!!

RELIANT
PROCESSING SERVICES

(877) 650-1222 ext.101
www.ReliantProcessingServices.com
sales@ReliantProcessingServices.com

National Link
Complete ATM Solutions
(800) 363-9835 x310
www.nationallink.com

United Cash Solutions
(800) 698-0026 x1430

ATTORNEYS

HORNBERGER & BREWER LLP
CIVIL LITIGATION ATTORNEYS
(800) 468-0886
www.hgblaw.com/cclitigation

Premier litigation attorneys specializing in
creditcard processing, ISO, Acquiring bank
and Merchant representation with
offices in Los Angeles and Orange County
serving clients nationwide.

Adam Atlas Attorney at Law
(514) 842-0886

BANKS LOOKING FOR AGENTS

Comerica Merchant Services
(800) 790-2670

Redwood Merchant Services
Division of Westamerica Bank
(707) 569-1127
www.redwoodmercantservice.com

BANKS LOOKING FOR ISOs / MSPs

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

PARAMOUNT MERCHANT FUNDING
(877) 796-6554
www.ParamountMerchantFunding.com

Proven Funding
(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

EQUIPMENT

ATT Services
(714) 999-9566
www.attpos.net

BANCNET
(713) 629-0906
www.banc.net

Budget Terminals and Repair
(985) 649-2910

Discount Credit Card Supply
(877) 298-6939
www.discountcreditcardsupply.com

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

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

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

POS Portal
(866) 940-4767
www.posportal.com

The Phoenix Group
(866) 559-7627

VeriFone
(800) VERIFONE

FINANCING FOR ISOS

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

GIFT / LOYALTY CARD PROGRAMS

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

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

FLEXGIFT/UMSI
(800) 260-3388

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

HIGH RISK

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

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

WWW.MYEPPS.COM
(561) 352-9868

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
(800) 966-5520 x223
www.epiprogram.com

EVO Merchant Services
(800) CARDSWIPE x7800
www.goevo.com

First American Payment Sys.
(866) GO4 FAPS
www.first-american.net

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

GROUP ISO
800.722.GISO (4476)
www.groupiso.com

MSI, Merchant Services Inc.
(800) 537-8741
www.1800bankcard.com

North American Bancard
(800) BANCARD x1001

United Bank Card (UBC)
(800) 201-0461

ISOs / BANKS PURCHASING
MERCHANT PORTFOLIOS

Nationwide
Payment Solutions
(877) 290-1975 x5210
www.getnationwide.com

Unique buyout opportunities
with or without production.
Let NPS service your merchant base.
Call us today to discuss the options
NPS has to offer.

VelocityFunding
Get Paid!
(888) 818-3552 x202
www.VelocityFunding.com

Superior Portfolio Valuation
Quick Turnaround Time
Will Not Switch Processor

DeanCaso@VelocityFunding.com

Elavon
(678) 731-5000
www.elavon.com

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

North American Bancard
(800) BANCARD x1001

ISOs LOOKING FOR AGENTS

Netcom PaySystems
(800) 875-6680
www.netcompaysystem.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

Forget About Love.

Marry Us for Money.

Cynergy Data is 100% dedicated to helping you recruit more merchants, close more deals and make more money.

Call us and let us show you how blissful that can be.

The love can always happen later on.

800.933.0064

West Coast
Tim Vint
Ext. 1178

East Coast
Tom DellaBadia
Ext. 5140

cynergydata *Opt In*

www.cynergydata.com

Resource**Guide**

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.

XENEX
MERCHANT SERVICES

(888) 918-4409
www.goxenex.com

- Lifetime residual program
- Aggressive income sharing on all items
- Multiple Processing Platforms
- Same day approval for merchant and lease applications

Advanced
merchant services

(888) 355-VISA (8472)
www.amspartner.com

CentralPayment

(888) 881-3818
www.cpay.com

Electronic Payments
(800) 996-5520 x223
www.epiprogram.com

EVO Merchant Services
(800) CARDSWIPE x7800
www.goevo.com

First American Payment Sys.
(866) G)4 FAPS
www.first-american.net

GROUP ISO
800.722.GISO (4476)
www.groupiso.com

Money Tree Merchant Services
(800) 582-2502 x2
www.moneytreerewards.com

MSI, Merchant Services Inc.
(800) 351-2591
www.1800bankcard.com

Nationwide
Payment Solutions

(877) 290-1975 x5447
www.getnationwide.com

North American Bancard
(888) 229-5229

United Bank Card
(800) 201-0461 x136

United Merchant Services, Inc.
(800) 260-3388

VMS
Velocity Merchant Services
(888) 902-6227 x702
www.getvms.com

ISOs PURCHASING ISOs

SECURITY CARD SERVICES
(877) 995-9198 x210
www.securitycardservicesllc.com

LEASING

BARCLAY SQUARE
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
L E A S I N G

(888) 884-6111 x 3007
www.1stamleasing.com

We lease ATM, wireless and credit
card terminals. Approvals in 2 hours
with funding the next business day.
Great Rates, underwriting guidelines,
and 24 hour verification
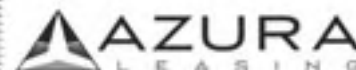
AZURA
L E A S I N G

AZURA LEASING

(888) 424-7142
www.AzuraLeasing.com

The Azura Leasing Difference
60 month leasing on CC terminals,
ATMs and POS Systems
Same day funding
Revenue Sharing Program

ABC Leasing
(877) 222-9929

First Data Global Leasing
(800) 897-7850

Ladco Global Leasing Solutions
(805) 267-7247
www.ladco.com

LogicaLease
(888) 206-4935
www.logicalease.com

Merimac Capital
(866) 464-3277

Northern Leasing Systems, Inc.
(800) 683-5433
www.northernleasing.com

MARKETING AND ADVERTISING

Strategic Marketing
Financial Services & Electronic Payments Experts

(480) 706-0816
www.smktg.com

- Advertising and Public Relations
- Branding and Corporate Identity
- Product Launches
- Sales and Marketing Materials
- Web Design, Strategy and more...

MULTI - CURRENCY PROCESSING

payvision
PAYMENT AND SECURITY PROVIDER

(917) 237-0090
www.Payvision.com

PAYMENT GATEWAY

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
(877) 277-0728
www.apriva.com

eProcessing Network
(800) 296-4810
www.eProcessingNetwork.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

PCompliance

(866) 949-9777
www.gotpci.com

Annual or Monthly Billing
**As low as $9.87 / year or $1.75 / month
Scans Included in Pricing**
URL Customized with Your Logo
Meets Card Brand Reporting Requirements

Trustwave
Security begins with Trust™

(312) 873-7500
www.trustwave.com

POS CHECK CONVERSION

CrossCheck, Inc.
(800) 654-2365

Secur-Chex
(866) 464-3277

POS CREDIT CARD EQUIPMENT REPAIR

ATT Services
(714) 999-9566
www.attpos.net

BITS Bartlett Info Tech
Services, LLC
(901) 384-6151

www.bits-pos.com

New Image P.O.S.
(877) 581-6201
Info@NewImagePOS.com

ResourceGuide

POS SUPPLIES

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

PROCESSORS
LOOKING FOR ISOs

Clearent
(866) 205-4721
www.clearent.com

Elavon
(678) 731-5000
www.elavon.com

Jetpay, LLC
(972) 503-8900 x158
www.jetpay.com

Moneris Solutions, Inc.
(877) 635-3570
www.monerisusa.com
/partnerProgram/iso

TSYS
Merchant Solutions®
(800) 354-3988
www.tsysmerchantsolutions.com

PUBLIC RELATIONS

PR ADVANCED SOLUTIONS
Advanced PR Solutions
(314) 222-9095
jasonwgranger@gmail.com

SITE SURVEY

Spectrum Field Services
(800) 700-1701 x286
www.spectrumfsi.com

WEBSITE DESIGNS / SEO

STURGILL STUDIOS

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

AdvertiserIndex

Inserts
Alpha Card Solutions
Card Payment Solutions
North American Bancard
Process Pink
Total Merchant Services
Cover Wrap
North American Bancard
Business Reply Card
North American Bancard

PRO**CHARGE**®
PLUGIN

Allow Your Merchants to Process through Quickbooks®

ProCharge® Plugin, exclusively from Electronic Payments, delivers a real-time solution integrating transaction processing and e-invoicing directly into your merchant's preferred accounting software, Quickbooks®. ProCharge® Plugin provides a host of features, including:

- Recurring billing, store and forward functionality, e-invoicing and partial refunds.

- Retention tools such as instant messaging and chat.

- Secure storage and processing of cardholder data.

- ProCharge® Plugin is designed for Quickbooks® Accounting Software versions Pro and Premier 2005-2010 Editions for Windows, and Enterprise Solutions V8-10 for Windows. Multi-user capable where supported; See system requirements for version information.

QuickBooks is a registered trademark of Intuit Inc. in the United States and other countries, used under license.

PART OF
PRO**CHARGE**®
PROFESSIONAL SUITE

ELECTRONIC PAYMENTS
innovation through every transaction™

Get Started Today! (800) 966-5520 ext. 240 • www.electronicpayments.com

Transform Your Merchant`s Credit Card Processing.

◆ Mobility
QwickPAY is designed for the **merchant on the go**. QwickPAY is perfect for retail and restaurant environments, particularly where long checkout queues are common.

◆ Security
QwickPAY **surpasses current PCI DSS standards** by combining multi-layered MagneSafe™ security. Merchants can use their existing smartphones to make secure, card-present transactions, anytime and anywhere, without storing sensitive card data.

◆ Convenience
No receipt printer is necessary as signatures are captured on the display and securely emailed to customers. Electronic receipts mean **additional savings for your merchants** as well as opportunities for future promotions or coupons.

◆ Versatility
QwickPay works with **all major smartphones**, not just the iPhone. Whether your merchant owns an iPhone, iPad, Android or Blackberry, we have the solution for you.

◆ Price
With our **no-charge mobile placement reader** and downloadable QwickPay software app, the price is right for all merchants.

Name		Card Number	
CARDHOLDER/JOHN Q		***********4321	
Status:	Approved		
Transaction ID:	VTHA12345679	Sale - Swipe	
Auth Code:	852838	Amount:	100.00
Date:	2011-04-01 09:51:26	(0.0600) Tax:	6.00
Invoice #:	000002	(0.2000) Tip:	20.00
Location:	+36.781052 -121.296525	Auth Amt ($):	126.00

X _John Q_

Sign and press done when finished. Shake to clear signature.

Done

Learn how you can grow with Alpha Card Services.

866.253.2227 ext. 253
www.alphacardservices.com

Scan this QR code for more information about Alpha Card Services.

Best Bonus Program!

- ✦ $500 Per Account!
- ✦ Free Terminal!
- ✦ NO Chargebacks!
- ✦ Bonuses Paid Daily!
- ✦ $5,000 Signing Bonus!
- ✦ Up To $10,000 Monthly Bonus!
- ✦ Revenue Shares Up To 100%!
- ✦ 97% Approval Rating!
- ✦ Free Marketing Material!
- ✦ Excellent Support Team!

Call Today and Let Us Customize
A Program To Fit Your Needs:

▶ 1-877-513-1339
▶ info@csiprocessing.com

CardPayment
S O L U T I O N S
A Registered ISO/MSP of Wells Fargo Bank

HERE'S THE **BIG** QUESTION...

HAVE YOU EVER JUST WANTED TO WORK FOR....

A ☐ **A GREAT COMPANY?**
B ☐ **GREAT REWARDS?**
C ☐ **A GREAT CAUSE?**
D ☒ **ALL OF THE ABOVE?**

IF YOU ANSWERED "**D**" THEN YOU NEED TO CHECK OUT...

PROCESS PINK PAYMENTS

WHAT IF ....

... your revenue share was based on true interchange levels?

... you had the lowest Authorization, Capture & settlement cost in the industry?

... you had online access for residuals and portfolio management?

... you had up front bonus money on every deal?

... you could spend your time selling and not have to worry about who takes care of your merchant training, terminal deployment and customer service?

... there were no application fees and no monthly quotas?

... you had several different programs and platforms to offer your clients that no one else had?

... you never had to ask these kinds of questions?

A portion of the MasterCard/Visa credit card processing fees goes to support the...

NATIONAL BREAST CANCER FOUNDATION, INC.

Come by and visit us at our booth at the WSAA Conference
Contact National Recruiter
Steve Jarrett
(800) 742-0211 ext. 2425

process pink PAYMENTS®
A Unified Payments Company

Process Pink, LLC is a registered ISO/MSP of BMO Harris Bank, N.A. Chicago, IL and Wells Fargo Bank, Walnut Creek, CA

WSAA
Western States Acquirers Association

A Unified Payments Company

Agents & ISO's ...Please join us in our hospitality suite for refreshments, details on room and times will be at our booth

process **pink**
PAYMENTS ®

A Unified Payments Company

Process Pink, LLC is a registered ISO/MSP of BMO Harris Bank, N.A. Chicago, IL and Wells Fargo Bank, Walnut Creek, CA

A portion of the MasterCard/Visa credit card processing fees goes to support the…

NATIONAL BREAST CANCER FOUNDATION, INC.®

Company Support

- An Honest Company with Years of proven success.
- Best Sales CRM platform integrated with Sales Force.Com
- Dedicated Relationship Manager assigned to assist with cost analysis.
- Best Training in the industry.
- A real coach for a Sales Manager.

Pink Cash Advance

- Up to 150% of the merchant's monthly processing volume.
- No credit check
- No personal guarantee
- 3 day turn-around
- Aggressive commission structure

Mobile Marketing

- The Gift & Loyalty
- Text Message Marketing
- Industry Leading Commissions
- Allow your merchant to compete at every level.

Donate Wise Now

- Each merchant becomes a Fund Raising Center for their favorite charity.
- Consumer opts in or out of program at the point of sale.
- Attractive revenue share for agents & ISO's
- Merchant retains 10% of all funds raised offsetting processing fees
- Merchant, Consumer, Agent Portals provide transparent accounting.

To join our team contact National Recruiter Steve Jarrett (800) 742-0211 ext. 2425

Pinhead?

[pin-hed] *n. Slang*
An unintelligent person.

Avoid being one with Total Merchant Services.

Who wants to get slapped with an undisclosed $79 - $99 Compliance Fee? *Not your merchants!*

Who wants to get angry phone calls from merchants who feel they were tricked? *Not You!*

Who is going to get a referral from those angry merchants? *Not You!*

See the many ways Total Merchant Services **protects you and your merchants!**

Hidden Compliance Fees?
Angry Merchants?
Don't take it anymore!

We've got some better ideas! Take a look:

You can have it all! You can still earn an 8x upfront bonus, 50%-65% revenue sharing splits, the best free terminal placement programs in the business, with an honest, transparent, reasonable Compliance Program.

Total Transparency

Total Merchant Services protects you and your merchants with total transparency. We take a reasonable approach in disclosing the financial details of our Compliance Program to every new merchant on our Schedule Of Fees in simple, clear language.

Easy To Sell

All our merchants receive the Compliance Program at no additional charge during the first year of their processing relationship with us and these services may be accessed immediately. On the 13th month of processing, and from that point forward, merchants will be assessed a fee of $4.95 per month. We even offer a $25,000 Compliance Reimbursement Program to make sure our merchants feel good as they are getting something in return.

Honesty is our Everyday Policy

At Total Merchant Services, you'll find no compliance fee trickery and zero surprises. We believe in being up front, honest and ethical in all of our business dealings. We will not use bait and switch tricks or surprises to get over on merchants or sales partners. We know that doing anything less would be a recipe for disaster—not growth.

Still not sure? Want to be convinced?

If you'd like help comparing our program, including the true impact of the Compliance Program fees, please give us a call. We'll show you that chasing a deal that looks better is NOT going to make up for a Compliance Fee Program that destroys your reputation, and your business.

Who's going to have happier customers?
You!

Who's going to earn more money?
You!

Who's going to get more referrals?
You!

Who's going to break through in '11?
You!

total merchant services
payment solutions for your business

Give us a call or visit our website for more details.
(888) 848.6825 x9411   upfrontandresiduals.com