GS The Green Sheet

DEDICATED TO THE EDUCATION AND SUCCESS OF THE ISO AND MLS

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Getting a jump on the holiday season

The 2011 prospecting window is closing. Very soon, if they haven't already, merchants will go on lockdown as the holiday shopping season ramps up. Though time is short, it's not too late. Just as ISOs and merchant level salespeople (MLSs) want to land new business this autumn, merchants themselves are eager to find solutions that will give them an edge over competitors before the holidays arrive.

Nothing is assured in merchant services. However, the value proposition for prepaid and stored-value programs remains strong. As the holidays near and merchants turn over and over in their minds how to make that hoped-for holiday sales figure, conveying to them the benefits of gift card and loyalty programs could make the difference between a polite no and a merchant contract signed on the dotted line.

Mobile NFC today

One intriguing selling opportunity available in advance of the holidays is SparkBase's Paycloud. It's a loyalty and rewards application that takes advantage of existing technology resident on smart phones to enable the contactless redemption of loyalty and discounts at merchant locations.

Therefore, it leverages a form of near field communication (NFC) technology without consumers needing to have smart phones with embedded NFC chips and merchants needing to invest in expensive upgrades of POS terminals.

Paycloud involves an app free for download to consumers' Apple Inc. iPhones

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NotableQuote

EMV technology makes authentication more reliable, but there is no point in having processors or payment gateways build a clever-but-complicated system for authenticating customers when there isn't a matching, clever technology at the customer's end.

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Inside this issue:
CONTINUED

WINNER
43 Awards in 10 years
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Forum

IRS TIN matching and residuals

As a merchant level salesperson, I'm wondering about when the IRS 1099-K reporting kicks in next year. If my merchant's business name and TIN [taxpayer identification number] don't match, and the processor withholds 28 percent of the merchant's proceeds, will I still receive my full residual payments on that account?

Ellen Piven
Independent agent

Ellen,

As far as The Green Sheet *knows, nothing in the regulations requires processors to withhold a portion of agent residual payments if a merchant's TIN and business name do not match IRS records. However, decisions regarding this may vary from company to company, so we advise checking with your ISO and with an attorney specializing in the payments industry on this matter.*

Thank you for your question; other payment professionals would probably like clarification on this as well.

Editor

Who stole my merchants?

I've been in the business for a while now, and I've learned a lot, worked hard and even signed some retailers with several locations—and then had them swept out from under me by competitors who claim to have cheaper rates. Why are these merchants, who appeared to be satisfied doing business with me, so willing to jump ship? I do my best to keep in touch, but I have to spend time building new business, too. What gives?

Ernie Robilar
Broadway Processing Inc.

Ernie,

Merchant retention is one of the greatest challenges ISOs and merchant level salespeople (MLSs) face in today's competitive payments environment. Given that card processing has become a commodity, it is essential to avoid selling on price and instead become an asset to merchants by providing them appropriate value-added services and superior customer service. The aim is to be seen, not as a vendor, but as a knowledgeable consultant who can help merchants improve their bottom lines.

You will find much information about how to accomplish this in our archives. For example, enter "merchant retention" (without the quote marks) in our Fast Finder search field on

the left-hand side of our home page, www.greensheet.com, *and you will see a long list of articles containing that phrase. You can also pose questions about this topic to members of the MLS Forum, which can be accessed via the Forums link at the top of our home page.*

Best of luck to you,

Editor

The ISO/MLS relationship

A few years back, I spent quite a bit of time as an agent for a respected ISO. Once I outgrew my agent shoes, I wanted more. I wanted either to become my own ISO or to have some form of ownership in an ISO. I chose the latter. After wearing both MLS and ISO hats, I gained "double vision," and I realized there is a major problem in our industry: the negative perception agents tend to have of most ISOs.

I have respect for MLSs who must roll their sleeves up every day and be on the front lines. I also have respect for any CEO, CFO, or president of an ISO who has to hold the fort down and manage the back office. However, I realize the communication and expectations between company and agent are often way out of synch.

As an agent, I found too many behind-the-scenes items I wanted to know about but that never got disclosed. Agents become resentful when they think an ISO does nothing but collect 40 percent of the revenue; however agents typically do not realize all the costs and risks associated with running an ISO.

There is a common perception of ISOs being shady, not giving true revenue splits, being misleading through the application and boarding process, and more. ISOs should first think about MLSs and second thinks about themselves. Agents are the backbone of the industry. if you're an MLS, I reccomend aligning yourself with with an ISO that will help you prosper in the long run. I hope, as I progress in growing my own business, I can add much more insight about the industry for readers of *The Green Sheet*. I'd love to hear other payment pros' insights about the agent/ISO relationship.

Jeff Brodsly
Chosen Payments

Jeff,

Thank you for sharing your perspectives on how the ISO/ MLS relationship can be improved. The Green Sheet *wishes you great success in your business endeavors.*

Editor

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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.

QSGS

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Education

Inspiration for women in payments

The Women's Network in Electronic Payments held its annual summit at the Hyatt Regency in Atlanta. Over 150 women attended the event focused on encouraging and supporting female professionals in payments. The industry is changing, and opportunities beckon for women with talent, ambition and moxie.

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News

An ascendant year for regional shows

As regional tradeshows go, the one hosted by the Western States Acquirers Association in Burlingame, Calif., lived up to its billing. Not only did WSAA 2011 bust its former attendance record, but it also offered information-rich panel discussions and diverse networking and partnership opportunities, not to mention abundant giveaways and good food.

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Education

U.S. EMV implementation

The value proposition for the U.S. payments industry to migrate to the Europay/MasterCard/Visa (EMV) standard is gaining traction. All concerned agree that the security afforded by EMV chip and PIN technology is an improvement over mag-stripe technology. But for EMV to work, everyone along the payments value chain must be on board.

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Inspiration

Claim the podium

Many payment professionals have yet to share their knowledge through presentations at national and regional tradeshows. Public speaking might top the list of experiences to dread, but following these steps and facing down your fears could benefit you, both personally and professionally, as well as the industry at large.

Industry**Update**

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THE WAY TO PAY

NEWS

PayPal processing $315 million daily

PayPal Inc., the payment subsidiary of **eBay Inc.**, released significant statistics in its 2011 second quarter financial highlights. Second quarter results showed PayPal revenues increased 31 percent over the same period last year, with over $1 billion processed during the quarter.

International payments accounted for nearly half the company's total revenues. Total international payment volume was up 34 percent over last year to $28.7 billion. Also of note was PayPal's payment processing volume of nearly $3,650 per second, the equivalent of $315 million processed each day.

Senate Judiciary approves breach notification and data security bills

Three data breach notification and data security bills approved by the **Senate Judiciary Committee** on Sept. 22, 2011, are scheduled for Senate debate. The Judiciary Committee approved S. 1535, the Personal Data Protection and Breach Accountability Act of 2011, authored by Sen. Richard Leahy, D-Vt.; S. 1408, the Data Breach Notification Act of 2011, offered by Sen. Dianne Feinstein, D-Calif.; and S. 1151, the Personal Data Privacy and Security Act of 2011, also offered by Leahy.

It was the fourth time in as many sessions that Leahy's Personal Data Privacy and Security Act cleared the committee. The Judiciary Committee's ranking Republican member, Sen. Charles Grassley, R-Iowa, said he believes the legislation would overburden businesses with regulation, require too much notification and lead to more lawsuits against businesses.

For legislative updates, visit *The Green Sheet Legislative Round Up* at *www.greensheet.com/legislation.php*.

E-payments under investigation in Europe

An antitrust investigation into the effort by the **European Payments Council** to standardize electronic payments was initiated by the **European Commission**, the executive body of the European Union, Sept. 26, 2011. The EPC regulates payments on behalf of European bankers.

The European Commission is investigating the EPC initiative to assure standardization does not overly restrict competition with rules biased against new payment providers, especially providers not associated with banks. In 2010, the European Commission issued guidelines on how to avoid anti-competitive concerns in horizontal agreements like the one being considered by the EPC.

The commission said a complaint it received initiated its investigation. The investigation supersedes the authority of national members to investigate anti-competitive behavior. In Europe, national courts are prohibited from hearing cases in which a decision could conflict with a commission ruling.

Full Tilt Poker accused of Ponzi scheme

U.S. Attorney for the Southern District of New York Preet Bharara moved to amend his office's complaint against **Full Tilt Poker.com** to include charges Full Tilt ran a Ponzi scheme in the United States.

BOTTOM LINES

HEADLINES FROM THE RETAIL WORLD

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

- A recent ***American Express Spending & Saving Tracker*** stated 21 percent of Americans surveyed plan to spend more and 43 percent expect to spend the same in the next six months than they did in the first half of 2011, representing 6 and 4 percent increases over 2010 estimates, respectively.

- The **U.S. Census Bureau** reported year-over-year retail sales were up 7.2 percent in August to $389.5 billion. From July to August 2011, grocery store sales grew from $46.3 million to $46.5 million, while health and personal care store sales grew 0.2 percent to nearly $23 million.

- **J.D. Power and Associates** projected U.S. new-vehicle sales for September 2011, excluding fleet sales, will reach 842,400 units, with a seasonally adjusted annualized rate of 10.3 million units.

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Full Tilt was started by poker professionals Raymond Bitar, Howard Lederer, Christopher Ferguson and Rafael Furst, all of whom are named in the amended complaint. The U.S. Attorney's amended charges allege the company defrauded players in the United States because it did not maintain enough funds on deposit in its online gambling accounts to repay all U.S. players.

In April 2011, the Justice Department filed a complaint against Full Tilt and two other Internet poker companies alleging the poker sites engaged in bank fraud, illegal gambling and money laundering. The U.S. domain name for Full Tilt was seized by the FBI shortly after the indictment, but the two sides reached an agreement that allows poker players to use the site to retrieve funds previously deposited with the company.

Fundtech merger off, ACI S1 pursuit on

ACI Worldwide Inc. increased the pressure on **S1 Corp.** stockholders to sell in the wake of the **Fundtech Ltd.** decision to walk away from an S1 merger proposal. Fundtech revealed Sept. 15, 2011, it had accepted a binding offer from GTCR Fund X/A LP to acquire all of Fundtech's shares at $23.33 per share – a superior merger offer to the one S1 had proposed, Fundtech said.

The S1 board of directors continues to oppose ACI's

acquisition offer, insisting the exchange offer is not in the best interests of S1 or its stockholders. S1 also claims the ACI offer contains conditions that may prevent the deal from being completed and that ACI will need debt financing to pay for the acquisition.

ACI responded by extending its exchange offer to S1 stockholders to Oct. 31, 2011, and reported that as of Sept. 27, 2011, a total of 12,965,097 shares of S1 stock had been tendered in the exchange offer.

ANNOUNCEMENTS

Braintree daily volume tops $8 million

Braintree Inc., an international online payment provider, reported it is now processing more than $8 million in online credit card payments each day – a 268 percent increase from 2010. The company expects to process more than $3 billion in payments in 2011.

Ezic upgrades digital payment platform

Ezic Inc. recently enhanced its digital payment platform by offering new features and upgrades to its processing gateway. The Ezic version 2.8.5 software includes advanced billing and collection technology, Data Retrieval Interface 1.5, membership and revamped rebilling.

Fiserv to personalize EMV cards

International financial services technology provider **Fiserv Inc.** said it will begin personalizing chip payment cards using the Europay/MasterCard/Visa (EMV) standard. EMVCo, the group responsible for EMV specification management globally, estimated that 1 billion EMV cards have been issued worldwide and that approximately 15.4 million POS terminals are currently equipped to accept EMV cards.

Heartland named to InformationWeek 500

For the fifth consecutive year, **Heartland Payment Systems Inc.** was named a top technology innovator on the *InformationWeek* 500 List. Heartland was recognized for its E3 end-to-end encryption technology at the awards ceremony held Sept. 13, 2011, in Dana Point, Calif.

NEAA sets winter show

The **Northeast Acquirers Association** will hold its annual winter show from Jan. 31 to Feb. 2, 2012, at the Grand Summit Resort & Conference Center in Mount Snow, Vt. NEAA Treasurer Jacques Breton said the NEAA is working on providing free shuttle bus service for conference attendees between the Albany, N.Y., airport and the ski resort.

Among the activities slated are a snow tubing race

sponsored by SignaPay Ltd., followed by a cocktail reception and a charity poker tournament. Electronic Merchant Systems is backing a snow barn party after the closing reception. And EVO Merchant Services is sponsoring ski races, as well as skiing and snowmobiling for the less competitively inclined. A one-day lift ticket is included in the registration price. Register for the conference online at *www.northeastacquirers.com*; book hotel reservations at *www.mountsnow.com/neaa.*

Paymentus receives Accel-KKR investment

Accel-KKR, a private equity firm investing in mid-market technology companies, made an equity investment in **Paymentus Corp.** in September 2011. Paymentus said it will use the investment to accelerate development, drive growth and "enhance the footprint of its real-time payment network." Paymentus offers electronic bill payment, presentment and customer communication technology and services.

US Dataworks launches PayItFast

US Dataworks Inc. released a cloud-based platform for automating walk-in bill payments called PayItFast. PayItFast handles all payment types including checks, cards and cash. The monthly subscription fee service is targeted at utility companies, government agencies, insurance companies and check cashing services where payments are accepted at multiple locations.

Visa's Latin American payments volume surges

Visa Inc. reported total payment volume in Latin America and the Caribbean of $313 billion, representing year-over-year growth of 26.2 percent as of June 30, 2011. Visa attributed the recent growth in this emerging region to migration from cash to electronic payments and the company's strategic delivery of value-added products in mobile, digital money transfer and person-to-person payments.

WesPay leadership awards

Leaders in the western states financial services market were honored Sept. 19, 2011, when the **Western Payments Alliance** (WesPay) handed out its annual leadership awards at the 2011 Payments Symposium in San Diego, Calif. The George E. Lowther Award for Outstanding Service to the Payments Industry went to Wells Fargo Senior Vice President of Wholesale Internet & Treasury Solutions Christopher Huppert. The WesPay A.R. Zipf Award for Payments Systems Innovation went to **PayPal**.

PARTNERSHIPS

Accumulate and PayPal pair up

Sweden's **Accumulate Group**, a provider of mobile-related payment, banking, security and other services, and **PayPal**, have formed an alliance that will permit PayPal to use Accumulate's security platform, Mobile Everywhere. Platform users can add to or change mobile applications without having to re-download, reinstall or reactivate their application.

Aliant Bank taps FIS for its Core

Alexander City, Ala.-based **Aliant Bank** selected **Fidelity National Information Services Inc.**'s Horizon Core Processing Platform for document management, electronic funds transfer processing and integrated card management. The bank will also rely on POS and ATM transactions processing over the FIS-owned NYCE Payments Network.

Team to accelerate card-linked offers

Cartera Commerce Inc., a provider of card-linked marketing solutions, inked a deal with **TransFirst LLC**, a Hauppauge, N.Y.-based ISO, to accelerate adoption of card-linked offers among small businesses across the

United States. TransFirst will market and resell Cartera's card-linked advertising network to over 175,000 small businesses that utilize TransFirst for processing.

CheckAlt, Zipmark to streamline RDC

CheckAlt Payment Solutions, a provider of automated and electronic check processing, and **ZipMark Inc.**, a mobile and online payments company, are partnering to make Check 21/remote deposit capture processing as seamless as accepting cash. CheckAlt's integration capabilities will help ZipMark pursue additional vertical markets, including real estate and utility companies, by eliminating much of the paperwork used in those business environments, sources said.

NCR, Sparkfly to drive consumer engagement

POS system manufacturer **NCR Corp.** entered a strategic partnership with Atlanta-based data mining firm **Sparkfly** to integrate Sparkfly's mobile marketing platform with NCR's Radiant/Aloha POS software designed for restaurants. Sparkfly's personalized smart phone application enables the delivery and redemption of digital offers and discounts at the POS.

New tandem for medical billing

Electronic medical records provider **NexTech Systems Inc.** established a relationship with payment processor **Chase Paymentech Solutions LLC** to streamline collection of funds for medical services rendered.

NexTech said its clients – over 3,500 surgeons and physicians worldwide – will be able to move patients through the checkout process quickly by accepting debit and credit card payments through NexTech software integrated with Chase Paymentech's back-end processing system.

Payments Gateway, MagTek join for P2PE

ACH Direct Inc. subsidiary **Payments Gateway** is collaborating with **MagTek Inc.** to launch a new point-to-point encryption (P2PE) payment solution designed to maximize data protection and prevent data loss by encrypting information before it enters an organization's network or computer systems. The solution leverages MagTek's MagneSafe Security Architecture and the Payments Gateway platform, where the data is decrypted and transactions are settled.

Roam Data partners with U.S. Cellular

Mobile commerce platform provider **Roam Data Inc.** and **U.S. Cellular Corp.** agreed to provide Roam Data's payments platform, Roampay X, to U.S. Cellular's 6 million customers. Roampay X provides secure mobile phone transactions via POS terminals and the Internet.

IndustryUpdate

ACQUISITIONS

Fiserv acquires CashEdge

Fiserv Inc., a financial services technology provider, completed its purchase of **CashEdge Inc.**, a consumer and business payment provider. CashEdge co-founder, Chief Executive Officer and President Sanjeev Dheer was named president of the new Fiserv division. CashEdge currently serves over 500 clients, including large financial institutions, and Fiserv represents approximately 16,000 financial institutions, investment firms and billers globally.

APPOINTMENTS

Douglas joins MerchantService.com

With over 20 years of bankcard industry acquiring experience, **Shawn Douglas** has taken the helm as Director of Business Development for MerchantService.com. Douglas will be responsible for developing the company's merchant services business channels. In the past, he has held sales, management and business development positions with such firms as Fidelity National Bank, Moneris Solutions Inc. and Chase Paymentech.

Radage moves to Payfirma

Kalle Radage was named Chief Product and Strategy Officer at Payfirma Corp. Radage previously co-founded and ran the product and strategy teams for businesses owned by Nokia Inc. He also served as Senior Product Manager at Oracle Corp.

Rytz joins BlueStar as GM

Karin Rytz was appointed General Manager for the BlueStar DACH region. In her new role, Rytz will oversee management and operations in the German region for the global distributor of solutions-based ADC, mobility, POS, RFID, digital signage, and ID and security technologies.

Rytz recently served on the management team for the Munich-based Panasonic POS Division.

Sodon named OnePay SVP

Mark Sodon was installed as a Senior Vice President of OnePay, an ISO/MSP representing HSCB Bank USA. Sodon will be responsible for relationship development with OnePay's more than 400 ISOs. Sodon previously directed ISO sales and operations at OnePay's Canadian division.

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News

PCI SSC releases new encryption requirements

The PCI Security Standards Council (PCI SSC) recently released point-to-point encryption (P2PE) requirements for hardware-based solutions in its *PCI Point-to-Point Encryption Solution Requirements*. The 96-page document provides the first requirements for hardware-based P2PE solutions that offer Payment Card Industry (PCI) Data Security Standard (DSS) compliance.

The new requirements include information on:

- The merchant and vendor roles and responsibilities for P2PE hardware validation, implementation and solutions
- P2PE hardware domains: encryption device and environment, application security, transmission, decryption and key management
- The required steps for P2PE creation and validation
- Illustrations of how encryption hardware is implemented
- The relationship between the P2PE validation requirements and other PCI standards

A starting point

PCI SSC General Manager Bob Russo said the new P2PE hardware requirements are the beginning of what is expected to be an extensive list of P2PE requirements and programs. He said the PCI SSC will release testing requirements for hardware and introduce security assessment training for encryption hardware in the coming months.

P2PE solutions use secure cryptographic devices installed in POS terminals for encrypting. P2PE is also used in the hardware security modules for decrypting information securely.

"It's important to emphasize this is an optional program for the merchant and vendor," Russo told *The Green Sheet*. "There is no mandate. Encryption is a good idea that adds another layer of security with the possibility of cutting down the scope of compliance."

More to come

In addition, the PCI SSC will soon be looking at encryption in hybrid hardware/software devices, as well as standards for pure software encryption solutions. However, Russo said, "Some of the components in these regulations are already covered in the PCI security requirements for PIN pad and POS devices."

Russo added that all pieces of the PCI DSS still apply.

"These new regulations are not a get-out-of-jail-free card," he said. "You still have to protect the data."

The PCI SSC will release a list of validated P2PE solutions in 2012. "There are many solutions that exist and merchants are looking to us for guidance," Russo said. "This is a solid first step in recognizing one popular type of deployment of P2PE solutions. If implemented in accordance with PCI requirements, P2PE solutions can significantly reduce a merchant's card data environment, mitigate potential breaches and simplify PCI DSS validation efforts."

The *PCI Point-to-Point Encryption Solution Requirements* can be found at *www.pcisecuritystandards.org/documents/nb59Y8Qqv/P2PE_Hardware_Solution_%20Requirements_Initial_Release.pdf.*

Data security an ongoing concern

A new study released in September 2011 predicts fraud and data breaches in the retail industry will increase in 2012. Meanwhile, a senior official in the FBI, testifying before a congressional committee that same month, said the FBI is continuing to find new ways to stop cyber criminals who "can significantly threaten the finances and reputations of United States businesses and financial institutions."

The study

A new LexisNexis Risk Solutions study conducted by Javelin Strategy & Research looked at how fraud affects U.S. retail and financial industries and consumers. It also assessed the impact of fraud on U.S. merchants doing business internationally. The report contains good news in that it found a decline in fraud rates and fraudulent transactions as total retail sales grew over the last year. Consumers saw a decline in losses.

On the negative side, consumer fraud loss still amounted to more than $100 billion in 2010, and the average dollar amount of fraudulent transactions rose. The study found cyber thieves are sophisticated and heavily involved in emerging payment markets. The report also discovered it took 57 percent longer to recover from fraud damage last year, compared with the prior year, while the cost of recovering from cyber theft rose by an average of $244.

The report also indicated merchants are becoming complacent. "Merchants report significantly higher levels of satisfaction with existing online fraud detection tools over last year, even though higher-dollar-value fraudulent transactions are seeping through this year," the report said. "They also report lowered use of these tools."

The study surveyed a panel of 1,006 merchants and more

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FBI testimony

In testimony delivered Sept. 15, 2011, before the House Financial Services Committee's Subcommittee on Financial Institutions and Consumer Credit, Gordon Snow, Assistant Director of the FBI's Cyber Division, indicated cyber crime will get worse before it gets better.

"The number and sophistication of malicious incidents has increased dramatically over the past five years and is expected to continue to grow," he told the committee. "As business and financial institutions continue to adopt Internet-based commerce systems, the opportunities for cyber crime increase at retail and consumer levels."

According to Snow, improving security and risk management practices can mitigate the impact of fraud, but risk will remain high until consumers become more security conscious. He promised the FBI would continue its efforts to stop cyber crime by continuing to share information and conduct strategy sessions with government and industry to ensure cyber threats are dealt with quickly and effectively. 🖼

Google Wallet rollout generates questions

In the epic fight between giant technology companies and huge telecom companies to capture the emerging near field communication (NFC)-based mobile payments market, heavyweight contender Google Inc. appears to have won the first round with the Sept. 19 release of Google Wallet, an NFC-based mobile payment application.

The fact that Google Wallet's NFC application was first to market, ahead of rivals ISIS Wallet and the Visa Inc. mobile wallet could prove advantageous to Google as it seeks to establish Google Wallet as the payment application of choice among consumers.

ISIS, the NFC mobile commerce application backed by AT&T Mobility Inc., T-Mobile USA Inc., and Verizon Wireless Communications Inc., is being tested in Texas. It is expected to launch in 2012.

While being first to market has advantages, analysts pointed out there are so many exceptions to what the Google technology promises, as opposed to what

News

it delivers, that companies like ISIS and Visa developing mobile wallets may decide to delay launch of their products until they can see how to improve upon Google's model.

Current limitations

Google Wallet is only available on Sprint 4G phones that have NFC technology built in. The company said that eventually the application will be available free on any Android phone.

Initially, a Citibank Inc. MasterCard Worldwide credit card or a Google Prepaid card will be required to use Google Wallet. Visa, American Express Co. and Discover Financial Services have agreed to join the Google Wallet payment options, but there is no set timeline for these cards.

Visa stated it wants to be available for customers on all mobile payment options – regardless of which application, software or hardware is used. "This agreement builds on Visa's strategy of enabling consumers to make mobile payments with whatever device they choose using the trusted accounts they already have," Visa Global Head of Product Jim McCarthy said.

According to Visa, consumers will eventually be able to use Google Wallet on any Visa payWave terminal. Visa

is developing a digital wallet in conjunction with major U.S. banks.

Stephanie Tilenius, Google Vice President of Commerce and Payments, said, "This agreement extends Google Wallet to Visa account holders worldwide. This is a crucial step towards realizing our shared vision for the future of mobile commerce."

Using Google Wallet

To use Google Wallet, consumers must load their credit, debit or prepaid card information into their phones and then tap in their phone number and PIN at the POS. MasterCard executives were quoted as saying mobile wallet payments still seem unnecessary to many Americans and may take five to 10 years to win acceptance.

Google Wallet can be used at POS terminals equipped with MasterCard PayPass technology – reportedly about 120,000 locations in the United States, and 300,000 locations globally out of the 32.7 million POS terminals deployed worldwide.

The list of retailers accepting Google Wallet payments includes Toys"R"Us, Jamba Juice Co., OfficeMax Inc., American Eagle Outfitters Co., Peet's Coffee & Tea Inc., Champs Sports, Coca-Cola Co., Jack in the Box Inc., Sunoco Inc., Sports Authority Inc., Radio Shack Corp. and Duane Reade.

Only Toys"R"Us, Jamba Juice and OfficeMax are equipped with Google Single Tap, a proprietary technology for sending promotional offers directly to Google Wallet users.

There was no mention from Google as to when other merchants will board the Google Wallet team or when other smart phone manufacturers will be enabled with the NFC chips necessary to use the application.

Push toward wider acceptance

Google is subsidizing Google Single Tap for qualifying merchants in an effort to gain broader acceptance of the technology. In a *New York Times* article published in February 2011, Google Executive Chairman Eric Schmidt said his company wants Google Wallet in local stores where there are a large group of advertisers and consumers who haven't yet had the chance to take advantage of mobile payment technology.

To achieve this goal, Google is waiving transaction fees and providing the Google Wallet application free to consumers. Google Wallet revenues will initially be generated by advertising to Google Wallet customers through Google AdWords (the company's advertising network) and Google Offers (a coupon service).

Google Vice President of Payments Osama Bedier said, "The world is on the brink of the next big shift in

News

payments, and today's announcement demonstrates that we're making real progress in attaining the vision we share with our partners for a new and innovative mobile platform. We believe this is just the beginning of a transformation that's soon to come."

PayPal staking claim in mobile payments sphere

PayPal Inc.'s relatively recent acquisitions have given it an approach to mobile payments that differs from mobile solutions offered by Google Inc., Visa Inc. and MasterCard Worldwide.

PayPal, an eBay Inc.-owned company, reported its mobile wallet payment solution requires no new hardware or infrastructure, and its technology not only allows merchants and consumers new payment opportunities, but it also offers the ability to give and receive coupons, special offers and instant credit.

PayPal versus NFC

Analysts believe near field communication (NFC)-based mobile wallets are at least three years away from general acceptance because merchants still need to adopt new technology to accept NFC payments. PayPal, on the other hand, recently demonstrated it is ready to start processing mobile payments now. When the company's mobile program launches, consumers will need only a smart phone, a PayPal account and a PayPal PIN to start making purchases from their phones.

Paypal President Scott Thompson introduced what he called "the future of shopping" on his PayPal blog in September 2011 after a technology demonstration in Los Angeles. "We gave merchants a sneak peak at PayPal's new payment technologies that will help give their customers a much better shopping and buying experience through PayPal," he said. "And let's be clear about something – we're not just shoving a credit card on a phone."

In addition to facilitating both mobile and POS payments, the PayPal-owned technologies also enable targeted mobile advertising, bar code scanning and an inventory availability check. In short, the PayPal payment system is a virtual wallet requiring no additional hardware or infrastructure support, according to PayPal.

New ways to shop and pay

"The fact is you've got to have more than just a shiny new technology to really change the way people shop and pay," Thompson said. "We all know that shopping is fun, but paying is not. Nobody likes to stand in line. Nobody likes waiting for their bill at the restaurant. … The act of paying for

something should be as seamless as your decision to buy it. The future is about creating real consumer choice, flexibility and control over how people shop and pay."

PayPal allows consumers to pay at a POS terminal using a phone number and a PayPal PIN. Consumers can also choose to use a PayPal plastic card that can be swiped at a terminal, has no visible account information and uses a PIN much like a debit card.

In a different shopping scenario, the consumer can scan a bar code on an item to see if it is in stock or where else it can be purchased and at what price, PayPal reported. Merchants will be able to target customers with advertising offers and send coupons to consumers in nearby locations. Merchants also will be able to interact online with consumers.

Consumers will be able to apply online for credit to buy big-ticket items such as appliances or electronic devices and receive immediate decisions, along with payment installment schedules, according to PayPal.

Synergistic acquisitions

This array of convenient payment, advertising and credit technologies was not developed by PayPal. It was acquired. The first in a string of strategic buys was the purchase of Bill Me Later Inc. in October 2008. Bill Me Later technology allows consumers to check out without using a credit or debit card. Bill Me Later substitutes a phone number and PIN for the card swipe.

In December 2010, PayPal purchased Milo.com Inc., a product location and information company. "Milo shows you what's in-stock where and tells you how much it costs at that very moment," the Milo.com website states. "We also offer detailed product information and user reviews, so you can be confident you're getting a product that fits your needs."

In April 2011, PayPal purchased Where Inc., a Boston-based location media company. Where develops location-based services including mobile advertising and search and recommendation applications. According to the company, it has more than 4 million users, as well as Where Ads, a hyper-local search and display mobile ad network that has connected with more than 50 million consumers.

The last piece of PayPal's technology puzzle was acquired in July 2011. Zong Inc. built its reputation on its social gaming platform, virtual world companies, digital products and Facebook Inc. Zong has more than 250 mobile carriers in its network, which allows consumers to elect to have payments go on their phone bills. Potentially, this gives Zong access to 3.2 billion mobile phone users.

Knitted together, Bill Me Later, Milo.com, Where, and Zong may be giving PayPal a head start in the mobile payments market while Google Wallet and similar electronic wallet services wait for wider adoption of NFC technology.

Kick complacency out the door

By Brandes Elitch

CrossCheck Inc.

Salespeople (and their managers) become complacent when things are going well. It's human nature to be complacent – even, strangely enough, when things aren't going well. Partly, this is because most of the time we don't recognize when the business landscape is shifting, nor do we see the long-term, influential trends that, in retrospect, always look obvious.

In this article, I will point out a couple of notable developments to jar you out of complacency. Of course, if you don't believe you are complacent, you can turn the page.

First, in mid-September, PayPal Inc., a company heretofore known for providing payment solutions to the card-not-present environment, stated it intends to provide payment processing for brick-and-mortar retailers. Keep in mind that PayPal has 100 million users (there are only 300 million people in the United States).

PayPal's solutions do not require that merchants buy new terminals or change their processing platforms. Nor will consumers have to have a certain type of bank account or buy a new device. On the contrary – a consumer can just enter a phone number and a PIN at an already existing credit card terminal.

PayPal branching way out

PayPal is even getting into the card issuing business, but unlike Visa Inc. or MasterCard Worldwide, its card is not issued by a bank and doesn't sport an embossed account number. Considering that PayPal has the first nonbank payment system with any authority to challenge the card companies (100 million users can't be wrong), the company is surprisingly humble.

For example, PayPal President Scott Thompson, said, "We can't be so bold or arrogant to think that you'll adapt to the standards we've created." Imagine that.

PayPal now offers a variety of possibilities. Consumers must be registered with PayPal, obviously. Then, when they enter stores, they "check in" from their mobile phones. This tells the retailers they are there, and the stores can offer customers specials, discounts, etc., to get shoppers' attention so they don't turn around and leave.

Get this: if you see a high-ticket item and don't have the money to buy it (isn't this why we have credit cards?), you can download PayPal's credit app, so you can apply for instant credit, make the purchase and make payments later. This must be a product of the company's recent acquisition of Bill Me Later Inc.

PayPal has purchased other companies, too, that enable it to provide location-based special offers, accept mobile payments from phones and look up inventory to see if items are in stock. All receipts are stored in consumers' PayPal accounts, another neat feature.

Changing the shopping experience

In one scenario, a consumer enters a phone number and PIN in a card terminal, and the consumer's PayPal account is charged (either the associated card or DDA account). Alternatively, the user can swipe a PayPal-issued card and enter a PIN (not a MasterCard or Visa card, however).

Another option (now this is different) is for the consumer to take an item off the store's shelf and scan the bar code with a phone. Then, the consumer can access a checkout menu on the phone, purchase the item and have it shipped to a designated location later.

The consumer doesn't even have to go to the register. Nor does the consumer have to disclose bank details over the phone or on the Internet.

A case could be made that mobile phones offer stronger authentication and reduce the risk of chargebacks, too. This is good for retailers, and it tends to minimize the traditional weaknesses of buying in the store: waiting in line to check out, the difficulty or impossibility of finding a salesperson, and the challenge of actually finding the product you are looking for.

These are important things and constitute the reason why consumers frequent stores in the first place instead of shopping online. Shoppers want to touch the merchandise, try it on to see how it fits or doesn't fit, speak with salespeople to get advice or help, and take purchases home right now (I think this is called "retail therapy," at least that's the way it works in my household).

What is changing here is not just the buying experience; it is the shopping experience.

Looking at further trends

Let's take a look at another development. Lowe's announced in mid-September that it is deploying 42,000 iPhones in its stores – about 24 phones per store. The phones could have multiple functions: checking inventory, showing instructional videos, setting up home delivery and taking a partial payment, for example.

Paula Rosenblum, Managing Partner at Retail Systems Research, pointed out another important fact: now employees will have enough information on iPhones to respond intelligently to educated customers. She noted that having uninformed, uneducated employees on the

View

"Finely tuned supply chains, advanced IT systems, greater buying clout and economies of scale, hmmm, there is nothing there about any understanding of shopping behavior, or how shoppers actually purchase things in their stores. … As long as retailers continue to limit their expertise to logistics, expect no significant improvements in store performance."

Nikki Baird
Retail Analyst at RSR

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sales floor is even more damaging than having nobody there at all. (This was my experience in the old Bob Nardelli days of Home Depot U.S.A. Inc., before he left to work his magic on Chrysler Corp.)

Success in retail is about creating a better customer experience. Consumers want a "my store" connection and experience. A successful retailer has in-depth knowledge of the local market. The more consumers use their iPhones to make purchases (whether in the store, online or in a mobile environment) the more connected they are to the retailer.

A powerful quote from Nikki Baird, Retail Analyst at RSR, is, "Finely tuned supply chains, advanced IT systems, greater buying clout and economies of scale, hmmm, there is nothing there about any understanding of shopping behavior, or how shoppers actually purchase things in their stores. … As long as retailers continue to limit their expertise to logistics, expect no significant improvements in store performance."

Let's try to look at things the way a customer would. Here is the reality of the retail world, as reported in a September, 2011 study by Simon-Kucher & Partners, *Global Pricing Study, 2011*.

There are some shockers here:

- Only 35 percent of companies have sufficient pricing power to achieve the "right" price for their product.
- Low pricing power cuts profits by 25 percent.
- Brand and product power are the primary drivers of high pricing power.

According to the study, this means "investing in innovations to increase product value, providing more services that deliver value to the customer, training salespeople, [and] improving price monitoring and controlling" – all things that the PayPal product facilitates.

Value more essential than ever

Now we are back to complacency. Some retailers are com-

placent, and some ISOs are complacent. But consumers are not complacent. They are shopping with a vengeance. Retailers need every advantage to get those sales, and it is getting more and more competitive.

Historically, ISOs have added value by showing merchants how to process their payments in the most cost-effective manner. In return, ISOs got a few basis points and made a mark-up on the equipment. In the aggregate, the cash flow from these two things created the ISO industry. Now look at what PayPal is doing.

Yes, the company is charging a rate comparable to interchange. But there is no issuing or acquiring bank – there is no issuing bank to pay interchange to, and there is no acquiring bank to pay the ISO.

Now consider that the real force behind the Durbin Amendment was the top 200 retailers – the folks in the National Retail Federation who for some time have had an agenda item to reduce what they pay for interchange.

A product like PayPal, or the decoupled debit product offered by Total System Services Inc. (with which the consumer picks up a plastic card at the retailer and swipes that with his or her regular payment card, and what starts out as a credit or debit card transaction is now cleared as an automated clearing house debit) provides no revenue stream to pay the ISO.

This brings me to my conclusion: ISOs need to find a way to add value to their merchants that is new and different from the traditional interchange model.

This discussion used to be more theoretical, but the arrival of PayPal at the door makes it a more immediate concern.

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

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Selling Prepaid

Prepaid in brief

NEWS

FinCEN gives industry a break

The **Financial Crimes Enforcement Network** (FinCEN), a bureau of the U.S. Department of the Treasury, is providing administrative relief to the prepaid card industry as the deadline for compliance with the "prepaid access" final rule counts down. The final rule, which requires prepaid card businesses to comply with certain Bank Secrecy Act regulations, was scheduled to go into effect Sept. 27, 2011, but prepaid card providers have been given until March 31, 2012, to reach compliance with some of the mandates.

FinCEN made this decision following comments it received from the industry that achieving compliance with the final rule by Sept. 27 would be a challenge, given the demands of the business cycle as the holiday shopping season approaches.

Paycard bill called a 'step backward'

The **American Payroll Association** said legislation working its way through the California legislature would require employers that provide prepaid payroll cards to its employees to also provide free banking services. The APA believes such a requirement goes "far beyond" what is obligated for any other payroll payment method.

A payroll card bill (AB 51) passed the California Assembly in June 2011 and is being considered by the California Senate as SB 931. "Ultimately, it is widely believed in the industry that the increased costs and administrative burdens imposed by SB 931 will discourage the use of paycards in California because they will outweigh the benefits the cards provide to employers, thereby denying the benefits to employees as well," the APA said.

Green Dot found most affordable in fee study

Evolution Finance Inc.'s credit card comparison website **CardHub.com** conducted research into the fees that prepaid card providers charge consumers. In *Prepaid Cards Report – 2011*, CardHub.com concluded that NetSpend

Holdings Inc. cards were the most expensive from a fee standpoint, while Green Dot Corp. and American Express Co. cards were the least expensive.

In other news, Green Dot joined the Payment Card Industry Security Standards Council as a participating organization in the development and improvement of data security worldwide.

ANNOUNCEMENTS

Blackhawk's REloadit Network expands

Safeway Inc. subsidiary **Blackhawk Network** reported AccountNow Inc., Galileo processing Inc., NetSpend, Precash Inc. and Ready Credit Corp., joined Blackhawk's REloadit Network.

ElectraCard named Prepaid Awards finalist

Pune, India-based payment processor **ElectraCard Services** became a finalist for Prepaid Awards 2011 in the Best Prepaid Service Provider category. ECS said it is MasterCard Worldwide's preferred processor of prepaid cards in Africa and in the Asia-Pacific and Middle East regions.

New network opens up closed-loop cards

At the TechCrunch Disrupt SF 2011 conference held Sept. 12 to 14, **Openbucks** unveiled its Gift Card Payment Network which allows closed-loop retailer gift cards to be used as payment for online games and other purchases at e-commerce sites.

Paycloud sensors live by Q4 2011

Loyalty and gift card network provider **SparkBase** received orders for over 3,000 Paycloud sensors that render POS devices capable of accepting mobile proximity payments. The sensor works in conjunction with the downloadable Paycloud app to transform smart phones into mobile wallets that enable rewards and discount offers. SparkBase expects the sensors to be up and running at merchant locations by the fourth quarter of 2011

VendTek boosts operations in Brazil

VendTek Systems Inc., a Vancouver, British Columbia-based prepaid card software developer and program manager, through its Now Prepay division, allocated over $1.5 million via its prepaid card operation in Brazil. VendTek has about 900 retail locations in its network in the South American country, primarily in the province of Sao Paulo.

PARTNERSHIPS

Blackhawk to distribute NetSpend cards

Blackhawk Network entered a distribution agreement with **NetSpend** to offer its Visa-branded, reloadable prepaid cards via the gift card malls at over 3,000 retail locations beginning November 2011. Currently, NetSpend cardholders can reload cards by purchasing REloadit packs.

CardSmith integrates with Pharos

Campus card program manager **CardSmith LLC** integrated **Pharos Systems International**'s Uniprint service to allow cardholders to print out bills and have those bills applied to campus card accounts in real time.

InComm pulls off first in Switzerland

Via its Hampshire, England-based division, Atlanta-headquartered prepaid card distributor **InComm** signed an agreement with **Manor AG**, a department store chain in Switzerland, to provide digital content game cards in the Western European country. InComm said the rollout marks the first time the cards were made available in Switzerland.

Meta taps Midco for customer care

Meta Payment Systems, the prepaid card program management arm of Meta Financial Group Inc., selected **Midco Connections** to offer customer care services through its Sioux Falls, Iowa-based contact center.

Citi Prepaid for planes, trains, automobiles

Cashless parking payment provider **Parkmobile USA Inc.** selected the Citigroup division **Citi Prepaid Services** to offer mobile payment services to Parkmobile customers. The service is designed to allow users to pay for parking via mobile phone, without having to stop at pay stations to park at airports, train stations and ferry terminals.

VendTek, ezetop team for top ups in Canada

VendTek inked a deal with mobile airtime facilitator **ezetop LLC** to offer international mobile phone top up services in Canada. The addition of VendTek's Now Prepay network to ezetop's distribution network is expected to allow customers to purchase and reload prepaid cards at 15,000 locations in Canada.

ACQUISITIONS

Euronet's epay takes cadooz

Through its prepaid card division **epay**, international payment processor **Euronet Worldwide Inc.** completed the acquisition of Germany-based prepaid voucher and incentive provider cadooz Holding GmbH. Financial details of the purchase were not revealed.

APPOINTMENTS

Curtis named SVP at YESpay

Simon Curtis joined U.K.-based YESpay as Senior Vice President of European Strategic Sales & Business Development. Curtis brings over 20 years of experience in consulting and information technology systems delivery.

Davis becomes Tyburn COO

Sausalito, Calif.-headquartered prepaid card provider The Tyburn Group Inc. selected **Deborah S. Davis** as Chief Operating Officer. Davis's background includes management positions at Hewlett-Packard Development Co. LP, Logitech, VeriFone Inc. and Green Dot.

UniRush taps Rosenblatt as CEO

UniRush LLC hired **Rob Rosenblatt** as Chief Executive Officer for prepaid card subsidiary RushCard. Rosenblatt joins UniRush from JPMorgan Chase & Co.'s Chase Card Services, where he served as General Manager for Customer Loyalty, Mobile Commerce and Innovation.

Features

Nexon expands game card concept with Karma

In recent years, retailers, processors and online game developers have enjoyed the exponential growth of the game card market. Prepaid card distributor InComm reported nearly 200 percent growth in game card sales in 2008 over the previous year, while 7-Eleven Inc. saw over a 50 percent increase in 2009. But a Nexon America move shows that the market may be primed for another kind of expansion.

In September 2011, the U.S. arm of the free-to-play online game developer Nexon Corp. began transitioning from the popular Nexon Game Card to the Karma Koin card.

Given its nearly 5 million Nexon Game Cards purchased in 2009 and 2010, and a distribution network for the cards of over 70,000 retail outlets in the United States, Canada, Australia and New Zealand, one may wonder why Nexon would want to mess with a good thing.

Barry Chiang, Technical Program Manager at Nexon America, said the phase-in of the Karma Kard is designed to give gamers greater usage flexibility, as well as provide a charity component that helps gamers contribute to the greater good.

New skin in the game

Chiang called the Karma Koin card a "re-skinning" of the Nexon Game Card. "The Nexon Game Card gave Nexon's customers the freedom to make online purchases with cash," he said. "Nexon intends to broaden that freedom with Karma Koin, and we envision it to be a cash-based payment solution that consumers can use at a variety of online game, entertainment and merchant sites."

But in repurposing the Nexon Game Card, the game publisher also identified another consumer need. "We firmly believe people want to do good in the world, and digital natives are no different," Chiang said.

Nexon's solution is to give digital natives (primarily teen-aged gamers) "the ability to create positive change just by buying the things they want online," Chiang added.

Thus, for every Karma Koin card redeemed online, Nexon said it will donate a percentage of that amount to charity. (Nexon has not yet established the charities that will benefit from the program; until then, the funds will be pooled into a trust account, a Nexon spokesman said.)

From racks to resellers

The Nexon Game Card, which debuted on CD racks at Target Corp. stores in 2007, is distributed via Atlanta-based InComm and Safeway Inc. subsidiary Blackhawk Network. Chiang characterized the experience with the Nexon Game Card as one of trial and error, with its success having paved the way for other digital content providers.

The North American market for game cards has reached a point of channel saturation, according to Chiang.

However, he does not see that as a hindrance to profits. "The volume coming out of the pegs should see multiples in the coming years as buyers weed out the poor performers and identify the successful players in the space," he said. "There will be a natural rise in the business as more

developers and products enter the digital goods business, but we all know that the rack space is limited.

"Lower volume players will be dropped or will focus on one or two retailers, resulting in lost opportunity for both the retailer and merchant. We believe Karma Koin will solve this real estate problem."

Chiang said Oceania (Australia and surrounding islands) is one growth market for Nexon's game cards. Chiang noted that Nexon is testing the possibility of expanding the company's game card reach via mom-and-pop stores through an online reseller program.

Western Union enhances options at the POS

Among the services The Western Union Co. offers consumers at approximately 12,000 U.S. agent locations are general-purpose reloadable prepaid cards, money transfers and bill payments. The synergy between those offerings is furthered by the company's new enhanced Walk-In Payment Service, according to Western Union executives.

"Western Union has been in urgent walk-in payments for quite some time," said David Shapiro, Senior Vice President, Payments Division at Western Union.

"If I have a bill for my auto loan, I go into any retail Western Union location and give them cash, and we immediately transmit the data to the biller and you receive credit for the payment on the day that you made it. It's a same-day urgent payment product."

Western Union bolstered that product from a same-day product into one that also offers next-day or two-day payments. "So it gives them that option of saying this is not due as an urgent payment," Shapiro said. "I'm here to pay my auto loan urgently, but while I'm here why don't I pay my utility bill or my insurance premium as well?

They can be a next-day or a two-day service. So it gives the consumer the option to do multiple payments."

Bills to pay

According to the May 2011 Money Mindset Index (internal, quarterly surveys conducted by Western Union), consumers typically pay 10 primary bills monthly, with 1.6 percent of those 10 bills paid in person.

That 1.6 percent of in-person payments are the ones consumers typically pay first because they are the most important. Paying those bills fast and in face-to-face transactions with Western Union agents is apparently also important.

"What we see and what we hear from consumers, there's a comfort in going and making this payment and have a retail agent hand you a receipt," Shapiro said. "It's really all about that certainty around the payment, and if I put it in the mail, it may get there Tuesday, it may get there Wednesday.

But if I'm handed that receipt, I know that it's credited to my account today."

The Money Mindset Index also reported that 39 percent of consumers are having difficulty paying bills, while 37 percent are having trouble prioritizing bills, 33 percent are making minimum payments more often, 29 percent are waiting longer to pay bills and 20 percent are paying more bills past their due dates.

Shapiro believes the state of the economy underscores these numbers. "Consumers are telling us, 'We really have to do more prioritizing with our bills than we have in the past,'" he said.

Compatibility with prepaid

In a July 2011 quarterly report, Western Union said it had 1.1 million prepaid cards in circulation. The company manages two types of open-loop, MasterCard Worldwide-branded prepaid cards: the MoneyWise card and the Gold Card, which offers rewards points. The agent locations across the United States also function as reload stations for the cards.

Michael Hafer, Vice President, Global Cards, Western Union, said walk-in bill pay users are also often Western Union prepaid card users. "Western Union has relationships with more than 10,000 billers, giving us the capability to allow consumers with a prepaid card to pay their bills directly from the card," he said.

"When we have engaged a customer, be it for bill pay or for any other type of transaction, our goal is to retain that customer and provide future solutions for their financial needs," Hafer added.

"For our agents, it's really about what they can do to make this a good experience for their customers," Shapiro said. "So how many more services can I offer to my customers at the courtesy desk. And what do they need? They probably need a prepaid card.

They probably need bill payment capability. They need to send money to their family. So what are the services I can offer to my consumers because, while they're there, they'll probably buy a gallon of milk and a loaf of bread, too."

Seven steps to merchant success in recurring payments

When businesses accept recurring payments, customer relationships last well beyond a single transaction. For these merchants and billers, it's critical to utilize payment tools that can minimize billing disruptions and maintain service continuity. This can reduce processing costs, maximize revenues and strengthen customer satisfaction.

The merchant advantages are clear: predictable cash flow, lower costs and improved customer retention. The consumer comes out ahead, too: less time and effort spent on bill payments and no service disruptions resulting from past due payments.

Electronic bill payments have multiplied over the past several years, and that growth is predicted to continue. Aite Group LLC has forecast that over 5.6 billion bills will be paid online this year, growing to over 6.3 billion in 2013. Currently, over half of all bills are paid electronically, with fewer and fewer check and cash payments occurring every year.

Merchants can take advantage of this trend by not only offering online payments, but by adding a recurring payments program. Those that already offer a recurring option should look for ways to enhance and improve their program.

Realizing the benefits of recurring payments requires careful planning and execution. Following are common steps merchants can take to optimize their program.

1. Encourage consumers to choose recurring payments: Ensure that customers understand the value and benefits of setting up recurring payments. Enroll customers as soon as possible by clearly communicating the benefits and offering incentives such as a discount, a service credit or a gift card.

2. Make the process easy: Remove any extra steps or roadblocks in the set up process that could lead to customer frustration, preventing the completion of enrollment. Make sure that enrolling with a particular payment method is not comparably difficult. It's important to gather all relevant customer payment information up front in order to ensure the transactions continue to process correctly and at the lowest possible cost.

3. Expand the program to as many qualified customers as possible: Review and measure enrollment programs to identify the approach and messaging that resonate best with your customer base. Continue to test and use the lessons learned to promote the program through regular customer communications.

4. Offer a wide range of payment methods: Adding methods of payment beyond debit and credit can provide benefits to both the merchant and the customer. Many consumers prefer products such as e-check or other alternative payment methods. Offering additional payment choices keeps customers happy and merchants can realize savings when they offer lower cost options such as e-check and PIN-less debit.

5. Exploit features offered by the payment brands to keep costs low: Some businesses, such as property managers, and cable, utility and telecom providers may qualify for special programs and pricing. Regardless of the merchant type, appropriate use of Address Verification Service (AVS) and the Card Security Verification Value (CVV, CVV2 and CID) can ensure that transactions qualify for the lowest possible rates, as well as avoiding unnecessary charges for incorrect use of these features. Merchants should check with their processing partner to see if they qualify for these or other programs.

6. Use advanced payment features to optimize program efficiency: Merchants can greatly improve efficiency and reduce acceptance costs by utilizing advanced payment features offered by their payment processor. An Account Updater function automatically provides merchants with updated card information preventing payments disruption due to expired cards and for other account changes.

Authorization Recycling allows merchants to leverage transaction information to make informed decisions regarding if and when to make another attempt to authorize a transaction.

7. Keep it secure: Leverage payment gateway functionality to enhance security, prevent fraud and further lower costs. Employ advanced tokenization technology that can help eliminate the need to store sensitive cardholder data, reducing the risk of a compromise and potentially ease Payment Card Industry Data Security Standard compliance burdens.

Working with the right payments partner is critical. Merchants should seek out a provider that not only offers expertise in recurring payments, but also has the necessary tools, technology and resources to create the best possible solution.

Company**Profile**

First Annapolis
Consulting | M&A Advsory Services

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ISO/MLS benefits:
• Client-specific consulting for both small and large acquiring players based on narrow and broad industry trends
• Insights into payment trends via white papers and a monthly newsletter *First Annapolis Navigator*
• Consulting on niche market specialization, including complex industries like health care, oil, gas, hotel, auto and airline
• Twenty years of payments industry consultation experience
• Global consulting focus, with clients in the United States, Canada, South America, Europe, South Africa, Australia, India and Japan

Helping ISOs pilot the payment journey

Evolutionary shifts in the payments ecosystem can be daunting to payment professionals. But such changes are a boon to research and advisory firms like First Annapolis Consulting Inc. More than ever, acquirers and other payment businesses are turning to outside consultants to help them navigate a murky and unpredictable landscape, according to Marc Abbey, Managing Partner at First Annapolis.

Technological and regulatory changes are increasingly forcing payment businesses to reposition themselves in the marketplace. More companies are looking for ways to proactively pursue new clients and revenue opportunities by, among other things, mastering the particulars of a certain niche, boarding mobile merchants, expanding to foreign markets and seeking value-added resale opportunities.

"I can't remember a time in the last 20 years when there have been more fundamental questions on the table than right now," Abbey said. "In the ISO segment, there has to be, as we refer to it, some kind of unfair fight. An ISO has to have an advantage over the other guy to get ahead. ISOs in general are going to face certain systemic disadvantages against bigger players, but they also have certain advantages."

Those advantages, entrepreneurship and aggressiveness chief among them, are what First Annapolis seeks to engender and cultivate in its clients, Abbey said.

Mapping the landscape

The Baltimore-based consultancy – which recently opened a second office in Amsterdam, The Netherlands – was formed in 1991 and consults for various financial services firms around the world. It has 80 employees and its clients include acquirers like Elavon Inc., as well as issuers, vendors, investor groups and banks.

Some companies use First Annapolis simply to procure research or information about industry trends, Abbey said. Part of the First Annapolis product suite is a series of white papers that can be obtained on the company's website, including its monthly *First Annapolis Navigator* publication about the global payments market.

Other businesses that need more intimate levels of service enlist the company for analytics and other assistance pertaining to managerial and operational decision making. That can include undertakings related to mergers and acquisitions, entry into new market segments and international expansion.

"If you're looking for a top-notch merger and acquisition firm, you definitely have to have First Annapolis at the top of your pile," said David McAlhaney, Senior Vice President at Elavon. "If you're looking for a strategic plan related to global markets, products and services, First Annapolis also comes to mind."

McAlhaney is also complimentary of First Annapolis' attention to detail. "They will provide research, step one, on where the market is positioned, broken out

Company**Profile**

> *To adapt to the changing landscape, ISOs must identify existing and potential areas of overlap between small and large players – business opportunities traditionally associated with smaller firms now being pursued by bigger ones, or vice versa.*
>
> Marc Abbey
> Managing Partner at First Annapolis

by revenue streams," he said. "Then they will continue with, 'Here's a five-year snapshot of what the market could look like.' And then they'll take it to the next level of describing tactical plans a provider might want to engage in."

Focusing the telescope

Abbey, who heads the company's acquiring practice, said First Annapolis approaches consulting jobs with both macro and micro trends in mind. On the one hand, it is important that businesses looking to change operational methods or expand into new markets, understand how such moves line up with larger industry trends and how developments indicate the feasibility of different opportunities, he said.

But the larger information matrix is usually most valuable as a contextual tool, and not as a source of answers in

and of itself, according to Abbey. Rather, larger trends are typically analyzed against the particulars of a client's business, which may or may not lend itself to a decision that broader trends suggest is viable.

"With every business, the answer is different depending on its capabilities," Abbey said. "You don't expect there to be one dominant answer that every ISO pursues."

Abby feels an intimate understanding of what's occurring in the market is vital because it informs the analysis of risks and opportunities for individual businesses. "For example, it's perfectly clear that the acquiring business is internationalizing – could not be more clear – but that does not mean every small acquirer should expand internationally," he said. "It's a major undertaking to do, and that small acquirer needs to see their strategy in the context of the limitations of what their response could be."

Directing by compass

To adapt to the changing landscape, ISOs must identify existing and potential areas of overlap between small and large players – business opportunities traditionally associated with smaller firms now being pursued by bigger ones, or vice versa, Abbey said.

He noted that the growth of e-commerce and mobile acceptance is an area where the trend is moving both ways. ISOs have lost business to alternative payment service providers like PayPal Inc., Amazon Inc. and Square Inc., but nonetheless have opportunities to wrangle at least some of that business back, Abbey said.

He added that, while the relative cheapness and convenience of signing up with alternative payment aggregators has lured merchants away from traditional accounts, such providers lack wider product offerings and niche specialization; thus ISOs can gain leverage through specialized services like value-added offerings, as well as by providing intimate, knowledge-based technical and operational assistance.

As examples of that knowledge, Abbey gave underwriting (the typical process will not work with mobile merchants) and specialization (the key way ISOs can differentiate themselves).

"The merchant market is not uniform at all," he said. "There are dozens and dozens of little segments with dif-

ferent needs than the average one. There are differences in technology used, point of sale systems, type of processor, buying behavior. … The greater the difference, the greater the opportunity for a strong niche. If you pick something that's not that different, any acquirer could serve that."

It is this type of insight that First Annapolis specializes in: "how competitors in this context assist clients in developing their own strategies, what they want to do with this technology, using what channels with what kind of underwriting process," Abbey said.

Charting a million points of data

On its website, First Annapolis lists oil, airline, hotel and auto industries as specialty markets that have high demand for knowledgeable payment service providers.

"Our services are a collection of different things," Abbey said. "We have a program of research we do to stay abreast of what's happening in the industry, and we have recurring research interviews to help collect data. We've developed certain information tools and we do analysis over time using accumulated data – public sources that are not yet assimilated.

"For example, what are all the different actions of payment networks around the world? On any given day we might put out an article about that. It's taking all these little data points about what's going on at all these companies and putting them together to provide strategic guidance."

Abbey cited the key drivers of industry change today: the growth of mobile acceptance, the push toward the Europay/MasterCard/Visa (EMV) security standard, compliance with the regulations that implement the Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the expansion overseas of U.S.-based acquiring businesses.

Steering the ship of change

First Annapolis looks at many technological changes in payments not necessarily as technical problems, but as operational ones. In other words, how will new technology change the way POS environments are run?

"I do think that, for acquirers focused on new merchants, the material event is not the technology per se, but changes in the sales processes, boarding processes and [customer care] processes," he said. "The threat is whether these technologies and business processes overlap with traditional accepting merchants.

"In the PayPal and eBay world, people thought it was just individuals selling goods and services; true enough, for a while. But over time, businesses started to use eBay and PayPal as sales channels, and we're going to see the same thing with mobile point of sale."

Visa's plan to replace traditional mag stripe cards with EMV chip and PIN cards in the United States in five years could also profoundly impact the way POS systems are operated. With the integration of EMV, all restaurant tableside service becomes self-service because customers will be required to enter passwords rather than hand cards to servers, Abbey said.

He recommends ISOs investigate EMV as it pertains to the installation of new POS equipment, different structures for risk management and underwriting, and the gray area of card-not-present (CNP) transactions. For instance, EMV chip and PIN plays a role in card-present, not CNP, in Europe; it is unclear whether Visa will do the same with EMV in the United States, he said.

Abbey suggests small-merchant ISOs intellectualize their businesses. He suggested ISOs ask themselves, "Will there be this overlap between formal and informal markets, and how much overlap does there have to be for that to be painful for me? Have I reached my threshold?"

Abbey has found that it doesn't take much to shift volume away from traditional channels. "But will the market niches allow traditional players to stay competitive and not compete with Square on Square's terms?" he said. "I would say yes."

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and smart phones that run on Google Inc.'s Android operating system. The app transforms the devices into mobile wallets with the capacity to store and update individual merchant offers.

Merchants invest in inexpensive sensors that plug into the back of POS devices. To redeem offers, consumers with the Paycloud app open on their smart phones tap the phones on the sensors.

Paycloud scored technology innovation awards at the 2011 Electronic Transactions Associations' Annual Meeting & Expo in May 2011 and at the Midwest Acquirers Association conference in July.

According to Douglas Hardman, Chief Executive Officer at the Cleveland-based gift and stored-value account processor, Paycloud has been in pilot test at about 25 merchants in the Chicago suburbs of Lincoln Park and Andersonville since July.

In the first few days of the pilot, about 500 consumers downloaded the app. By the end of the first week, several thousand transactions had been processed, representing over $20,000 in offers redeemed. "It got a little bigger than we thought it was going to real quick," Hardman said. "The reception was just fantastic."

SparkBase is launching Paycloud nationally on Oct. 27, 2011, when the processor's approximately 140 ISOs will begin pushing the product to their merchants. By year's end, Hardman expects Paycloud will be live at between 2,000 to 3,000 merchants nationwide.

Getting merchants set up on Paycloud takes about 72 hours, according to Hardman. "So from the time they say yes to the time they have a sensor in their store working, and their app is working, and their artwork is live on our site, is less than three days."

Thus, merchants of SparkBase ISOs can be enticing consumers with discounts and special offers weeks in advance of Thanksgiving.

"They're getting their programs fast, and when you walk into that store and you boot that app up, it's going to take you directly to their card and it's going to show you all of their current offers," Hardman said. "From your house you can see where the offers are before you leave.

"It's really replacing the act of swiping a card into the terminal. It's replacing the act of handing a card to a customer. We're replacing the need for a merchant to spend a lot of money on cards.

"It scratches a bunch of different itches and we think that this holiday season is really when people are going to understand the power of the mobile wallet, especially in and around stored-value."

CoverStory

Tuning out rates, tuning in loyalty

Not on the leading edge of proximity payments but nevertheless constituting a profitable and growing trend in the agent realm, is closing merchants using card-based loyalty programs. "Merchants aren't really in tune anymore to the 'I can save you money' pitch," said Marc Brown, owner of South Florida-based BlueStar Loyalty.

"[With loyalty] you're leading with a product they're not getting three to five phone calls a week about. And that they're not getting bombarded with.

"They are starting to see it more and more out there in the marketplace and wondering why so many businesses are starting to use loyalty. So the product as a whole is getting a lot of street exposure at this point and time.

"When you do end up being the guy that knocks on their door, or rings their telephone, and you mention loyalty, they are at least willing to take that first meeting. And really that's the big key to getting started."

Using this strategy, selling basic bankcard processing services becomes more of an afterthought, with ISOs only having to match rates with the merchant's current processor. As the holidays approach and urgency grips merchants, the benefits of loyalty are enhanced.

"What I try to tell merchants, especially as we get closer to the holidays is, even though it seems like it's a little bit later in the process, a lot of merchants are going to get more people through the doors between that second week in November and the last week in December," Brown said.

BlueStar Loyalty can get merchants up and running with gift and loyalty card programs inside 30 days, according to Brown. From the agent perspective, Brown's solution is geared toward the one-call close and focused on how loyalty can more deeply "brand" consumers to individual merchants.

"There's a lot of automation to it," he said. "There's a lot of functionality to it that shows not only how they're going to get their existing customers coming in more often, but we show them how it's going to build them word-of-mouth marketing for their business, how it's going to prevent customer attrition, all different kinds of things."

Cold calling in September

Conventional wisdom holds that the best time to approach merchants is before Labor Day, when business is often at its slowest for merchants not involved in summer season-related sales, and they have time to plan for the holidays. However, believing it's never too late might be the better approach, since it worked for Adam Guthrie.

Guthrie is owner of Cardpay Systems Inc., a one-man shop in Southwest Florida. He has been selling BlueStar

Loyalty solutions since late 2009. Using loyalty as his lead, he walked into a cigar bar this September and closed the account in three hours.

"My whole approach with it is times have changed," he said. "Traditional marketing doesn't work the same way it once did. How many people do you see out there that aren't holding a cell phone? And checking their emails? And checking their text? These are the people we're targeting to get into your business."

A crucial moment in Guthrie's pitch is when he discusses word-of-mouth marketing. He says, "Business owners tell us that it's their best form of advertising. Would you agree, Mister Merchant?" Usually, the merchant agrees, at which point Guthrie says, "OK, how do you track it?" Then Guthrie remains quiet, letting the question sink in.

Guthrie said the query tends to elicit a lightbulb moment for merchants as it makes them question how, in fact, do they track word-of-mouth marketing. "It is amazing the facial expressions you see on merchants when you hit them with that," Guthrie noted. "It's humorous at times.

"You kind of put them on the spot a little bit. But it gets them thinking: 'Maybe I need to be doing this [loyalty] to see how my word-of-mouth marketing is going.'"

By capturing cardholder data at enrollment, then at each store visit, merchants can leverage all kinds of loyalty information – such as average ticket sizes, shopping frequency, and days they came in and at what time – to develop discounts and two-for-one offers sent via email or text message to get customers to return, and to return more often.

"It's unlimited the amount of reports you can run, and you really can piece out your client base," Guthrie said. "It's amazing about the amount of information you learn about your customers."

Guthrie doesn't lead with gift cards because he has found the loyalty angle to be much more popular. He estimates that 90 to 95 percent of his merchants want the loyalty program, with the remaining percentage opting for gift cards. "I have a customer, and he did 1,000 loyalty cards in three weeks," Guthrie said. "I couldn't even print a second round of 1,000 fast enough for him."

Getting it with gift

Nevertheless, gift card programs should never be underestimated. If an agent asks a prospect about gift cards and is told, "Yeah, we've got gift cards; they're sitting in a box in the back room," that might be more a reflection of poor education by the merchant's current processor than of the value of those cards if they were displayed and marketed appropriately.

As Teri Llach, Chief Marketing Officer at Blackhawk Network, said – gift cards work. "There's just no doubt, given the sheer number of gift cards that are out there in these third-party retailers, that this works," she said.

The gift card mall concept invented by Safeway Inc. subsidiary Blackhawk has proven to be a key driver of gift card growth, according to Mercator Advisory Group. Llach said it has been documented that merchants who integrate malls stocked with closed-loop, retailer-specific gift cards enjoy increased sales.

"We know in grocery that when we put these programs in, we become either the number one or number two on a per-square-foot basis selling category in

the store in dry goods," she said. "I'm talking about beating out salty snacks and soda."

The value to retailers is threefold: the cards take up a very small square footage in stores; the cards create no inventory on balance sheets; and name brand cards have proven especially popular with consumers, making stores that carry them a destination for shoppers looking to purchase gift cards for others.

"You're putting up great brands, like Best Buy, iTunes, amazing brands," Llach said. "They're hanging there, very small square footage with no inventory costs – a big, fat win."

Given the times we live in, gift cards have even become budgetary tools used to reduce living expenses. Llach said a trend has developed where grocery stores partner with gas stations for discount fuel offers.

For example, a customer that buys $200 in gift cards may get a 40 cent per gallon discount at a local gas station. "And that has become a real big win, win, win," Llach said.

Armed with this information, ISOs and MLSs with convenience stores and gas stations in their portfolios might be able to make their merchants' holiday seasons a little brighter.

As for mom-and-pop stores, Llach believes such businesses are missing out if they aren't selling gift cards. It might be a challenge to get them set up in time for the holiday season, as integration with the merchants' POS systems could represent a roadblock.

But Blackhawk has made it "easy as pie" to connect POS systems to "every processor known to mankind," Llach said.

Llach noted Blackhawk does not operate a reseller channel but has relationships with many U.S. wholesalers that could accommodate small retailers with tailored gift card malls. She said, "So the good news is, if I saw a mom-and-pop, I would say, 'Ooo, you're missing out because the

Safeway across the street has this.' But I would also say, 'Guess what? You can get it. Contact your wholesale group, and you can get this. And that's a good thing.'"

Window of proximity

The American mindset is a contradictory mixture of immediate gratification and procrastination. We want things now, not five minutes from now. But when we want it, we're often five minutes too late.

Hardman said, "Every year we preach to our ISOs, 'Guys, sell them cards now. I know they're not thinking about it in August, but they need to be.' What happens is they call November first, saying, 'Hey, we need gift cards for the holidays.' Well, Target is printing 40 million gift cards for the holidays.

"Do you think the printer is going to take Target's 40 million order or Joe's Mini Golf 500 order?

"So, what happens is they get put to the back of the line, and you end up with a ton of [upset] merchants and you end up with a ton of [upset] ISOs because they didn't think about this in advance."

Now is an opportune time to enroll merchants in programs that will help them make the most of the upcoming holiday season, as well as the year ahead. Remember, the right solutions might just be a vendor away.

Education

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The ABCs of SAQs

By Bill Pirtle
MPCT Publishing Co.

Most merchant level salespeople (MLS) cringe when they think about Self-Assessment Questionnaires (SAQs). The Payment Card Industry (PCI) Data Security Standard (DSS) requires SAQs to be completed by all but the very largest merchants (Level 1), who have more stringent requirements.

When SAQs first appeared, many MLSs helped merchants complete them. Now that we understand the liability associated with helping merchants in this manner, we need to find other ways to get the job done.

Some larger ISOs have online SAQs merchants can be directed to, but most of those still require merchants to hire their own Approved Scanning Vendors (ASVs). I believe there are two very good reasons for MLSs and small ISOs to partner with a qualified information security company.

1. The information security company can provide methods to keep merchants safe and productive parts of portfolio.
2. This type of partnership adds another tool in the toolbox that will not only help attract and retain merchants, but enhance the profit of the MLS or ISO.

Questions posed and answered

For this article, I posed questions submitted by GS Online MLS Forum members to Greg Rosenberg, Alliances Sales Engineer at Trustwave. Rosenberg is considered by many to be the guru of the SAQ. His answers, thankfully, were not too technical and are mostly explanations of policies and suggestions to help you help your merchants.

GMARTIN began by asking, "IP terminals are connected to the Internet to process transactions. If you read the questions regarding scans, it says if you have a connection to the Internet, it must be separate from other computers.

I take this to mean you would need a separate router to hook up to the IP terminal. I doubt many are following this, and since the terminals are secured with SSL or the like, and don't store card data, this requirement seems very onerous.

"I may be misunderstanding this, but that's how I read it a year or so ago. At that time, there was no special wording regarding IP terminals, just any forward facing Internet connection, of which an IP terminal would be included. What is your understanding of this?"

Rosenberg responded as follows: "In most cases, IP terminals generally qualify merchants for SAQ C or D. When we discuss IP terminals, we tend to think of them as otherworldly devices. We need to remember two basic tenets here:

- IP terminals are just computers in a different form. They run operating systems, can have peripherals and device drivers and one may even load software on them.
- Fraudsters can target and steal cardholder data

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> *"A scan generally starts with a port scan. This is equivalent to checking for unlocked doors and windows. Except in the case of your public-facing Internet connection, there are more than 65,000 possible entrances to your network."*

even if it is not stored. In other words, cardholder data can be stolen from IP terminals, as credit card information may be unencrypted during the transaction process for a very brief period of time."

Next, **CLEARENT** asked, "What is the scope of a scan and what does it entail? What defines different needs?"

Rosenberg replied, "To understand an external vulnerability scan, a good analogy for the process of the scan is akin to how a burglar would 'case the joint' before a robbery. In this analogy, your network is equivalent to the house that a burglar is checking out in hopes of finding soft spots to exploit.

"A scan generally starts with a port scan. This is equivalent to checking for unlocked doors and windows. Except in the case of your public-facing Internet connection, there are more than 65,000 possible entrances to your network. You may have heard of some of the more common ports; for example web traffic uses port 80, and email uses port 25. Some ports stay open to pass-through traffic, but hopefully these are as few as possible.

"Once the open ports have been identified for your network, the scanners try to identify all of the devices sitting behind them, called system enumeration. It's similar to a burglar peering through your windows to see if you have an alarm system or watch dogs.

For system enumeration, the scanner will identify the types of operating systems running on the devices on the network (Windows, Mac, Linux, UNIX, etc.) and the services running on those same systems. The scan may find payment applications, web servers or domain controllers.

"Lastly, once all available systems and services are identified, the scan performs two basic checks:

1. Ensure all software security patches have been installed.
2. Ensure the systems are configured securely.

"At no point will an external vulnerability scan attempt to manipulate or steal data from your environment. The moment that an individual tries to exploit a vulnerability scan, the process is either labeled a hack (you did not provide the permission) or a penetration test (you authorized the access)."

I then said many MLSs, myself included, wonder what the written policy of a merchant should look like to satisfy requirements.

"This is a complex question to answer and will vary from merchant to merchant," Rosenberg said. "Suffice to say that there are a few points to be aware of as far as policies and procedures:

1. All merchants must have an information security policy in place, regardless of how they process credit cards.
2. Nearly half of the requirements within the PCI DSS relate to policies and procedures.
3. There are many affordable policies and procedures templates available in the marketplace. Ensure that any templates you use are PCI DSS-specific and have been reviewed by a Qualified Security Assessor (QSA).
4. Policies and procedures should not be a document collecting dust in a filing cabinet. If they are not part of your regular routines, then you are doing yourself a disservice."

CCGUY wanted to know, "Why is there no such thing as PCI Compliant Web Hosting?"

Rosenberg said, "In short, the PCI DSS is a holistic approach to protecting cardholder data. It applies to an organization and not just a cluster of servers. Most reputable web hosting providers have either self-assessed or had an independent auditor look at their business and its practices for review against the PCI DSS.

"Visa and MasterCard list web hosting providers who have had an on-site assessment by a QSA. When engaging a web hosting company, part of the due diligence should include whether the provider is PCI DSS compliant and how they can demonstrate their compliance.

Remember, in most cases, should a hacker breach a hosting provider and steal customer's credit card data, the merchant will likely be held accountable. Choose your partners wisely."

Having repeatedly heard differing answers on this topic, I asked, "If a merchant has a website with a separate gateway (like eProcessing Network), does the merchant need to scan his network? Does this change if the merchant uses a virtual terminal feature to key card numbers?"

"It depends," Rosenberg replied. "Do you transmit your cardholder data to the third party, or are you redirecting your customers to another website? Even if you don't touch cardholder data you still have risk, and scanning is recommended in many cases."

"Are there a certain number of mandatory scans for POS IP connected merchants?" **FAITH** asked. "If so, how many and how often? If not, are there a recommended number of scans? Lastly, what is the cost of an average scan?"

Rosenberg said, "The PCI DSS mandates that merchants pass at least one scan per quarter, at a minimum, if scans are applicable to their environments. However, monthly scans are recommended to stay on top of changes you are making and the effect on the scan results. For example, you would not want to scan once every quarter, fail that scan and then scramble to try to pass a scan that same day.

"The price will vary, but most small merchants should expect to pay a few hundred dollars per year for their scans in a retail setting. Many acquirers, processors and ISOs have PCI DSS validation programs that can bring that cost down significantly."

Next, **CCGUY** asked, "Why doesn't PCI DSS require that POS systems (computer systems) be on a closed system, closed network, no outside access to the net on any computer that is part of the POS system?"

Rosenberg replied, "Two concepts are really important when engaging in the PCI DSS compliance process for the first time: segmentation and 'least privilege.'

Segmentation means removing systems from the cardholder data environment with specific security controls like firewalls and point-to-point encryption (P2PE). Least privilege means individuals or systems only have access to that which they need to do their jobs and nothing else.

"Segmentation is not required by the PCI DSS, but it can significantly reduce the burden of compliance and the amount of exposed risk. Least privilege is generally required for all systems and personnel, but not often followed or interpreted properly.

"Most merchants with broadband connections generally need at least some access to the Internet or open networks for their POS systems to function properly. Unfortunately, all too many merchants do not stay vigilant with how many connections remain open over time. One should always be aware of the holes they have poked through their firewall and why they are keeping those holes open."

CCGUY asked another question that I'm sure many in the industry ask, "How do they expect a merchant who owns a restaurant with no IT [information technology] education, no IT department, no computer experience beyond sending email, etc., to answer the SAQ D?"

"If you are a merchant trying to fill out SAQ D on your own, and you don't have a technical background, please stop," Rosenberg said. "There are wizard-based approaches, like Trustwave's TrustKeeper, that can help translate the technical requirements into more meaningful text.

Even if you understand a good portion of the requirements, please look for a vendor that has this approach to help simplify the remaining 25 percent of the requirements.

"If you are a merchant that qualifies for SAQ D, then you are already at higher risk than about 75 percent of all other merchants. There are two paths that SAQ D merchants should take:

1. Engage a security firm or consultant to guide you through the process and help you remediate where necessary.
2. Take steps to move toward a simpler SAQ type. These steps could include changing processing methods or implementing specific segmentation controls."

Jim Motley of Alpine Network Solutions in White Lake, Mich., asked me why in the world would a scanning company fail his client because the ASV could not detect his client's network through his security system.

To this, Rosenberg said, "An ASV should never request that a merchant remove security controls to facilitate an external vulnerability scan. The scan is trying to mimic what a hacker might see from the real world.

You will expose yourself to unnecessary risk when removing these important security controls. Immediately escalate this issue with your vendor should they make such a request."

I would like to thank Greg Rosenberg for taking the time to answer questions on the SAQ. I'd also like to thank Greg Leos, Vice President at Trustwave, for making Rosenberg available, and Trustwave management, for allowing his participation in this article.

If you have further questions regarding SAQs, Rosenberg can be reached at *grosenberg@trustwave.com.*

Please contact me on the MLS Forum or by email if you would like to suggest a topic for a future article.

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Reinvigorating the merchant club

By Steve Norell

US Merchant Services Inc.

I t occurred to me while reading a competitor's statement recently that you just don't see a fee for a merchant club as much as you once did. In the past, it was almost a given that there would be a $4.95 to $6.95 monthly fee for the merchant club.

And as members of the club, merchants would receive free paper and ribbon and possibly free replacement of damaged terminals.

Well, ribbons are a thing of the past, and no one is going to replace POS systems or provide paper to POS systems, which have become increasingly commonplace over the years. So my thought was to ask why the merchant club has almost disappeared from today's landscape and how it could be brought back.

A club in need of improvement

Some years ago I represented a Super ISO that came up

with what I thought was an outstanding merchant club. However, I later determined everything about it was done wrong. For starters, the fee was $9.95 per month, and the merchant level salesperson would add to that amount to make a small profit.

For that amount, the merchant received free paper and ribbon, warranty on the terminal, free electronic check presentment and the ability to obtain some type of health insurance.

All merchants were automatically enrolled and offered the program for free for a short time, after which they would have to pay the monthly fee if they did not opt out. On the surface, this looked like a pretty good deal until time and experience proved otherwise.

The merchants were livid because they were enrolled in a program they either did not want or knew nothing about. Truth be told, they were informed, but the problem was that club details were communicated in the statement in very small print. And we all know that merchants always read the messages in the statement, right?

Another thing that occurred was the ISO managing the club decided a year after the club was formed that only certain terminals would be covered by the warranty even though all club members were paying the monthly fee.

The thing that sealed the club's fate was that the health insurance was immensely flawed, and some merchants actually sued the ISO to get their money back. In short, the club was grossly over priced, and there was never any perceived value to the merchant.

Benefits that excite merchants

My company has a merchant club, and for the most part it is fair for the cost. But I was still looking for something that would make merchants go, "Wow!"

And then it came to me. A bank in my area was purchased by a much larger bank, so it no longer exists. But it offered something to its account holders that I knew I could copy and improve upon.

The bank printed a small pamphlet containing the names of its merchant customers who offered discounts to anyone banking with this bank. I thought it was brilliant on the bank's part: free advertising and a value-added service to the bank's clients.

So, as I write this, my colleagues and I are developing this piece to add to our merchant club. Technology has improved since the bank offered its program, so we are going to offer to all our merchants the opportunity to list themselves on a section of our website – as long as they offer a discount.

6. Include something that helps drive business to your merchants' doors.

Time will tell, but as merchant clubs go, I am hoping that these steps will make mine superior.

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.

The listing will only be available to our active merchants. Merchant club members who want to receive goods or services from another merchant club member will be required to log in with their merchant identification number.

Once they pick the merchant providing the service, they will receive an automatic online-generated coupon to give to the merchant, which will prove they are a member of our club. What a great way to drive business to your merchants.

Tips for a better merchant club

I still feel there is a merchant club out there waiting to be offered that is a win-win for everyone. So after much thought over a drink, and with a cigar in hand, I am offering my points for the better merchant club

1. For starters, only make merchants pay once a year. Seeing that dollar amount every month makes merchants feel like they are being nickel-and-dimed to death.
2. Paper is one thing that merchants feel makes it worth being a member of the club, so make sure you explain that free paper is only for the general desktop terminals and not POS systems.
3. Make the club affordable.
4. Don't try to slip club membership past merchants using automatic enrollment or opt-out billing methods. That practice comes across as sneaky.
5. Make sure the club offers benefits merchants will perceive as valuable.

Education (continued)

Trust in transparency

By Jeff Fortney

Clearent LLC

When talking to potential new ISO or agent partners, I always ask, "What do you want and need in a processing relationship?" Although their answers vary, over the past two years a common theme has emerged: transparency.

The demand for transparency at the processor, ISO and merchant level salesperson (MLS) levels has become the key component of any new relationship discussion. Many people I've spoken with have had less than transparent relationships that resulted in confusion and often significant losses in terms of both merchants and revenue.

It's sad that we have reached a point where something that should be a normal expectation of a relationship has become a demand. Demanding transparency is another way of saying, "I don't trust you." What's worse is that our industry as a whole has been tarnished because of the lack of transparency and loss of trust. To recover

> *Webster's Dictionary defines transparency as "a quality or state of being transparent" and provides "transparency of their motives" as an example of the term used in a business context.*

that trust, we should all make transparency the norm, not the exception.

This loss of trust and transparency has trickled down to merchants as well. They, too, are asking for transparency because they feel that fees, charges and other burdens have not been fully disclosed to them, or worse, that these items have been downright hidden.

Webster's Dictionary defines transparency as "a quality or state of being transparent" and provides "transparency of their motives" as an example of the term used in a business context.

Transparency goes both ways

The challenge with this use lies in the word "their." It implies transparency is one-way. However, in both processor/ISO/MLS relationships and MLS/merchant relationships, lack of mutual transparency results in a severe loss of trust. What, then, is transparency in the payments world?

In processor/ISO/MLS relationships, transparency is about full disclosure, a willingness and ability to provide complete details and, most importantly, to follow through on promises without subsequent, unpleasant surprises. To accomplish this, ISOs or processors must be clear about costs, expectations and contract terms. They should also possess a willingness to point out both the good and the bad in each of these areas. It's also critical that MLSs be treated as equals and respected as professionals.

Processors and ISOs must be able to clearly discuss contracts and answer all questions. The MLSs shouldn't take anything at face value. They should read contracts and look for key words like "vesting" or "minimums." They should look for areas they don't understand and ask about them.

In turn, MLSs must listen. Transparency may seem clear to the processor or ISO, since most – if not all – documents are in writing. But unless MLSs ask questions about areas they find confusing, the fault won't lie with the processors or ISOs, but rather with the MLSs for not asking important questions.

Your Competitive Advantage

Education

Additionally, MLSs must share their needs, what they feel they are missing and be vocal about what they need to be successful. That means being willing to provide information that helps the processors and ISOs design programs that best fit them.

MLSs must also think in terms of partnerships. If they want full transparency, they must be willing to commit to the relationship. MLSs should hold their partners accountable and expect their partners to hold them accountable in return. After all, a partnership is a two-way street.

Simply put, if there isn't a fit on either side, neither party should be afraid to say so. Processors and ISOs should tell MLSs what they can and can't do, and in return, MLSs should sign only with companies that truly meet their needs.

We've all heard the horror stories of relationships "gone bad." Many of us have even experienced them first hand. Unfortunately, the lack of disclosure, lost revenue and lost portfolios are nothing new. Yet all of that could have been avoided if the relationship was centered on two-way transparency and trust.

Merchants deserve openness

So, yes, asking for transparency in a merchant processing relationship is wise. However, the greater challenge is how do you provide transparency to your merchants?

The first and most important step is for MLSs to stop thinking they need to sign every single merchant. Hope to sign every merchant, but be prepared to walk away if you find you are compromising your integrity or making commitments you can't keep just so you can sign a merchant.

And remember, the sale isn't over just because the paperwork has been signed. This is a long-term, mutual relationship. Don't jeopardize the relationship by rushing out the door at the first opportunity. Take an extra five minutes to go over the fees and ask the merchant if he or she has questions. Don't rush this process. And, before the merchant signs, ask if he or she has other questions or concerns you have not yet answered.

These steps might seem simple, but they are essential to building trust and are the true definition of transparency. Look at yourself and truthfully answer whether you are transparent. If you can honestly say yes, you're on the path toward growing your business. 🔲

Jeff Fortney is Vice President, 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.

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Inspiration for women in payments

By Peggy Bekavac Olson

Strategic Marketing

I participated in something truly amazing recently – the largest gathering of women in payments ever assembled for the purpose of networking, personal development, camaraderie and celebration.

More than 150 women, representing over 50 companies in our industry, attended the Women's Network in Electronic Payments (W.net) Annual Career Leadership & Summit at the Hyatt Regency in Atlanta. The event, billed as *Sharpening Your Leadership Style and Staying Relevant in Today's Workforce*, was right on target: staying true to the stated goals of guiding personal and professional skills development while providing education on key industry, business and women's issues.

Stellar presentations

Pam Joseph, Vice Chairman of US Bancorp Payment Services and Chairman of Elavon Inc., got the ball rolling with her state of the industry address. Joseph shared her thoughts and views of what's happening in payments and the global economy today.

She emphasized mobile as the area she feels holds the greatest promise for business and career opportunity. Joseph was reluctant to talk much about herself, so Beth Blaisdell, Senior Vice President of Payment Solutions for Elavon, got the crowd roaring with her take on Joseph's personal life, which included good-natured quips about her family and friends.

A trifecta from Sage Payment Solutions – Chris Scappa, Senior Vice President of Operations; Lisa Cohn, Director of Operations; and Irene Lovewell, Senior Training Advisor – conducted the *Going the Extra Mile* workshop. They shared stories of women who have gone above and beyond what's expected to be successfully positioned for career advancement. They also engaged the audience in career planning and ongoing growth and development activities.

During *Show Me the Money*, Margaret Weichert, Managing

Director at Market Platform Dynamics, explained how innovation in the payments industry is driving a host of new business models. Weichert highlighted several new technologies that could create opportunity and value for traditional industry players, and profiled innovations that could be disruptive and give well-known payment companies a run for their money.

Wisdom from Coca-Cola

Wendy Clark, Senior Vice President of Integrated Marketing Communications and Capabilities for The Coca-Cola Co., was the keynote speaker. *During The Path to Success: Lift as you Climb*, Clark quoted a McKinsey Co. study indicating the most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally astute and operationally agile.

She also cited Sylvia Ann Hewlett, founding President and Ripa Rashid, Executive Vice President at the Center for Work-Life Policy. Their belief is that the face of top talent in emerging markets during the coming decade will most likely be that of a woman.

One of Coca-Cola's corporate priorities is to achieve true diversity through recruiting, developing and advancing women in the workplace.

Clark said the company has a strong pool of women in low- to mid-level job grades, but the company is far from reaching its workforce goal of 50 percent men and 50 percent women at all levels of the organization by 2020. Coca-Cola hopes to reach equality by retaining existing female talent, recruiting women into key open roles and developing a pipeline of ready-now and ready-future female candidates.

Clark discussed several changes she believes need to take place to increase women's leadership at Coca-Cola and elsewhere. Her remarks were valid and compelling; the ones that resonated most with me were:

- The impact mobility has on work, home and family
- Lack of networks and networking skills
- The need for mentoring and sponsorship
- Female power not being synonymous with "bitch"
- Having a personal sense of readiness
- The flexibility mandate
- The "Superwoman" syndrome
- Lack of women helping women

W.net is dedicated solely to women in the electronic payments field. Its goal is to teach women in the industry how to be stronger and more powerful leaders through networking opportunities, educational programs, mentoring and more, while enabling them to maximize their potential. W.net provides opportunities on both the local and national level. Local Interest Network Circles (LINC's) in major U.S. cities are available, and an annual Super LINC event is held each spring to coincide with the Electronic Transactions Association's Annual Meeting & Expo. W.net also hosts a Career & Leadership Summit each fall. For more information, please visit *www.w-net.biz*.

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Education

Clark dismissed the term "work-life balance," preferring "life integration" as a goal women should aspire to achieve. She offered these eight life integration tips:

1. Be both planned and flexible.
2. Commit to reality and know your limits.
3. Be in the present at full attention, not preoccupied with multitasking.
4. Integrate personal and professional priorities into as many activities as possible.
5. Seek feedback from all sources.
6. Take ownership in your endeavors.
7. Appreciate the journey.
8. Pay it forward by joining groups like W.net.

Lessons learned

In today's competitive work environment, education and experience are no longer enough to secure your position. Business attire, etiquette, communication skills and social acumen are all equally important. During *Building Your Professional Brand*, Barbara Roeber, Senior Vice President of Business Development at First Data Corp., shared insights on how to showcase unique personal attributes and maximize visibility to spur career progression.

Joan Herbig, Chief Executive Officer of ControlScan, tackled *Organizational Savvy: Career Lessons Learned*. She explained that she's acquired important lessons from each company she's worked for that encompass culture, change, markets and business models. Herbig offered these guidelines to increase organizational savvy:

1. Get on the bus with the right people.
2. Listen more than you talk.
3. Stay outside your comfort zone.
4. Check your arrogance at the door.
5. Make no excuses.
6. Break problems into three actionable items.
7. Identify what you should start doing, stop doing and keep on doing.
8. Have no fear.
9. Find opportunity in chaos.
10. Work hard, have fun and don't take yourself too seriously.

The event concluded with a panel of industry executives from emerging payment technology companies that included Will Wang Graylin, Chief Executive Officer of ROAM Data Inc.; Kathleen Hutchison, Senior Director for Global Risk Management at PayPal Inc.; Tammy Schuring, Vice President of Sales for Voltage Security Inc.; and Debra Stone, Associate Director of New Technologies for Verizon Wireless.

Panel members identified hot jobs available today, predicted hot jobs of the future, detailed the background and experience they feel is necessary to secure these positions and discussed how women can position themselves to take advantage of these opportunities.

In addition to the superb agenda, the summit provided ample opportunities for networking, fun and celebration. Winners of this year's W.net Driving Improvement via Action (DIVA) awards were First Data for diversity; Atlanta for strongest LINC; and Elizabeth Pike, Director of Sales Recruiting at Heartland Payment Systems Inc., for spirit. A silent auction raised thousands of dollars for future programming and activities.

The W.net Career & Leadership Summit was a resounding success. I am in awe of the caliber of speakers and attendees assembled, and feel privileged to have been a part of this inspiring and transformational event. ▨

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. Information about Strategic Marketing can be found at www.smktg.com.

U.S. EMV implementation

By Tim Cranny

Panoptic Security Inc.

Visa Inc.'s recent initiative to increase pressure on U.S. issuers, acquirers, processors and merchants to adopt the Europay/MasterCard/Visa (EMV) smart card system (dubbed chip and PIN in the United Kingdom and elsewhere) makes it a good time to look at what EMV is, what it does and what the coming changes mean to all involved.

The first point to make is that EMV is not new; it has a long history in many parts of the world. Rather than being a leader with respect to EMV adoption, the United States has lagged significantly. Hopefully, the upside will be that the U.S. rollout will benefit from other countries' experiences.

Implementing EMV in the United States will require a near-universal infrastructure refresh: new cards issued, new POS terminals deployed, new processor technologies developed and so on. You might ask, Why change at all?

Implementing EMV in the United States will require a near-universal infrastructure refresh: new cards issued, new POS terminals deployed, new processor technologies developed and so on. You might ask, Why change at all? What's wrong with the old mag-stripe system?

The bottom line is the old system has significant weaknesses that make certain types of fraud far too easy, and EMV can do a lot to lessen those types of fraud. EMV does not make fraud go away, but it does do a lot to help.

Mag stripe versus EMV

With mag-stripe technology, transaction security breaks down too easily at the authentication stage: the step at which the system tries to verify that the customer on the other end of the transaction really is who he or she claims to be (or at least has the real card), and is not someone who used pilfered data to clone the card or stole the original card.

EMV technology makes authentication more reliable, but

there is no point in having processors or payment gateways build a clever-but-complicated system for authenticating customers when there isn't a matching, clever technology at the customer's end: all that does is break things, rather than improve things.

Authentication requires close coordination between the two parties involved, almost like a dance. One side can't unilaterally change the rules or make things 10 times more complicated and still expect that coordination to keep working.

When one side of the transaction (the processor or gateway) has the option of being "smart" or complicated, but the other (the customer) can't reciprocate in kind, only two alternatives exist: both sides can "work dumb" in the interests of cooperation, or they can take steps to make the "dumb" side of the transaction smarter.

In the United States, we've spent the last decade in a rut with the first approach. EMV is all about the second approach: giving the customer technology that makes their end of the conversation "smarter," and therefore allows the entire conversation to suddenly get smarter and better.

The "smart" I'm talking about here has the same meaning as the "smart" in smart card. A smart card has integrated circuits built into it so it can store data and run computations on the card itself, and therefore engage in a complicated back-and-forth with the processor's or the gateway's computers to prove, far more certainly than before, that they are talking to the real card, and not a fake or cloned card.

The technical details get complex fairly quickly. In essence, the back-and-forth is more complicated, but better, because it is different each time (or dynamic) rather than repetitive (or static).

Breaking the EMV logjam

The challenge with EMV hasn't been technical (which is obvious, given that many parts of the world have been using this technology since the end of the last century), but rather business-related.

There's a chicken-and-the-egg problem with this sort of upgrade, where the gateways and processors don't want to spend money to improve infrastructure until the merchants do; similarly, merchants don't want the cost and effort of getting new POS systems until there's a clear signal that it's the smart thing to do for their businesses.

To break this stalemate, someone needs to force the issue and offer everyone carrots and sticks. And that is precisely what Visa is doing. The company is trying to drive the upgrade process in several ways. These include:

1. Effective October 2012, merchants who process at least 75 percent of their transactions on "dual-interface EMV chip-enabled terminals," already validated their Payment Card Industry (PCI) Data Security Standard (DSS) compliance in the last year, and were not already in trouble (that is, didn't store sensitive authentication data, or weren't previously involved in a cardholder data breach) can avoid revalidation of their PCI DSS compliance by participating in Visa's Technology Innovation Program.

2. Liability will shift for domestic and cross-border counterfeit transactions effective October 2015. Thereafter, the party that has not instituted EMV technology to facilitate transactions (that is, either the issuer or the merchant's acquirer) will be financially liable for any resulting card-present counterfeit fraud losses. When a transaction uses chip technology, any liability for counterfeit fraud, though unlikely, will follow current Visa Operating Regulations. In other words, those who are dragging their feet and don't implement EMV technology, get to own any problems that ensue.

It's important to note a few things about the first point. It waives PCI validation (the paperwork) but not compliance: you still have to actually do the right things to get and stay compliant. It's also not clear that this will have much effect in the foreseeable future. MasterCard Worldwide and other card brands have not waived PCI validation as a requirement. It is also unclear when such terminals need to be bought and deployed widely enough to have an impact.

On the upside, Visa didn't say 75 percent of transactions have to actively use EMV; they just need to be done on terminals that can accept EMV cards.

This sort of technical change will require effort and commitment from merchants, issuers and processors, but it has already been shown to have real value in the fight against fraud. If the payment brands do the right things and offer the right incentives, it will hopefully be a relatively smooth, efficient upgrade process that will make the U.S. payments industry safer and more modern.

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.

MeetTheExpert

ADVISORY BOARD

Andrew Altschuler

Vice President of Sales
AmeriMerchant

Andrew Altschuler, Vice President of Sales at AmeriMerchant, was the first employee hired at the merchant cash advance (MCA) provider when it was founded in 2002. Back then, only AmeriMerchant Chief Executive Officer David Goldman and Altschuler were on board; now the company has a staff of 75 based mainly in New York, with a satellite office in San Francisco.

MCA is a relatively simple proposition: in exchange for providing, say, $75,000 in upfront capital to a merchant, AmeriMerchant is paid back $100,000 over time from the merchant's bankcard receivables, Altschuler said. AmeriMerchant gains a 15 percent profit on the investment, and the merchant enjoys working capital that doesn't involve interest rates, fixed monthly payments and the penalties that come with bank loans.

"To me, it's that flexibility," Altschuler said. "We're taking a percentage of a merchant's sales to pay us back. So if they do slow down significantly, the

pay-back slows down significantly. … That's the most paramount of the benefits of the program."

Because merchants do not have to put up collateral to get MCA financing, AmeriMerchant shoulders the risk. It is why the company does its homework. "You name it; we've seen it," Altschuler said. A merchant whose bank statements show $1,000 withdrawals to pay off gambling debts "typically isn't a good candidate for our program," he noted.

A merchant who calls on a Monday looking for a cash advance to pay employees that Friday is also not a good prospect, Altschuler added. "It's the guys that call us on a Monday and they say, 'Hey, Friday there's a shipment coming in of shoes from Italy that I can buy for $15,000, and I know that I can turn around and sell them in six months for $30,000. … That makes a lot of sense for us."

Animal of a different swipe

Altschuler said selling MCA is a different animal: it's not selling pro-

cessing services; it's "selling money." MCA agents need patience and persistence, as the sales cycle is typically longer than a bankcard processing sales cycle.

"It takes a little bit of a special personality in following up because every business needs money at some point in the given year," Altschuler said. "You have to keep following up with these merchants. But, at the end of the day, the agents really have a great opportunity to make a very nice commission upfront by getting the deal.

"About 50, 60 percent of the merchants renew. So there's always the residual component on the re-up that the agents can make."

It's the success stories Altschuler loves. He said, "We always hear about a guy that has one or two locations, and then he wants to get that third location. … If he can just get into that third location, now he really is starting to get himself to that next level. If we can help guys like that, that's exciting."

TradeAssociationNews

An ascendant year for regional shows

"The rise of the regionals" is how Western States Acquirers Association President Steve Eazell described the record-breaking attendance at the 2011 WSAA Conference held Sept. 21 and 22 in Burlingame, just south of San Francisco.

This year's organizers counted approximately 625 attendees – the largest crowd ever at a WSAA annual meeting, according to Eazell, who is the Director of National Sales and Marketing for Secure Payment Systems Inc.

"For agents, ISOs and vendors alike, the Western show has become a must-attend event," Eazell said. "It offers the opportunity to conduct business, network with colleagues and hear the latest about crucial issues in our industry. I believe the success of this show speaks to the rise of the regionals due to the desire for the industry to gain access to those vital, crucial, yet somewhat unseen, bankcard foot soldiers who finally have a forum with these shows."

He feels the strength of regional associations is more about generating a real forum for "the forgotten" than it is about head count. "This is for the salespeople on the street who are the unsung heroes of the industry," he said. "We want to make sure there is as much available for them at the conference as can be available."

Getting started

Field Guide Enterprises LLC President Mark Dunn, producer of the Field Guide Seminar, opened the conference on Sept. 21. The frequently updated educational event included six distinct presentations exploring some of the industry's hottest issues. See the sidebar to this article, "A full house at Field Guide Seminar," for details on the presenters and their topics of interest.

Networking – and some big fun – began in earnest with an early evening opening reception with exhibitors. In addition to $10,000 in raffles and giveaways over the two days, there were demonstrations and entertaining floor events such as Cynergy Data LLC's photo booth.

Stimulating presentations

Sept. 22 found much of the discussion focused on social media and technology. The opening general session presentation, *Six Ways to Grow Your Business with Social Media*, included panelists Peggy Olson, Founder and Principal at Strategic Marketing Inc.; SignaPay Ltd. President Kevin Jones; and Jason Putnam, First American Payment Systems LP Vice President of Sales for the Strategic Partner Channel.

Focused on the immediacy, transparency and approachability of social media, the trio offered tips on how to generate exposure, increase traffic, target the audience, and build business using social media groups and discussions.

Later, the talk, *How to Thrive in a Price-Driven Market*, offered perspectives from Matt Clyne, President of Direct Connect LLC, and Adil Moussa, Senior Analyst with Aite Group LLC. *Capturing the International Market – Opportunities for ISOs* included insights from panelists Carrie Hometh, Senior Vice President of Sales for RocketPay LLC, and Melissa Jones, Senior Vice President for Relationship Management at Planet Payment Inc.

The 1099-K opportunity

In the price-driven market session, Clyne said the new 1099-K filing requirement for payment processors looks like a sales opportunity. The Internal Revenue Service rule 6050W requires all 1099-K filings to have correct taxpayer identification numbers (TINs) and business names. Responsibility for collecting this information and ensuring it is correct often falls to ISOs and merchant level salespeople (MLSs) – and so will the blame for not getting the correct information.

Clyne believes there will be significant account turnover when merchants start having 28 percent of their business receipts held because the IRS does not have the merchants' proper TINs or business names. He feels this is one reason the IRS will likely delay implementation of the 6050W penalties, scheduled to begin Jan. 1, 2012.

The global market

In the international opportunities session, Hometh and Jones advised agents to focus their efforts on fulfilling consumer desires in the international payment area. They said international customers want technology that allows them to make transactions in a familiar currency using whatever transaction vehicle they are most comfortable with – electronic wallet, voucher, credit card, prepaid card or real-time bank transfers.

One way of achieving this level of comfort is dynamic currency conversion (DCC) at the POS. DCC lets customers see in real time what they are paying by converting the foreign currency into a currency with which they are familiar.

Business issues

An afternoon panel, *Operating Your ISO in Today's Marketplace*, was facilitated by *The Green Sheet* contributing writer Ken Musante, who is President of Eureka Payments LLC; Harold Montgomery, Chairman and Chief Executive Officer of Calpian Inc.; Greg Cohen President of Moneris Solutions Corp.'s U.S. Group; and Darrin Ginsberg, founder and President of Super G Funding LLC.

PICTORAL HIGHLIGHTS OF WSAA 2011

This discussion focused on financing ISOs and optimizing portfolio values. Cohen emphasized the industry is now moving to become a multichannel provider of advertising and payments for merchants. Today's terminals need to not only process payments but also collect and coordinate data to use with advertising through email, social networking and text messaging.

The panel agreed the introduction of Europay/MasterCard/Visa (EMV) cards to the United States also represents an opportunity for ISOs to sell new EMV-compliant terminals. Another afternoon panel, *Mobile Payments: Fad or Future?*, featured ISIS Mobile Commerce Business Development Executive Tony Abruzzio; VeriFone Senior Sales Director Arcelia (Arcy) Stevens; and Dave Wentker, Head of Mobile Product Development for Visa Inc.

The Q & A session that followed included a dynamic questioning of Wentker. Audience members asked him how Visa could invest in Square Inc., which employs a mobile payment device that competes with devices they sell, when Square does not comply with security standards Visa demands from the rest of the payments industry's hardware and software devices. Wentker offered a general response indicating Visa will make allowances for innovation.

The importance of content

Keynote speaker Scott Stratton delighted and fascinated MLSs with an entertaining talk as he explained in a funny and incisive way his strategies for using Twitter, Facebook, LinkedIn and other social media for promoting business.

His key advice was to "be awesome" with content. He said using social media to post helpful and interesting content – even if it is posted irregularly or infrequently – is more important for attracting name brand attention than posting less relevant and less interesting content more often.

"This was a fantastic conference," Eazell said as the conference was wrapping up. "I didn't hear one negative remark. Our board really went above and beyond the call of duty putting this conference together. Some very talented people worked very, very hard to do this. It's been suggested we could hire people to do the work of putting this together, but we're not going to do that. It's rewarding for everybody to do this."

A full house at Field Guide Seminar

A packed house attended Mark Dunn's educational Field Guide Seminar on opening day of the Western States Acquirers Association 2011 conference. Six experts presented sessions on a range of topics complementing the seminar's theme, the practical ISO.

Following are the seminar's highlights:

PCI compliance, increasing sales by educating your merchants – Greg Leos, Vice President Payment Partner Program at Trustwave, challenged attendees to become proficient in Payment Card Industry Data Security Standard compliance issues and to illuminate risks to merchants in order to add value and build trust.

Connecting with your international acquirer – Rod Hometh, President and founder of RocketPay, addressed inherent differences between selling domestically and internationally to help payment professionals serving merchants who are interested in accepting international currencies in pursuit of global markets.

Building a great company – Matt Clyne, President of Direct Connect LLC, discussed principles for developing a strong sales organization, such as what to look for in a team and the importance of empowering team members to make decisions and contribute business-building ideas.

How to win over the challenges of becoming an ISO – Mark Dunn, President of Field Guide Enterprises and producer of the seminar, discussed the seven deadly mistakes ISOs make, important financial considerations, as well as the risks of running a registered versus unregistered ISO.

Can you sell POS? – Bryan Daughtry, Vice President Sales and Marketing at UP Solution Inc., strongly advised audience members to bundle POS systems with merchant services to provide a revenue channel, enhance merchant retention and boost transaction processing up to 30 percent.

New ISO model versus old ISO model – Donna Embry, Senior Vice President of Payment Alliance International focused on untapped revenue opportunities at over 35,000 community banks and credit unions. Potential areas of profit include ATM outsourcing, check automation and remote deposit capture.

For a booklet summary of the seminar or to enroll in the Field Guide Enterprises online merchant bankcard sales training program, which includes 10 intensive lessons and testing, visit *www.gofieldguide.com*.

ISO SUCCESS

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

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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 researched 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

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HARBORTOUCH

New**Products**

Look, Mom and Pop, no paperwork

Product: CB App Express

Company: Merchant Warehouse

Known for innovations in secure payment processing and merchant account services, Merchant Warehouse recently launched CB App Express, an Apple iPad application designed to help sales agents in the field to sign new merchant accounts more efficiently by eliminating the hassle of paperwork.

CB App Express is powered by CurveNorth Inc.'s Merchant-Flo module. Merchant Warehouse agents equipped with the app can complete the entire application process online, including signature capture. The new tool is said to speed the application process and provide greater accuracy, giving agents more control of their business and productivity.

"Well over a decade ago when I was selling point-of-sales systems door to door, my briefcase was stuffed with paper, pens, calculators and whatever I needed to become a successful sales agent," said Henry Helgeson, co-Chief Executive Officer of Merchant Warehouse. "Keeping all the compartments organized was a daily chore.

"CB App Express removes the mess, streamlines the process and allows agents to be more efficient. This tool allows for quicker submissions and approval of merchant accounts, decreases the amount of lost data and cuts down on the use of paper contracts. We expect this product to enhance our agents' ability to grow their portfolios."

Transparent simplicity

To operate the system, agents enter merchant information directly into CB App Express, which then guides them through the boarding process using an advanced work-flow system. Applications can be stopped, started, redirected to other departments for approvals and finally signed without the exchange of any paper forms.

Merchant Warehouse pointed out that being able to view the entire process online provides managers tools to understand and control what is going on in their businesses.

According to the company, a main benefit of this new tool is that agents don't waste time making corrections to their faxed applications. In addition, more than one party can fill out an application. Merchants can complete applications on their own, or sales agents can partially or fully complete applications and have merchants fill in any missing data before then automatically signing

Features of CB App Express include:

- Eliminates paperwork
- Streamlines application process
- Speeds merchant boarding
- Reduces redundancy errors

the completed application online. What's more, the agent has access to all of the merchant documentation in one central location.

Merchant Warehouse stated it is offering a special program for agents who qualify: any agent who receives 12 approvals using CB App Express will be reimbursed to cover the cost of the iPad; some rules and restrictions apply. No information is available regarding how long the program will remain in effect.

Merchant Warehouse

800-743-8047
www.merchantwarehouse.com

An automation tool for walk-in payments

Product: PayItFast

Company: US Dataworks Inc.

Approximately 88 million U.S. consumers are either unbanked or underbanked, according to KPMG LLP. In addition, unbanked and underbanked consumers regularly use alternative check cashing and payday loan services and represent total combined annual earnings of $1.3 trillion.

Reaching this growing segment of the population was the motivation behind development of PayItFast, a new cloud-based application for walk-in (in-store) payments, available through US Dataworks Inc.

PayItFast was designed for utility companies, government agencies, insurance companies, check cashing services and other entities with multiple payment locations. Users plug the combination check scanner and card swipe terminal into an Internet connection to begin processing payments.

PayItFast operates independently of a personal computer and centralizes payments into US Dataworks' Clearingworks payment platform, the company reported.

Features of PayItFast include:

- Cloud-based app for unbanked, underbanked
- One-stop processing of walk-in payments
- Plug-and-pay payment processing solution
- Cost-effective model for unique niche market

"By turning the concept of traditional walk-in payment processing on its head, US Dataworks has delivered an affordable solution to a high-cost transaction," said US Dataworks President and Chief Operating Officer Mario Villarreal.

"The combination of our Clearingworks cloud-based delivery model and the ability to process any payment type provided by PayItFast will significantly reduce the upfront and ongoing costs while accelerating funds availability."

According to US Dataworks, the app extends Clearingworks' four pillars of payment processing, which are ClearPayments multichannel payment processing, ClearDeposits payment deposit and clearing solution, ClearReturns automated returns matching and posting service, and ClearInsights integrated payment data and analytics.

In the past, most businesses were forced to rely on fragmented manual processes that delayed funds availability and inconvenienced customers, stated Leilani Doyle, US Dataworks Director of Product Management. "What's more, businesses struggle with limited counter space and staff training time, which is why PayItFast's compact design and streamlined operations is the perfect solution," she added.

PayItFast accepts all major payment types, including checks, credit cards and cash. "There's check scanning, front and back of the check at the same time," Doyle said. "You can swipe a credit card and use that for bill payment." It will also take cash, account for cash and open a cash drawer if the merchant is enabled with a cash drawer, she added.

Doyle said PayItFast reduces processing costs, which are typically much higher for walk-in payments, and based on research, the market appears to be growing. The service is offered on a monthly subscription fee basis, and residual income opportunities exist for agents who partner with US Dataworks, the company stated.

US Dataworks Inc.

281-504-8092
www.usdataworks.com

Research**Rundown**

Which approach to mobile payments will lead the pack?

According to research by Aite Group LLC, mobile payments in the United States are expected to reach $214 billion by 2014. However, forecasting which approach will prevail is no easy task. Will integrated near field communication (NFC), nonintegrated contactless, bar code, cloud-based or text messaging ultimately become the preferred choice?

A Smart Card Alliance white paper titled *The Mobile Payments and NFC Landscape: A U.S. Perspective* attempts to grapple with these questions by providing an overview of the state of the market and evaluating the strategic advantages and disadvantages of each payment model.

"The goal of this white paper is to help industry stakeholders understand the current mobile payments landscape, anticipate how mobile payments are likely to change, and appreciate the opportunities that mobile payments, and particularly NFC-enabled mobile contactless payments, present," said SCA Executive Director Randy Vanderhoof.

Topics covered in the white paper include:

- The mobile financial application landscape for banking, commerce, POS and payment environments, with an analysis of person-to-person, remote and proximity payments
- Key benefits and requirements of NFC mobile proximity payments to merchants, consumers, issuers and mobile operators
- The state of the market as it relates to the NFC ecosystem and provisioning, NFC security, NFC POS infrastructure status and the regulatory environment
- A comparison of mobile payment approaches based on reliability at the POS, transaction speed, security, ease of use, wallet functionality, merchant acceptance and device deployment
- Stakeholder relationships and security elements for various mobile payment models

For a free download of the SCA's 53-page white paper visit:
www.smartcardalliance.org

Smart phone, tablet users at risk

A survey of smart phone and tablet users found the following risky habits and attitudes could place a majority of users at risk for security breaches:

Don't use a password or PIN on device 52.9%

Consider password/PIN too cumbersome.................................... 44.4%

Would prefer an easier form of authentication............................ 57.6%

Use a bank/financial/stock app on device.................................. 50.9%

Use online shopping/auction account apps 34.5%

Log in to apps/accounts each time versus always on 32.5%

Source: Confident Technologies Inc.

"In spite of the challenges caused by form 1099-K, Aite Group sees an incredible opportunity for ISOs and acquirers to monetize this requirement. Partially because of the expenses incurred, ISOs and merchant acquirers will be able to justify increasing their prices or charging for compliance."

– Adil Moussa, Senior Analyst, Aite Group
Source: Aite Group Impact Note

Credit sees resurgence in 2011

A First Data Corp. advisors' analysis reported credit card dollar volume year-over-year growth in Feb. 2011 surpassed that of signature or PIN debit for the first time in over two years. And the shift continued in the first half of 2011. Titled *Rebirth of Credit – Minus the Debt*, the report also provides the average dollar volume, total spend and total credit spend across core retail sectors from the second quarter of 2010 to the second quarter of 2011.

Micropayment fee dilemma

Discount fees charged to merchants who accept micropayments occupy a significant percentage of revenue and thus reduce profitability, causing what has been termed the "micropayments problem," according to the Mercator Advisory Group report, *Solving the Micropayments Problem: Minimizing the Impact of Discount Fees on Small Ticket Transactions*. The report discusses how merchants and networks are addressing this issue.

A risk framework for P2P payments

The Retail Payments Risk Forum published a working paper on peer-to-peer (P2P) payments as a resource for the payments industry, regulators and consumers. Offering a framework for banks and regulators to assess and manage risk exposure for different P2P products, the paper provides case studies and categorizes the transaction life cycle by counterparties, access channel, funds load and receipt instruments, and settlement networks.

DateBook

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

Electronic Transactions Association
2011 Strategic Leadership Forum

Highlights: Considered the premier event for senior level payments industry executives, the ETA's annual Strategic Leadership Forum will combine three events in three days – in one location.

The forum promises an unprecedented lineup of mobile, security, technology and top-level experts who will examine the latest trends influencing merchants, new technology shaping the future of payments and the most pressing issues facing the industry.

The competitive landscape in mobile commerce will be the focus of the association's inaugural Mobile Commerce Summit, held on Oct. 25. Compliance Day held on Oct. 27, the forum's final day, is designed to provide critical information on compliance, security standards and card company rules and mandates. Representatives from the major card brands will be on hand.

When: Oct. 25 – 27, 2011
Where: The Palmer House Hilton, Chicago
Registration: *www.electran.org*

Payments Source
19th Annual ATM, Debit & Prepaid Forum

Highlights: Major players in the payments industry will converge in Las Vegas for panel discussions and keynote addresses on five concurrent tracks. The event will address such issues as the future of payments in a post-Durbin Amendment environment, which mobile payment business models will gain traction, ATM access and prepaid opportunities.

More than 80 speakers will discuss best practices and offer perspectives on evolving trends and challenges in an era of increased government scrutiny.

Workshop Day, held on opening day, will offer sessions covering social media, prepaid programs and mobile commerce. The following Payments Innovation day will highlight emerging trends in banking and payments.

When: Nov. 1 – 4, 2011
Where: Bellagio, Las Vegas
Registration:
www.paymentssource.com/conferences/atm/debit/

Smart Card Alliance
10th Annual Government Conference

Highlights: This event will bring together 50 exhibitors, 70 speakers and more than 700 attendees interested in the opportunities and challenges involved with smart card implementation for government issuers, accreditation and testing authorities, procurement programs, and more.

The conference will draw on key decision makers from every level of government and industry. It will spotlight evolving global standards and cover authentication technology used in federal, state and local government identity programs.

It will also discuss developments in the National Strategy for Trusted Identities in Cyberspace and trusted identification on both the Internet and mobile devices. Presentations will emphasize the real-world experiences of program implementers and administrators.

When: Nov. 1 – 4, 2011
Where: Ronald Reagan International Trade Center, Washington, D.C.
Registration:
www.cvent.com/events/10th-annual-smart-card-alliance-government-conference/registration-a227fff690e14b98b9e-a29e2fe1fdb2e.aspx

2011 Calendar of events

To submit your event to this calendar, email a press release to press@greensheet.com. Please include the name, date and location of the event, as well as highlights of planned activities and registration contact information.

2011 Event	Date	Location	Web site
Bank Administration Institute, BAI Retail Delivery	Oct. 11 – 13	Chicago	www.bai.org/retaildelivery/registration
MWAA, Wisconsin Payments Professionals	Oct. 11	Madison, WI	www.midwestacquirers.com
The Payments Authority, Concepts 2011	Oct. 12 – 14	Mt. Pleasant, MI	www.thepaymentsauthority.org/source/Events
MWAA, Chicago Payments Professionals	Oct. 12	Oak Brook, IL	www.midwestacquirers.com/index.php
UMACHA & Minneapolis Fed, Navigating Payments 2011	Oct. 13 – 14	Bloomington, MA	www.navigatingpayments.org
ACH Direct and UMACHA	Oct. 18	Online	www.achdirect.com
W.net, UNC Phoenix	Oct.19	Phoenix	www.wnetonline.org
Epcor Payments Conference - Fall 2011	Oct. 25 – 27	Kansas City, MO	www.epcor.org/iMIS15/EPCOR
ETA, 2011 Strategic Leadership Forum	Oct. 25 – 27	Chicago	www.electran.org
Glenbrook Partners, Payments Boot Camp	Oct. 26 – 27	New York	www.cvent.com/events
W.net, UNC New York	Oct. 27	New York	www.wnetonline.org
19th Annual ATM, Debit & Prepaid Forum 2011	Nov. 2 – 4	Las Vegas	www.paymentssource.com/conferences/atmdebit
Smart Card Alliance's 10th Annual Government Conference	Nov. 2 – 4	Washington	www.cvent.com/events
2011 AFP Annual Conference	Nov. 6 - 9	Boston	www.tradeshowregistrar.com/regsystem18/?event=AFP2011
Cartes & IDentification 2011	Nov. 15 – 17	Paris	www.cartes.com
American Conference Institute, Emerging Payment Systems	Nov. 18 – 19	Washington	www.americanconference.com
US Advanced Payments Summit 2011	Nov. 28 – 29	Washington	www.advancedpaymentssummit.com
W.net, UNC Atlanta Holiday Event	Dec. 6	Atlanta	www.wnetonline.org
Glenbrook Partners, Payments Boot Camp	Dec. 7 - 8	Santa Clara, CA	www.cvent.com/events

MWAA MidWest Acquirers Association™

October 12

W.net

October 19

ETA

October 25 – 27

Inspiration

There are always three speeches for every one you actually gave. The one you practiced, the one you gave and the one you wish you gave.
– Dale Carnegie

Claim the podium

A primary feature of tradeshows is the opportunity they provide to see payments industry leaders share expertise on topics of vital interest to ISOs and merchant level salespeople. Offerings include keynote speeches, educational presentations, panels and breakout sessions. They cover regulatory and economic issues, technological developments, data security, new areas of opportunity, and a host of other issues affecting the payments sphere.

These often motivational offerings also present significant opportunities to those who share their knowledge and expertise. Individuals who step on stage and take the mic become far more than just a name and title on a roster. They become known to all attendees as subject-matter experts; their distinct voices, mannerisms, stories and jokes become uniquely memorable; they are also seen as confident individuals who likely have potential as business partners.

A common fear

Yet few payment professionals who could participate at this level ever do.

Rationalizations abound: some say they're too busy; others say they don't want to reveal their hard-won secrets; others fear they're not knowledgeable enough to provide others with worthwhile advice. However, many others don't take the stage merely because they are not comfortable speaking in front of groups. In fact, some people who shine when it comes to one-on-one sales or small-group presentations, are absolutely terrified when it comes to speaking to a packed meeting hall.

If you're in the latter group, you're not alone. Paul L. Witt, Assistant Professor of Communication Studies at Texas Christian University, told WebMD that for many folks, public speaking is "even scarier than rattlesnakes" and that it's the "No. 1 fear reported by people in the United States."

Helpful hints

This doesn't mean you have to settle for a permanent seat in the audience if you haven't yet addressed the tradeshow crowd. Here are some tips to help you enjoy the limelight:

- Audiences overwhelmingly want speakers to succeed. They did not come to grade your performance. So remember that your audience wants the best for you when you stand at the podium; some of your tension will be relieved on the spot.

- You don't have to be brilliant or comprehensive. You don't have to be Einstein or Steve Jobs. You just need to provide useful information to your audience. If you keep it simple and aim to get across even just two key points, you'll make your job easier.

- You don't have to be perfect. Not even the best public speakers are flawless. The secret is to take your mistakes in stride and keep going.

- You can start small. Typically, people don't begin public speaking at the keynote level. Your first steps could be to introduce a speaker, make announcements at the beginning of a meeting or run a raffle.

- Practice helps. The more you speak in public, the better you'll get at it. Seek speaking opportunities wherever you can – at work, community events and club meetings and through such groups as Toastmasters, which is dedicated to helping people develop public speaking and leadership skills.

Now is the time to prepare for the 2012 tradeshow season. Why not set a goal of speaking in some capacity at a regional acquirers show next year? It will be good for you, good for your business and good for those who will learn from what you have to say.

Good Selling!℠

Paul H. Green, President and CEO
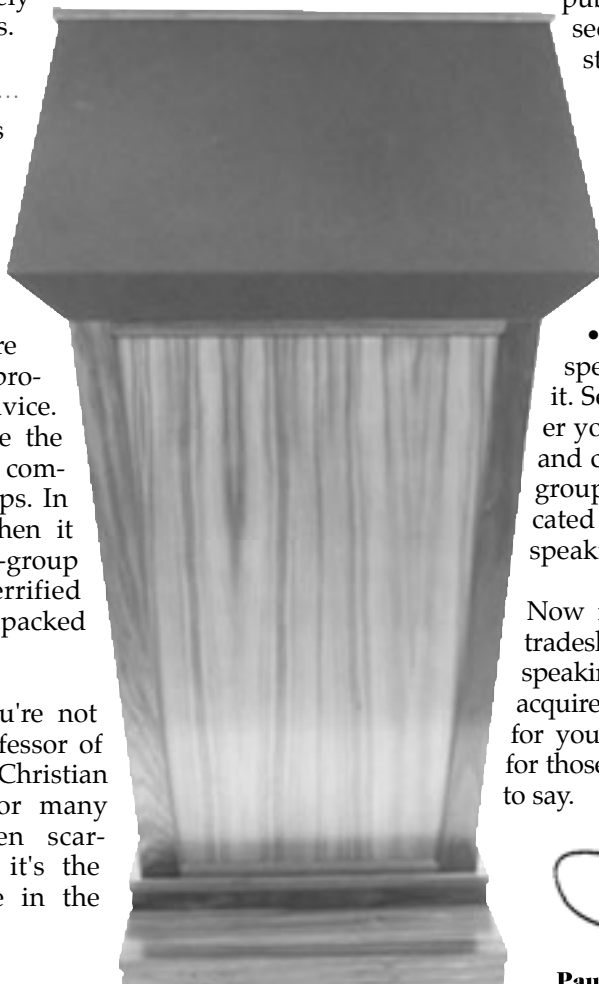
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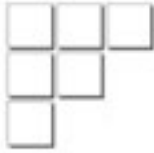
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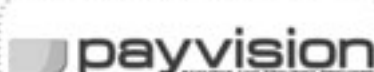
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[doo-fuhs] *n. Slang*
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Total Transparency

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 upfront, 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.

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