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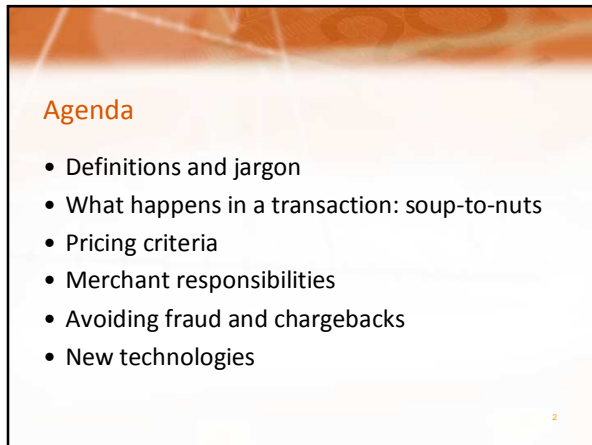
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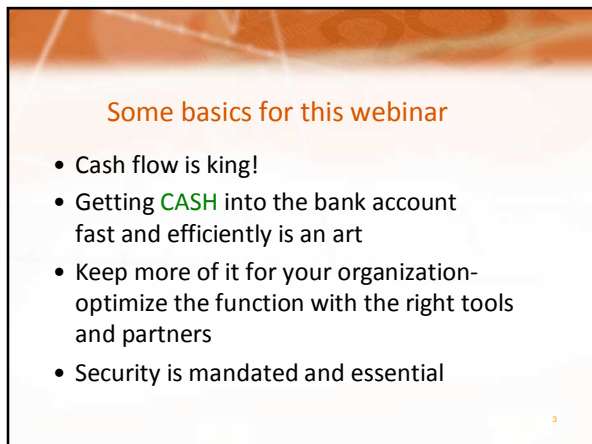
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Card transactions (definitions and jargon)

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Ways to accept a card: jargon

- **Card-present:**  
face to face exchange of card to clerk to swipe through a terminal with signature on receipt  
– least risk; lower rates
- **Card not present:**  
phone, fax, snail mail, internet exchange of data without swipe or physical signature  
– also called **MOTO:** mail order/telephone order  
– more risk; higher rates  
– requires special security awareness and tools



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Definitions and Jargon

- **Authorization:** Verification of a bankcard transaction by an issuing bank or other institution, or by an approved independent service provider.
- **Authorization Code:** The alphanumeric code designated by the issuer for a sales transaction as verification that the sale has been authorized.
- **CVV (Code Verification Value):** This is a three-digit code that appears in the signature panel on the Visa/MC and Discover cards; 4 digits on top right corner of front of AMEX cards. It is a valuable fraud detection and prevention tool for card-not-present transactions.
- **Card Truncation:** The printer suppresses or masks the expiration date and all but 4 digits of the account number are on the cardholder receipt.
- **Chargeback:** A chargeback is a previous transaction that is disputed by the cardholder or the issuing institution. A chargeback occurs when a cardholder disputes a charge or when proper bankcard acceptance and authorization procedures were not followed.
- **Commercial Card:** A business card, corporate card, fleet card or purchase card issued for commercial use, often with a higher discount expense than consumer cards.
- **Debit Card:** A plastic card used to initiate a debit transaction. In general, these transactions are used primarily for goods and services and to obtain cash, for which the cardholder's checking account is debited by the card-issuing institution.
- **Discount:** the percentage deducted from the credit card transaction
- **Gateway:** an electronic conduit for communicating and transmitting cardholder data (one-time and recurring) to the processor and retaining historic payment data
- **Magnetic Stripe:** A stripe (on the bankcard) of magnetically encoded cardholder account information.
- **PCI:** 12 significant requirements designated by the Payment Card Industry including multiple sub-requirements which contain numerous directives against which businesses may measure their own payment card security policies, procedures and guidelines.
- **POS: Point-of-Sale.** The location of a merchant from whom the customer makes a purchase by the card swiped through the terminal.
- **Purchasing Card:** Designed to help companies maintain control of small purchases while reducing whatever administrative costs are associated with authorizing, tracking, paying and reconciling those purchases.
- **Recurring Payments:** A series of transactions in which transactions will be processed by the merchant on an ongoing basis, unless and until canceled by the cardholder. Best practice is to have an authorization agreement on file with the client.
- **Rewards Consumer Card:** A mileage / points / reward card issued to a consumer.

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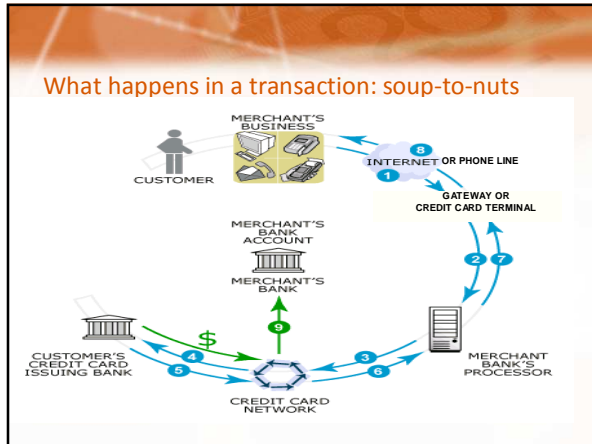
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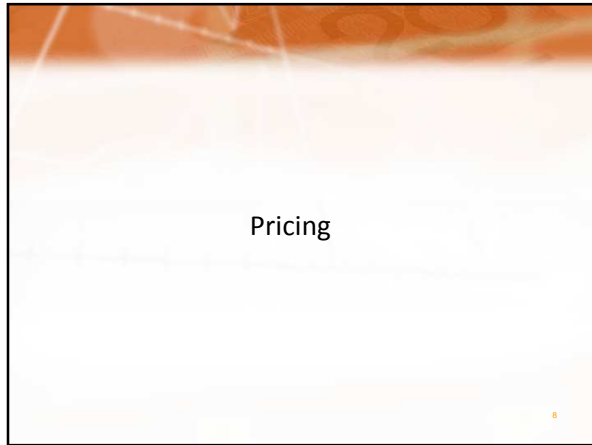
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**Pricing**

- In the world of finance, risk dictates price
  - Face to face, card present, signature or PIN means lower risk and lower price
  - Online, card not present, international transactions mean higher risk and higher price
  - CVV, AVS, other programs designed to protect online merchants from fraud: these are now standards but will not reduce pricing

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### Pricing (cont'd)

- Generally, "discount plus cents-per-transaction"
- "2- or 3-tier pricing"
  - Qualified
  - Midqualified
  - Nonqualified
- Other fees
  - Monthly fees
  - Annual fees
  - PCI compliance fees
  - Other (batch, chargeback, NSF, DDA change, retrieval, 6050w)

	qual	midqual	nonqual
Card present	✓	✓	✓
Card not present		✓	✓

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### Pricing (cont'd)

- A word about American Express cards
  - Holders are higher net worth; will likely donate more
  - Premium discount than other brands
  - BUT: Special price for nonprofits
- MasterCard and Visa *reward* cards are priced higher to merchant to offset cost of program
- Corporate and purchasing cards are deemed higher risk and thus, higher price

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### Pricing (cont'd)

- PIN-based debit cards are deemed very low risk so priced very low
- Discount rates typically change April/October
  - Some go up, and yes, some go down
- Please read your statement for announcements of upcoming changes

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**Pricing (cont'd)**

- Unsolicited inquiries “pitch” better prices to you; caveat emptor
- Get offer in writing, signed by salesperson with calculation of savings
- 3 months’ processing statements as proxy
  - Spreadsheet review of monthly / quarterly / annualized savings
  - Savings based on assumption of no seasonality and business as usual for the year

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What’s a nonprofit to do?

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**Merchant Responsibilities**

- Think cash flow
- Operate merchant account in good business-like manner
- Follow secure business practices
- Educate your employees to fraud potential
- Reconcile your monthend statement and report errors within 45 days
- Keep records 3 years and ensure their security
- Communicate with your salesperson and vice versa!

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### Emerging Payment Technologies

- Online payments/donations
- Pre-authorized recurring online payments
- VOIP-capable terminals
- Integrated online invoicing and payments
- Wireless terminals
- Smartphone apps
- Fingerprint technology
- Smart cards
- Text payments
- Mobile-friendly donation webpages



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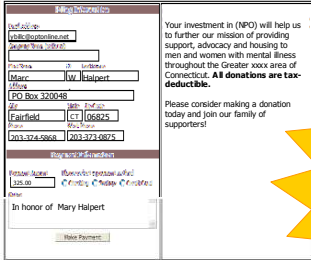
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### Online template for payments/donations



Your investment in (NPO) will help us to further our mission of providing support, advocacy and housing to men and women with mental illness throughout the Greater xxxxx area of Connecticut. **All donations are tax-deductible.**

Please consider making a donation today and join our family of supporters!

**Simple and very inexpensive**

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### Online donation via "shopping cart"

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1) Make it easy for donor to find how to make a donation



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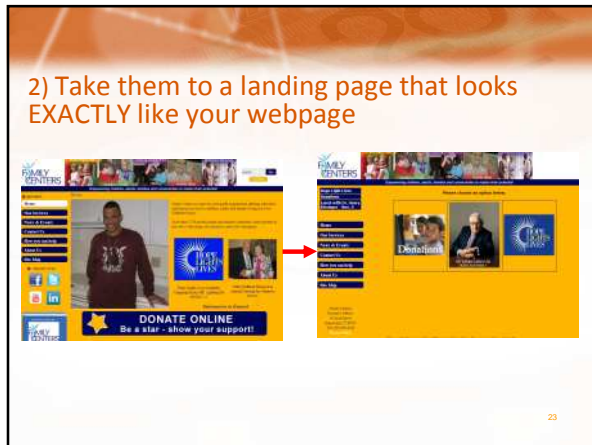
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2) Take them to a landing page that looks EXACTLY like your webpage



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Donation "cart": one-time donation



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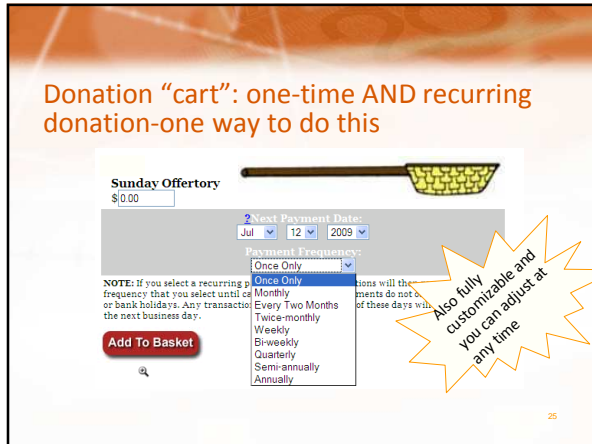
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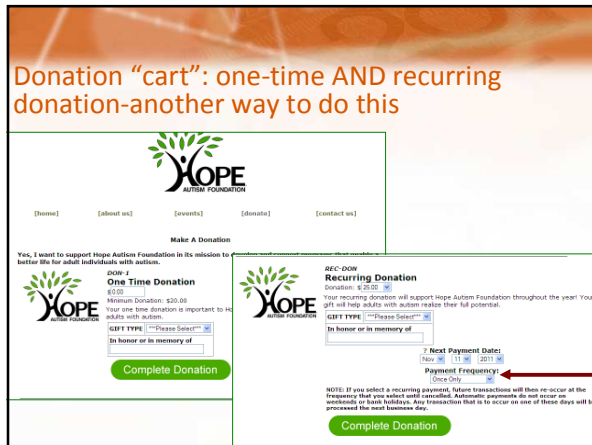
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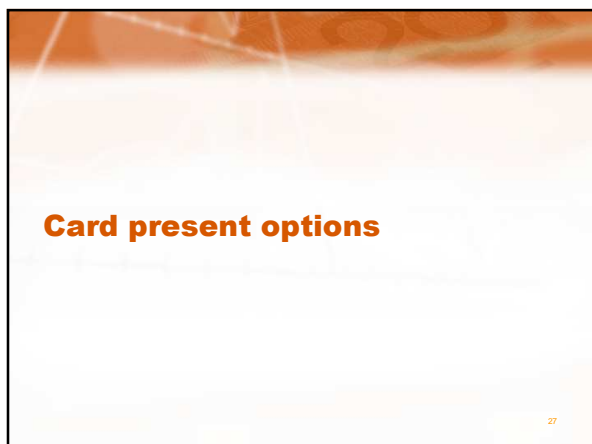
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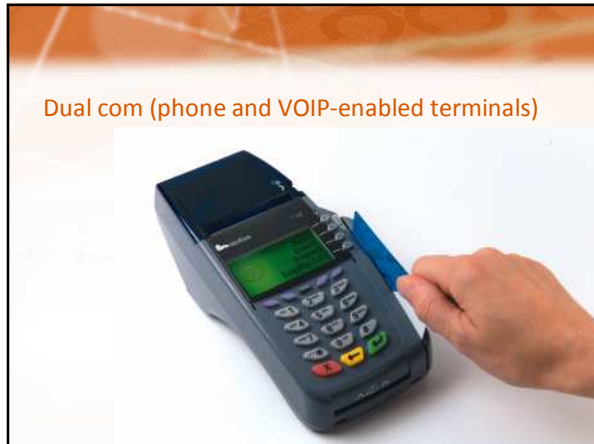
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**Summary**



- Cash flow is king!
- Getting **CASH** into the bank account fast and efficiently is an art
- Keep more of it for your organization
- Optimize the function with the right tools and partners
- Security is mandated and essential

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- Be informed
- Be secure
- Be economical
- Think cash flow!



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**Handouts upon request**

**cash flow enhancement** using **electronic techniques**



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Agent for United Bank Card and other best-in-class electronic payment processors

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