GS The Green Sheet

The Financial Services Industry Source for Education, Inspiration and Actionable Advice

Inside This Issue:

Realizing the Value of Value-Added Solutions

If you're a Merchant Level Salesperson looking for ways to counter merchant attrition, you might need something new in your bag of tricks. If you're thinking bankcards, rates and basis points, think again. The sale of value-added products and services is the latest buzz in the industry and is proving to be an effective approach for acquiring and retaining merchants.
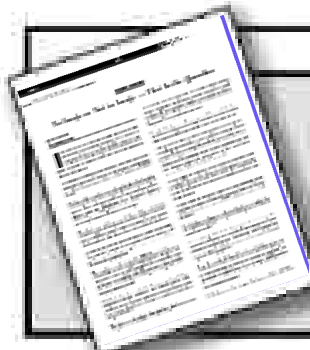
Notable Quote:

It only takes one large uncollected check to contradict the theory that imaging has no place in today's menu of hardware alternatives.

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Paul Green

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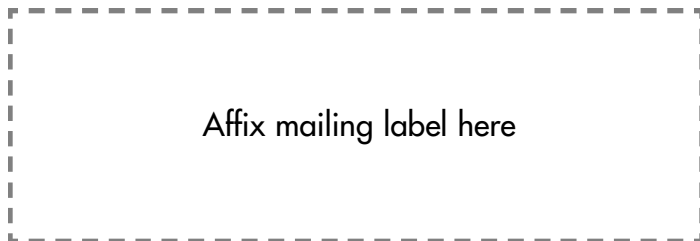
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The Green Sheet

The Financial Services Industry Source for Education, Inspiration and Actionable Advice

Visa's RED Actual Dates

I believe the information contained in the article starting on page 27, "Coming in October: Visa's RED Will Change Chargebacks Forever" [The Green Sheet, September 22, 2003, issue 03:09:02] is not up to date as of the time of publishing. According to Visa, the reduction in chargeback cycles is anticipated to become effective April 2004. Also, the introduction of Visa RED online in the U.S. is behind schedule and some rules and requirements of the use of RED online products are not mandated until October 2004. Thus, acquirers will still have 21 days to get supporting documentation to the issuer. In addition, beginning 10/03, Visa will reduce and/or eliminate the special treatment of T&E (travel and entertainment) chargeback rights. This will have significant impact on this industry. On a positive note, effective 10/03 Visa has reduced the requirement to hold transaction "paper" from 18 months to 12 months, thus relieving the merchant of this burden. This should significantly reduce the volume of compliance cases for request for copy.

Andrew C. Benjamin
Chief Operating Officer
Merlin Solutions LLC

Andrew:

The information contained in the article starting on page 27, "Coming in October: Visa's RED Will Change Chargebacks Forever," contains a typo (we wanted to see if anyone is reading these articles).

According to Visa, the reduction in chargeback cycles is anticipated to become effective April 2004. Also, the introduction of Visa RED online in the U.S. is a bit behind schedule and some rules and requirements of the use of RED online products will not be mandated until October 2004.

In addition, beginning October 2003 Visa will reduce and or eliminate the special treatment of T&E (travel and entertainment) chargeback rights.
Although these changes do not take place for a year, it is imperative that chargebacks are handled properly now so that when these

The predecessor to the Smart Card, the "Smug" Card never caught on for some reason.
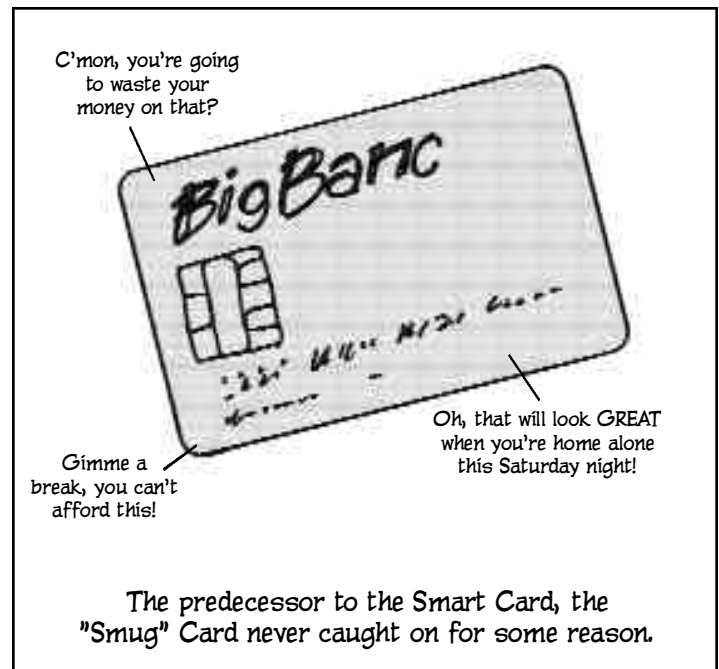
changes are mandated, there will be a smooth transition.

David H. Press, Principal and President
Integrity Bankcard Consultants, Inc.
Contributing Writer to The Green Sheet

And Visa Responded...

Re: "Coming in October: Visa's RED Will Change Chargebacks Forever."

The article states that we are eliminating the second chargeback and second first time chargeback in October 2003 (both should be April 2004).

The article also refers to the requirement for all dispute documentation to be online and all arbitration and compliance case filings on Visa Resolve Online effective October 2003.

The correct dates are as follows:

In April 2004, all U.S. Members with $10 billion or more in Visa sales must send their documentation online and use Visa Resolve online for pre-Arbitration and pre-compliance.

In October 2004, all U.S. Members are required to send all dispute documentation online and file all pre-arbitration, arbitration, pre-compliance, and compliance cases through Visa Resolve Online.

Jay Hopkins
Creative Response Concepts (for Visa USA)

MONEY + POWER = SUCCESS

►►► INDUSTRY UPDATE

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VeriFone

NEWS

Seeking Members: Institute for Payment Professionals

Recognizing a need for qualified and educated sales professionals who understand merchants' point-of-sale requirements, two payment industry veterans, **Paul Martaus** and **Brett Mansdorf**, have formed a new educational forum called the **Institute for Payment Professionals** (IPP). IPP is an educational resource that will provide industry information through local seminars and the Internet. IPP is developing a Web site offering resources to help support sales efforts such as white papers, FAQ's and a Q&A with industry experts. IPP membership will cost $25 a year; training sessions will be priced at $35 for members and $100 for non-members. IPP is planning a road show of seminars at major U.S. cities beginning in Dallas on November 15, 2003. Look for further information to come.

ANNOUNCEMENTS

The Clearing House Turns 150

The Clearing House celebrated 150 years in the payments business on October 3, 2003. Established in 1853 to simplify the exchange of checks and improve the efficiency of the payments system, it now manages and operates the Clearing House Interbank Payments System (CHIPS), the National Check Exchange and the SVPCo businesses as well as the Electronic Payments Network (EPN) and Electronic Clearing Services (ECS). The Clearing House is owned by the U.S. commercial banking affiliates of ABN AMRO, Bank of America, The Bank of New York, Bank One, Citigroup, Deutsche Bank, Fleet National Bank, HSBC, JP Morgan Chase Bank, Wachovia and Wells Fargo.

Certegy Part of Visa POS Check Program

Certegy Check Services, Inc., a subsidiary of Certegy Inc., is participating in the **Visa POS Check Service** program as both an acquiring processor and a third-party check authorization source for Visa. Certegy provides warranty, verification and collection services for retail merchants. The Visa POS Check Service program routes check transactions directly to the financial institution where the consumer's demand deposit account resides for authorization and settlement. When Visa does not have access to the financial institution, checks are routed to a third-party authorizer, such as Certegy.

Two Announce Compliance with Visa CISP

Visa U.S.A recently recognized **eProcessingNetwork** and **SLIM CD, Inc.** for being compliant with its Cardholder Information Security Program (CISP). eProcessingNetwork is a full-service Internet payment gateway that offers Internet, retail, MOTO, mobile PDA and cell phone, credit card and check processing and an optional integrated shopping cart. SLIM CD offers POS software for retail, restaurant, hotel, auto rental, direct marketing and e-commerce merchants that supports both credit and PIN debit transactions.

Visa Awards Fifth Third Bank for Quality

Visa recognized **Fifth Third Bank Processing Solutions** with its 2003 Member Service Quality Performance Awards. The awards are for the lowest duplicate transaction rate, highest copy request fulfillment rate and lowest chargeback-to-sales ratio among credit card

BOTTOM LINES

HEADLINES FROM THE RETAIL WORLD

➤ **ConocoPhillips** is selling its Circle K Corp. to **Alimentation Couche-Tard, Inc**. Circle K has 1,663 retail stores in 16 states.

➤ A **Bank One** economist predicts **2003 holiday sales will increase** more than 6% from last season (more than double the pace of last year) because of tax cuts, union bonuses and easy credit.

➤ **Retailers across all categories reported better than expected sales** in Sept. 2003 for the third straight month. The Bank of Tokyo-Mitsubishi Ltd.'s same-store sales tally of 77 stores increased 5.9% for Sept., the strongest gain since March 2002, which was 6.4%.

processors. Fifth Third has won the lowest chargeback-to-sales ratio award eight years in a row, and the highest copy fulfillment rate award seven times. Fifth Third processes 8.2 billion ATM and POS transactions each year for more than 190,000 retail locations and financial institutions.

SVPCo To Sponsor Check Image Study

Small Value Payments Company, LLC, or SVPCo, announced it will co-sponsor a 16-week study to determine whether less expensive black and white images used in check processing provide the right level of usability, or if grayscale, which provides a higher definition image, will be more cost effective in the long run for handling exceptions, detecting fraud, and providing customer service. Financial Services Technology Consortium (FSTC) is conducting the research. The U.S. Federal Reserve is also a sponsor of the study.

WesPay Awards Donato and Grommesh

The **Western Payments Alliance** recognized **Frank Donato**, Senior Vice President of City National Bank in Los Angeles, and **Mike Grommesh**, Senior Vice President of The Golden 1 Credit Union in Sacramento, for their lifetime contributions to the payments industry at Payments Symposium 2003 held in San Francisco on September 30. Both are members of WesPay's Board of

Directors. Donato received the George E. Lowther Award for Outstanding Service to the Payments Industry. Grommesh received the Richard Johnson Award for his work in representing credit unions in WesPay's recent dues restructuring and in planning and launching The Payments Symposium.

PARTNERSHIPS

Albertson's Picks TeleCheck

First Data Corp. will provide its **TeleCheck Services, Inc**. check verification and recovery services to all **Albertsons, Inc**. store locations. Albertson's operates approximately 2,300 retail stores across the U.S., including Albertsons, Jewel-Osco, Acme, Sav-on Drugs, Osco Drug, Albertsons-Osco, Albertsons-Sav-on, Max Foods and Super Saver.

Food Lion Renews with Global Axcess

Nationwide Money Services, subsidiary of **Global Axcess Corp.**, extended its contract with U.S. supermarket chain **Food Lion, LLC** (subsidiary of Delhaize America), to continue providing ATM equipment, transaction processing, maintenance, monitoring and cash management services at all Food Lion and Kash n'Karry stores through April 30, 2011. Food Lion has 1,200 stores in 11 Southeastern and Mid-Atlantic states and 140 Kash n'Karry supermarkets throughout central Florida. Nationwide Money owns and operates 725 ATMs in Food Lion/Kash n'Karry locations, and plans to expand its ATM network to include more than 1,300 within the next 36 months.

Cardinals Win with GO Software

Major League Baseball team, the **St. Louis Cardinals**, manages credit card processing of ticket sales with **GO Software**'s payment processing solution, RiTA (Rapid Transaction Authority). The software helps the organization manage online, telephone and walkup ticket sales year round, but was specifically implemented to manage credit card transactions for its two busiest days of the year: the day tickets for regular season games first become available and the day playoff tickets first become available. The Cardinals said it plans to expand the use of RiTA into other systems, including merchandise, season magazine subscriptions and club membership sales.

MFA Oil Picks Lynk

Lynk Systems, Inc. will provide **MFA Oil Company** with electronic payment processing for credit, debit, prepaid and EBT cards. MFA Oil will also use Lynk's proprietary FuelLynk fleet program with its Preferred and Petro-Card 24 cards. MFA Oil will use Lynk's solutions, including PetroTrans, in conjunction with

VeriFone Inc.'s Tranz 380 point-of-sale (POS) terminals and VeriFone's Ruby SuperSystem where appropriate.

MSI NJ, Global eTelecom Renew Deal

Global eTelecom, Inc. has renewed an agreement with **Merchant Services, Inc.** (MSI NJ) where it will continue to provide back-engine processing and support for MSI NJ's Electronic Check Conversion program.

NPC Wins QSR Hardee's

National Processing Company, LLC signed a multi-year credit card processing agreement with **Hardee's Food Systems, Inc.**, a wholly owned subsidiary of CKE Restaurants. NPC will provide Hardee's with authorization and settlement services for Visa and MasterCard transactions accepted at all corporate-owned Hardee's locations and participating franchise locations. Hardee's owns and operates more than 2,100 company and franchise-owned quick-service restaurants in 31 states and 11 foreign countries.

Payment Data and Network 1 Partner

Payment Data Systems, Inc. signed a multi-year agreement with **Network 1 Financial**, a wholly owned operating company of **Verus Financial Management**, to pro-vide credit card authorization and settlement services and sponsorship into Visa's ISO and MasterCard's MSP programs. Payment Data will extend credit card merchant services to all of its customers. Verus will have access to Payment Data's payment processing, which includes $600 million worth of credit card transaction value.

PRE Soltions Expanding Partnerships

PRE Solutions, Inc. partnered with **Coinstar Inc.** to deliver its prepaid consumer products, including prepaid wireless, long distance, Internet, and Web content, through self-service Coinstar Centers and TOP-UP kiosks. PRE Solutions has also teamed with **Brightstar**, a wireless distributor and value-added service provider, to provide retailers with solutions for prepaid wireless products and services at the point of sale.

Paymentech Signs Ford and Yaga

Paymentech, L.P. will provide electronic payment processing services to nearly 5,000 **Ford Motor Company** dealerships in the U.S. Paymentech is now the preferred processor for Ford's system-wide FORDSTAR Charge and Check Services Program. Ford's full transition to Paymentech processing is targeted for completion in the fourth quarter of 2003. Paymentech is also offering

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- Debit, EBT, check imaging, along with gift and loyalty
- Submit application via fax or PDF
- Competitive equipment pricing and class "A" support for VeriFone®, Hypercom® and Nurit®
- Lead generation/business development programs
- NPC Access™ offers online Internet reporting for both ISO's and merchants
- Comprehensive ISO training program

NPC

For more information, call (800) 672-1964 ext. 4883

1231 Durrett Lane, Louisville, KY 40213

Yaga's Digital Content Commerce Solution to its online merchant customers so they can more easily sell both physical and digital content at the same time, such as news articles, music or software from their Web sites. Yaga and Paymentech have several mutual clients in the media and entertainment space. One is Tribune Media Services (TMS), the largest syndicate of news, comics and puzzles on the Web.

APPOINTMENTS

Vital Recruits VIP Payment Exec

Vital Processing Services appointed **Kathy Crumley** as Vice President of Vital Integration Partners (VIP) Program. Crumley will build and manage the new VIP program. She has 15 years of payment and merchant services experience and most recently served as Vice President of the Global Alliance Channel for Hypercom Corp.

Welcome Appoints CEO for Americas Region

Welcome Real-time appointed **Connie Festa** as CEO of Welcome's Americas region, covering the U.S., Canada and Latin America. Festa has been serving in the position since July 2003. She has 24 years' experience as a top sales executive responsible for establishing North American operations for a number of payment systems companies, including Keycorp (Australia), Bull's EFT/POS division (France), International Verifact Inc. (Canada) and ICL (UK). Festa has also served on the ETA's Technology Committee for six years and on the Planning Committee.

CardWare Int'l. Hires EVP Sales

Shelly Laird joined **CardWare International** as Executive Vice President of Sales. Laird previously worked at Fifth Third Retail Merchant Services where she was responsible for small market sales and sales management. She has 14 years' experience in operations, sales and client and sales management with Frigidaire Financial Corp. and Bank of America.

Quiroz Joins Cynergy Data

Merchant acquirer **Cynergy Data** hired **Peggy Quiroz** as a Technical Support Supervisor. Quiroz has more than 10 years of experience in the bankcard industry. She started out as a Sales Coordinator for Lipman USA, Inc., and was promoted to Customer Service Rep to Manager and then to Account Manager. She has a background in platform training, workshop facilitation, budgeting and human resources.

Insider's Report on Payments

Intuit Buys Way Into POS Business

By Patti Murphy

Intuit Inc. is onto something that could be cause for concern for folks in other business lines, such as payments. The Mountain View, Calif., firm – perhaps best known for its Quicken and QuickBooks accounting software – just plunked down $116 million in cash for Innovative Merchant Solutions (IMS), an up-and-coming merchant services firm that operates from headquarters in Calabasas, Calif.

Joe Kaplan, IMS founder and CEO, is pretty astute when it comes to the merchant community, having built and sold Superior Bankcard Service during the 1990s and then eventually starting IMS in 1999.

The deal with Intuit has Kaplan and associates leveraging their combined acumen to help Intuit boost its presence in the small-business market for financial services. Kaplan and his staff of 110 have been asked to remain on board.

I can almost see the prompts popping up on my QuickBooks screens: *"Enhance sales with credit card and debit card acceptance. Let Intuit help you set up a merchant card account. Click here for details."*

Intuit has dabbled in card payments but lacked the capability to support PIN-based debit and swipe terminals, a spokesperson explained. While limited, the merchant account services available through QuickBooks, Intuit's small-business accounting software, have attracted 40,000 customers and created a $9 million business for Intuit over the last three years, according to a company statement. But, the company's spokesperson noted, "There's a huge

need beyond this limited offering for QuickBooks users and other small-business owners."

IMS processed an estimated 1.7 billion Visa and MasterCard transactions in 2002, according to GSQ's 2002 Billion Dollar Acquirers Report. It ranked 30th among billion-dollar acquirers. That's a respectable showing for a four-year-old company.

Kaplan and a group of co-investors also own Innovative Bank, an Oakland, Calif.-based bank that specializes in small-business lending (it holds "Preferred Lender" status with the Small Business Administration and ranks as the third-largest SBA lender in the U.S.). While the bank and the processing company have similar names, they operate as separate corporate entities.

The bank isn't part of the Intuit deal, but it might play a role in Intuit's merchant services strategy; however, Kaplan expects the business will soon outgrow Innovative Bank and will probably be shared by two or more acquiring banks. (Remember, the size of an acquiring bank's book of business is constricted by regulatory requirements on capital. A privately held bank with two branches and an Internet presence, Innovative has about $70 million in assets, according to Kaplan.)

Intuit doesn't rule out owning a bank, but the legal odds are against it these days. What it's most interested in is expanding its relationships with small businesses, and company executives see merchant services as an area rich with untapped potential.

"Small business is a huge business

for us. Our goal is to solve as many pain points as possible for the small-business person," the Intuit spokesperson said. "We're always looking at opportunities."

Competing with the Big Guys

Those who know Kaplan and IMS say there''s real potential for Intuit, through IMS, to become a formidable competitor in the merchant services arena. "If they follow the plan laid out by Joe Kaplan, they will have every chance for success," predicted Paul Martaus of Martaus & Associates, Mountain Home, Ark.

But Intuit is a big company (it claims nearly 7,000 employees), and the bureaucracies common to big companies can be stifling for entrepreneurs like Kaplan, Martaus observed. If Kaplan doesn't remain with Intuit, the odds for success go down. "I don't think they can make it work without him," Martaus said.

Kaplan, though, had nothing but praise for Intuit's corporate culture. "There are so many synergies, and our corporate cultures are aligned," he said. "We're like two peas in a pod."

Intuit isn't the first software house to dabble in financial services. Several years ago, Microsoft teamed up with First Data Corp. and Citicorp in an electronic bill-pay venture but has since sold its interests in the venture (as have Citi and First Data) to an outsourcing company that specializes in bank operations.

Electronic billing and payment always have been a difficult sell, primarily because the service requires the buy-in of consumers and billers, constituencies that are serviced by two distinct areas of banking (retail

and wholesale) that are loathe to working in tandem.

Merchant services, on the other hand, is strictly a business service, one that is critically important to all types of businesses — from the biggies all the way down-market to the "mom and pops."

What bodes well for Intuit is that banks, for the most part, have ignored "mom and pop" businesses, especially the legions of home-based businesses. These are the types of businesses that drive Intuit's revenues.

"The acquisition of IMS enables Intuit to strengthen our offering for a critical 'beyond-accounting' service," Steve Bennett, Intuit President and CEO, said in the company's statement announcing the deal.

Intuit reports that its fiscal year 2003

revenues exceeded $1.6 billion. To put this into perspective: First Data Corp. reported $7.6 billion in revenues in 2002; $2.8 billion came in through merchant services. NPC, which isn't quite as diversified as First Data and focuses more acutely on merchant services, saw a little more than $118 million in revenues in 2002.

Kaplan is excited about the deal and believes that under the Intuit corporate banner – with the funding and access to new technologies and business processes that come with it – his operation can mine new profit sources in merchant services. He claims, for example, that nearly 85% of all small businesses that use accounting software use QuickBooks. And many of these businesses are not accepting card payments.

"ISOs and agents need leads to sur-

vive," Kaplan said. As part of Intuit, he added, "We can back our agents and reps with leads that will allow them to offer full-service financial products."

If the Intuit deal isn't already turning heads in banking and payments, I think it should be. Intuit has set its sights on becoming a major provider of financial services in a market segment that long has been ignored by traditional providers (read: banks), sole proprietorships and other small businesses. It may not own a bank, but it doesn't really need one to grow and prosper in this market. A merchant services company should suit its needs for entree to the payments system just fine. ▨

Patti Murphy is Contributing Editor of The Green Sheet and President of Takoma Group. She can be reached at patti@greensheet.com

The EVO-lution of MSI

What's in a name? Shakespeare may have had it figured all wrong, at least according to Merchant Services, Inc. (MSI) of Plainview, N.Y. Ask this company if a payment processing services provider by any other name would smell as sweet, and they'll say 'no.' As part of a major re-branding campaign, MSI has new name: EVO.

"EVO" will now better reflect not only the company's commitment to continuing its current level of quality and service, but will also incorporate concepts like new MLS programs, inaugurate the next stage of its strategic vision and establish a unique and recognizable name within the industry. The name change is official as of October 25, 2003.

It' what's behind the name that's important here. Sometimes you can't have evolution without revolution, and the new name was developed as a vehicle to communicate those two important components of the company's direction.

EVO's ownership, management, staff, location and over-

all focus on quality customer service have not changed. When contacting EVO, the main toll-free phone number, 800-CARDSWIPE (800-227-3794), also remains unchanged; however, the company's Web address has changed to www.GoToEVO.com to coincide with the new name.

According to Ray Sidhom, President and CEO of MSI and now EVO, the re-branding campaign was driven primarily by the company's desire to establish an identity from which to implement new sales programs and growth plans. Sidhom has been at the helm guiding the expansion since 1995.

"Since 1995 we've developed revolutionary programs for our partners that have helped to elevate MSI's position in the industry," said Sidhom "We're now ready to grow our business to the next level, and EVO signifies our revolutionary approach for this evolutionary stage of our development."

In today's competitive environment, where the phrase "merchant services" is used frequently, EVO will bring a highly recognizable brand name to the company. The re-branding also includes a distinctive logo.

Founded in 1989, MSI has grown dramatically over the last several years. From its inception, EVO serves more than 75,000 merchants who generate over $7 billion in processing volume annually.

EVO's primary focus will remain on providing MLS, independent sales agents and agent-bank clients the services and resources they need to grow quickly and profitably. Spring boarding from MSI's strong organic growth — including five acquisitions in four years — financial strength and flexibility, EVO is positioned to drive its own strategic direction, as well as its clients' successes.

EVO has already invested $5 million in a proprietary front-end system. The new switch will roll out in early 2004 and is designed to build on the company's existing single-source solution for its clients' electronic payment requirements.

EVO has the scale to provide an enhanced suite of products and services for its clients and merchants of all sizes across the U.S.; the company processes credit, debit and gift cards, EBT and provides check conversion and check guarantee services.

EVO will continue MSI's role as an industry leader and as the first true ISO to enter the Canadian bankcard market by giving its clients tremendous opportunity where the traditional ISO sales channel has not been used.

Success Is Spelled "ETA SLNF"

By Julie O'Ryan-Dempsey
General Manager, The Green Sheet, Inc.

Conventional Wisdom said, "No one would attend," but an event marked by two firsts proved Conventional Wisdom wrong this time.

Amid the recent flurry of trade shows and meetings, ETA's fall gathering was held September 16-18, 2003 in Boca Raton, Fla. This was the first trade event officially organized by the association's new leadership, under the direction of Carla Balakgie. It was also the first annual Strategic Leadership and Networking Forum (SLNF), a slight variation on previous meetings.

Despite it being hurricane season, five hundred people from all over the country attended the SLNF to meet, greet and establish connections. The event was significantly different from the regional acquirers' meetings, and it fulfilled a very different need within the industry. The presentations and panel discussions were geared toward management and policy making for industry issues such as creating and setting standards. Although it was not a meeting for recruiting sales representatives, an event like this does serve a very important purpose, just as regional acquirers' associations or associations that represent the feet on the street serve an important purpose.

I had the opportunity to speak with many of the industry executives in attendance. The overall consensus was that this was the meeting of the "golden handshake." In the opulent setting of the 75-year-old Boca Raton Resort & Club, many deals were signed that had been months and years in the making. The SLNF was really the CEO's summit of the payment processing industry. In fact, the "power source" at this conference was so intense that Hurricane Isabel was kept at bay off the coast of Florida. OK, that's stretching it a bit, but the weather was gorgeous and the beaches and golf course beckoned.

The meeting began with a cocktail reception, and KC and the Sunshine Band provided the entertainment (KC proved that some old rockers should retire). At the reception, the networking was fast and furious with several hundred already in attendance.

Frank Abagnale presented an outstanding keynote address. This man's life story was the inspiration for the movie "Catch Me if You Can," and he's been a popular speaker at many trade shows since the movie came out. Abagnale is a captivating storyteller. He relates both his personal adventures and provides "trade secrets" in a rapid-fire forty-five minutes — without notes! He addressed payment security, check fraud and identity theft.

Abagnale strongly encouraged everyone to visit the Web site www.privacyguard.com., a resource to help you monitor your credit reports in order to protect yourself against identity theft. I'm not sure which was more inspiring: his story or his talent as a speaker. Every attendee received a signed souvenir copy of Abagnale's book.

First Data Corp. sponsored the event's Internet Cyber Café, which featured several stations in a specific area of the room set up specifically for networking and providing wireless Internet access (each of the tables was individually sponsored as well). Breakfast, lunch and caffeine breaks were held in the Café, an area conducive to conversation and an imaginative component for a trade show—it made checking in with the home office much easier.

The presentations were all focused on management issues and included some very interesting and high-powered joint presentations and panels:
 • Representatives from Visa and MasterCard addressed

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the debit-card settlement
• Adam Godfrey, Ben Spero and Tom Wimsett discussed private equity investments in the industry
• Representatives from American Express, Visa, Discover and MasterCard participated in a panel discussion regarding data security and lack of an industry standard

As ETA's new Executive Director, this was Carla Balakgie's first official meeting. She was pleased with the attendance, the overall event and especially with the positive response ETA received. "We were delighted that the event — which was based directly on member feedback — so obviously hit the mark in terms of responding to their needs. The outcome is that we can *refine* rather than *redesign* this meeting for next year," Balakgie said.

When Balakgie took over the job as Executive Director in July 2003, she said that one of her goals was to continue providing serious forums for networking, and she seems to be headed in the right direction.

Mary Dees, ETA's current President, was also very positive about the event. "I am pleased that we were able to deliver a redesigned program that provided the intimacy, relevance and personal connection that members told us they wanted," Dees said.

"I think the success of this meeting could be attributed to a number of things but a few stand out. There was an intimacy in the event fostered by attendees being able to meet in the Cyber Café during concentrated time periods. Rather than walking around trying to see exhibits, they were able to spend quality time having in-depth discussions with specific companies and individuals.

"The proximity of the Cyber Café and the general sessions allowed ETA attendees ease of seeing and meeting other attendees, without running into people attending other conferences as well. The 'meatiness' and relevance of the sessions fostered thought provoking and intense discussions. This event appeared to provide an atmosphere that fostered more in-depth business contact and dialogue among key industry players," Dees said.

The ETA staff encouraged attendees to provide feedback on the event, and it's important to let them know what you thought about it. If you attended and did not complete the on-site evaluation, please visit the ETA Web site (www.electran.org), and pass your comments on that way. While we heard that having a meeting without the full-blown expo was beneficial, many of the attendees would have preferred the scaled-back vendor area similar to what they're doing at the regional acquirers' meetings.

WHITE PAPER ◀ ◀ ◀

REVIEWED BY

Eric Thomson

What the Securities Industry Can Teach Us About Electronic Payments

Research Report: Securities Industry Association (SIA)
Payments Processing White Paper Update
Authors: SIA STP Payments Processing Sub-Committee
Date: August 2002
Size: 59 pages
Relevance Rating: Medium-High
Web Address: www.sia.com/stp/pdf/
　　　　　　Payments_White_Paper_v3.6_082902.PDF

With the near-term passage of the Check 21 Act, the MLS/ISO community will be presented with an unprecedented opportunity to sell, install and maintain check image-capture solutions for more than 40 billion items—four times the current number of credit card transactions in this country. These 40 billion transactions will consist of a mix of consumer, corporate and government checks, which all have different requirements associated with their conversion—from paper to image exchange and settlement.

Merchant Level Salespeople who understand the magnitude of this opportunity will expand their vision from point-of-sale (POS) transactions and start laying the foundation to turn their clients'' payroll checks and vendor and government payments digital. The one industry that has probably given more thought to this transition than any other is the securities industry.

After all, brokers perform their services as agents moving large sums of "other people's money" between investors and investments. In doing so, relative to the dollars transferred, they operate on very thin margins and are forced to manage a wide array of payment risks.

The issues and requirements the securities industry has defined for streamlining funds transfer, which is described in this Securities Industry Association (SIA) white paper, are informative and relevant.

Executive Summary

The document starts with an introduction in the form of a

Letter from the Chairperson, Ernest Pittarelli. In the first sentence, it becomes obvious that Pittarelli is addressing a select group because he describes the drivers behind electronic payments for the securities industry as STP/T+1.

For those of you not familiar with this jargon, STP stands for Straight Through Processing, and T+1 is shorthand for an SEC ruling requiring the securities industry to move toward completing stock exchange purchases one business day after the trade is executed. T+1 is pretty straightforward; STP deserves some further explanation.

Imagine a POS transaction where the consumer pockets the change and walks out of the store with the scanned merchandise. When STP comes to your retailer, as the cashier scans the merchandise during checkout, not only does the cash register run a total purchase amount, but the store inventory is reduced for each item sold, and the bar-coded items are aggregated into an electronic purchase order and transmitted to various suppliers for bid.

The retailer's computer uses a set of rules to compare the supplier bids, and generates a purchase order and transmits it to the winner. When the pallets arrive at the loading dock, scanners are used to confirm that the content matches the approved purchase order, inventory is updated, and an electronic payment is authorized for release according to the terms offered by that supplier.

For the securities industry, STP is the execution of a stock transaction without another human being involved past the broker's entry into the order system. With Internet security trades, the broker is taken out of the transaction stream and the trade is taken "straight through" the order, confirmation and settlement stages electronically.

With drivers like STP/T+1, the security industry set forth 10 building blocks, one of which was to "reduce the reliance upon checks and increase the use of alternative means of payment." This white paper was published more than a year ago, before the Check 21 Act was a serious piece of legislation. But even at that stage, the SIA knew that checks weren't going away and that the ACH alternative had serious limitations associated with it. Specifically, this is what Pittarelli referred to in his cover letter as "the NACHA Right of Return Rule."

This is the NACHA regulation that allows a consumer 60 days from the date of authorizing an ACH debit to a checking account to dispute the item and ask the bank to reverse the transaction. This is a major problem for a brokerage house, especially if the stock market slides and the investor takes a serious loss when a bank statement shows the authorization for those 100 shares of K-Mart.

The white paper preceding this version of the Payments Subcommittee report investigated the various advantages and disadvantages of existing forms of retail payment, including ATM debits. The realization surfaced that the paper check was not going away anytime soon and would remain the predominate method of payment for the securities industry into the foreseeable future. The industry concluded that it needed to focus on approaches to improving the security and automation of paper check transactions.

The subcommittee identified the following advantages and disadvantages associated with paper check transactions:

Advantages: widely used, familiar, relatively low banking fees, convenient for investors and reliable.

Disadvantages: fraud exposure, uncertainty of funds availability timing, mail delays, inherent manual process that increases risk and costs, along with the extension of credit during the settlement process under T+1 conditions.

This white paper also detailed concerns associated with ACH as an alternative to checks. They included the following:

- NACHA's 60 Day Right of Return rule, which was originally intended to protect consumers over unauthorized transactions. This rule represents a major exposure increase for the securities industry relative to the finality of settlement afforded checks under the UCC body of law.
- Credit and debit cards also provide cardholders with similar protections and rights of reversal.
- Appeals by the securities industry to the NACHA rule-making committee for exceptions to the 60 Day Right of Return rule were not successful.
- ACH, ATM and wire transfers represent very small portions of the current security transactions; changing consumer behavior to adopt these methods of payment,

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even if they were able to overcome the settlement risk issues, were felt to be unrealistic in the near term.

The white paper detailed the ideal payment characteristics for retail security transactions relative to the needs of both sides of the funds transfer transaction:

High Value to the Broker/Dealer:
• Finality of payment
• Funds availability by settlement date
• Notification of payment on transaction date
• Guarantee of payment on transaction date

High Value to the Client:
• Ubiquity
• Ease and convenience of executing payment
• Low cost
• Secure and reliable
• Ability to handle large dollar amounts for security transactions

More recent SIA documents[1] contain further details on the mix of payments and the Check 21 Act. The significance of this legislation is greatest to the Securities Industry for its ability to satisfy STP/T+1 requirements in a manner that is transparent to the investor community. It now seems clear that finality of funds transfer in a short settlement window will provide the investment ROI needed to deploy check image capture technology at all of the endpoints where checks first enter a broker/dealer's operation. It looks like the starting gun has gone off in the race to build out the infrastructure for converting paper checks into digital images.

Excerpts from this White Paper

• The survey results indicate there has been a small decline in checks in favor of electronic payments such as ACH and wired funds. All of these results are encouraging, but there is still a long way to go. The U.S. needs to catch up with many of its European and Asian counterparts.

• As of 1997, check usage in the United Kingdom amounted to 31% of non-cash payments usage; the respective figure for Japan was a mere 7%. Contrast these figures with the U.S. with a 70% check usage at the same time. While a number of factors accounted for these differences in the level of check usage, we tended to underestimate the size of the hurdles confronting a shift away from checks.

• The most significant disadvantage of using the ATM networks is that the client's financial institution on trade date may not guarantee finality of the ATM Pull Debit transactions, while the other ATM transaction types are considered final. Barriers to implementation of ATM

1. See the Web site listing at the end of this article for the SIA Payments Sub-Committee slide presentation, Spring 2003.

transactions include:
> Obtaining buy-in from ATM network vendors and financial institutions. A significant majority of financial institutions and networks may choose not to participate or may choose to participate at different times; hence critical mass may not be achieved. There may not be enough network providers electing to participate to cover the U.S.
> The ATM Network Initiatives working group is still conducting research to understand the rules and regulations that apply to the three SIA transaction types. Additional network rules may need to be developed. All ATM network vendors may not agree on recommended rule changes.
> Potential costs to implement this product have not been estimated. High potential costs may prohibit adoption of this initiative.

Best Practices for Risk Management of Retail Payments: Ultimately, each broker/dealer must determine which payment method(s) is appropriate based on the level of risk that is acceptable to them. Each payment method is associated with a unique set of risks, and these risks should help determine how that payment method should be developed and managed. Those risk categories include:
• Risk of Fraud: the risk that a wrongful or criminal decep-

tion will lead to financial loss for the parties involved

- Operational Risk: the risk that deficiencies in system and internal controls will result in financial loss
- Settlement Risk: a general term used to describe the risk that settlement will not take place as expected
- Liquidity Risk: the uncertainty that a counter party cannot settle its obligations in full by the due date
- Credit Risk: the risk that the counter party will be unable to settle its obligation in full at any time
- Legal Risk: the risk of loss because a contract cannot be enforced

Web Sites for More Information on the Securities Industry Perspective on Electronic Payments

www.sia.com/stp/pdf/paymentsystems.pdf

T+1 Payments Committee White Paper, Version 2.0, May 1, 2000, Securities Industry Association. Projected implications for broker / dealer migration from Trade Date Plus Three (T+3) settlement cycle to T+1 and the required changes in technology (batch vs. real time) as well as client behavior and perspective.

www.sia.com/stpspring03/pdf/Payments.SubPart1.pdf

STP Payments Sub-Committee Presentation, Spring 2003. This slide deck contains an update on the industry understanding of payment mix and new electronic options to checks. The mix of inbound (75% checks) payments and outbound (85% checks) payments further re-enforced the fact that a solution to checks would have to be transparent to the investor, if it was going to come in time for STP/T+1. Closing slides describe the Check Truncation (Check 21 Act) as the best payment alternative available to the industry.

www.financialcounsel.com/News/Economics/SIA/SIA-1002.pdf

Research Reports, Vol. III No. 9, October, 25, 2002, "The Future of Straight Through Processing," Judith Chase, VP and Director Securities Research, page 26.

www.evalucheck.com

A creative mix of technologies that offer immediate advantages over traditional check payments while also containing the features needed to migrate into Check 21 image settlement once this legislation goes into effect. It's also an Internet payment option worth exploring for B2B and C2B transaction categories.

Eric Thomson is Executive Vice President of Profit Source Advisors. He can be reached at eric.thomson@profitsource.us .

COMPANY PROFILE ◀ ◀ ◀

PaySystems Corp.

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Rod Leblanc, VP of Business Development

Company address:
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Suite 920
Montreal, Quebec
H3A 3S7, Canada
Phone: 866-699-9022
Web site: www.paysystems.com

MLS Benefits:
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- Signing bonuses of up to $300; residuals paid weekly
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- Proprietary, in-house integrated solutions cover all types of transaction processing

Good Days for PaySystems Corp.

The American Dream is assembled from the success stories of people who have built successful businesses, even empires, from scratch. The American Dream holds the promise that independence, wealth and happiness are possible for anyone willing to work hard. Opportunities for success exist around every corner. They even exist for our neighbors just across the border to the north.

A Canadian-based payment processing company is enjoying phenomenal growth by providing some innovative approaches to handling merchant accounts in North America and around the globe. A combination of factors has contributed to the success PaySystems Corp. is experiencing, reflected in the company's motto, "A world of payment solutions."

Founded in 1998 by Philip Fayer, PaySystems was started to fill a gap in the market he experienced first hand. While involved in another venture, Fayer said he needed to find a credit card processor. When no one would give him an account, he figured there must be plenty of other merchants and businesses out there in the same boat without a paddle.

He set out to give merchants like him a way to process their transactions. Fayer said he wrote the software for a back-office solution working out of his bedroom in Montreal. His American Dream was just taking shape.

The payment landscape looks a lot different in Canada. A third-party ISO sales channel is just beginning to be used there; a handful of banks control the market and process merchant accounts. But as Fayer said, "the world is borderless now."

Fayer started PaySystems and quickly learned all aspects of running a business; the company focused initially on Internet-based accounts. As time went on, reinvesting all the profits back into the company fueled the growing venture.

In 2001, Fayer said, the decision was made to make the company a full-service provider of merchant account services. Now, in 2003, he said PaySystems is debt-free and has 207 employees; its projected revenues for the year are $100 million.

Fayer credits this incredible growth to several key factors: knowing how to provide services that merchants want, the company's proprietary technology, taking all aspects of processing transactions in-house, and creative agent programs; mainly, though, he credits the growth to the quality of the people who work there.

It's hard not to get swept up in Fayer's enthusiasm not only for what he and his management team have accomplished, and for where their plans for PaySystems will take them. They're hiring up to 300 new active sales reps within the next 12 months through their new U.S. agent program, which was introduced in early October to accommo-

date expansion.

Targeted markets include everything from Internet to POS transactions, he said. "We're not focusing on national accounts, but rather on mid and small markets like retail, hospitality and medical."

Agents who work with PaySystems can expect some real benefits. Because they continue to write their own proprietary solutions, there is only one entity handling all aspects of the transactions, Fayer said. Real-time reporting and the application approval process they have in place are just the beginning. PaySystems' aggressive approach makes them the only company paying agents on a weekly basis, he said. They're also offering signing bonuses of up to $300.

PaySystems offers different rate strategies depending on the size of the merchant operation. "We're end to end in terms of merchant relationships. We write our own back-end software and have partnered with as many companies as possible for the front-end, so we can offer pay-as-you go programs with higher set-up fees, all the way to high-volume merchants."

While managing rapid growth can be daunting and can

affect the quality of services provided, PaySystems has the right infrastructure in place to enable expansion; Fayer said the company's revenue is growing 35% to 40% a month.

A management team with a combined industry experience of decades between them, high-caliber staff and agents and a 52,000 square foot, state-of-the-art facility housing the company's headquarters in a sophisticated city creates a culture conducive to expansion.

"It's tough managing rapid growth, but we've created the right environment to give us room to grow," said Fayer.

Todd Whiton, PaySystems' Senior Vice-President of U.S. Sales and Business Development, said the company is different from others he's worked for in both tangible and intangible ways.

"We're willing to try anything, and we're good at executing ideas others are afraid to try. We have a great leadership team and the mental and financial bandwidth to be innovative. We have effective programs in place to provide merchants the service they deserve." said Whiton.

Whiton, who is based in Syosset, NY, said morale in the corporate headquarters is very positive. "They really love what they do. Montreal is the second largest college town in North America, following Boston, and it's really a true melting pot with every ethnic group represented. As a result, we have a great, diverse pool of talent to draw from. The company culture nurtures innovation—there's a willingness to put additional resources toward an idea, and if it doesn't work, employees don't feel threatened. People are given responsibility and they take pride in and ownership of what they do."

The PaySystems team is making a concerted effort to take advantage of the ethnic diversity at their doorstep in Montreal, a culturally rich, beautiful, world-class city.

Fayer said one big advantage that PaySystems offers agents and their merchants is multi-lingual support and customer service, available in a range of languages and dialects. Their staff includes a multi-cultural mix to support this effort, he said, as well as international growth. While 80% of their business comes from U.S. point-of-sale transactions, Fayer said the other 20% comes from international card-not-present business in 40 countries including the United Kingdom, France, Belgium and Australia. They have plans to establish a subsidiary in Germany.

Part of Whiton's job involves developing collaborations with banks and other companies to increase distribution for both PaySystems and those partners.

"We're making great strides in adding additional services.

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Model used for illustrative purposes only.

Our partners are eager to add merchant services to their suites of offerings. It's a great tool in attracting and retaining accounts for recurring payments and recurring revenue.

"Through our reseller partnerships, we're building the good reputation of the company by introducing leading edge, proprietary products for them to offer their merchants and to create revenue opportunities for them."

Fayer's once-small operation, started when he saw a need in the marketplace, is today an international company providing a complete array of payment options for merchants all over the world and on the Internet.

Flexible platforms for multi-currency processing of credit, debit and gift cards, ACH processing for e-checks and

"We're willing to try anything, and we're good at executing ideas others are afraid to try. We have a great leadership team and the mental and financial bandwidth to be innovative. We have effective programs in place to provide merchants the service they deserve."

– Todd Whiton
Senior Vice-President, U.S. Sales and
Business Development, PaySystems

fraud management solutions are available for most POS environments and are compliant with most terminals; the company even offers a secure gateway.

PaySystems' aggressive expansion plans include an emphasis on finding like-minded, quality agents to represent them. They're looking for agents who are multi-lingual with connections to ethnic communities and, maybe most importantly, for those looking to establish long-term business relationships to grow along with the company.

All agents working with PaySystems are assigned a specific manager. The company provides live Internet agent training via WebEx, or they can take advantage of face-to-face training in Montreal, definitely one more perk to working with PaySystems Corp. Who could turn down that trip? As Fayer said, "Agents love to visit us!"

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COMPANY PROFILE ◀ ◀ ◀

Pi Systems International

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Fax: 817-858-9321
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A Quick and Cost-Effective Solution for Upgrades to 3DES

MasterCard and Visa's compliance deadlines for upgrading older ATMs with the new triple data encryption standard (3DES) will be here sooner than you think—and many banks and owners of these devices are looking ahead to make this change.

Most ATM manufacturers will want their customers to purchase brand new machines, but a company by the name of Pi Systems International, L.P. has a less costly solution.

The deadlines, initiated by the credit card associations, vary according to the age of the ATM and network on which it is running. PULSE and STAR want all ATMs to be 3DES compliant by the end of 2005, MasterCard has set an April 2005 deadline, and Visa's official deadline is still to be announced.

What these deadlines mean is that all ATMs that accept cards with a MasterCard or Visa logo must be using 3DES to send and receive data.

3DES is a data-encryption standard algorithm that encrypts input data three times (versus only one time) so it raises the level of fraud protection for PIN-based transactions initiated at ATMs.

Richard Andrews founded Pi Systems, L.L.C., parent company of Pi Systems International, 13 years ago. The company maintains and services ATMs for banks and credit unions. It also services equipment such as computers, printers, modems, faxes, routers, desktops and laptops for IT departments in government agencies.

Because of the mandates from Visa and MasterCard and the ATM networks, Pi Systems saw there was a need to fill in the marketplace for a product that could quickly and inexpensively upgrade an ATM to become 3DES compliant, so it joined forces with a neighboring company, Greenlink Technologies, Inc. to develop a low cost solution.

In 2002, Andrews created Pi Systems International to further develop and market its idea, which it calls the 3DES FIX, but also to provide technology solutions for present and future industry needs.

Pi Systems International has been growing quickly, and Richard Andrews, Chairman of the Board and the owner of both Pi Systems and Pi Systems International, recognized the need for an executive management team.

He approached Robert Normyle and Jerry Graves, two entrepreneurs with extensive experience in technology start-up companies.

Graves was appointed CEO of Pi Systems International, and Normyle was appointed President.

The 3DES ("Triple-dez") FIX is a

DES (Data Encryption Standard)

DES was originally developed at IBM. DES has been extensively studied since its publication and is the most well-known and widely used cryptosystem in the world. DES is an algorithm implementing Secret-Key Cryptography. DES has been cryptographically enhanced by using three encryption rounds, yielding 3DES.

— Wilde's WWW Online Glossary

3DES-compliant PIN pad with a companion "router" that forwards the encrypted messages to the modem, Normyle said. There is no need to upgrade the ATM's internal processors to Pentium 233, new monitors or new software from the manufacturer.

"There's some confusion in the marketplace about what needs to be done to an ATM to make it 3DES compliant," he said.

Pi Systems International's 3DES FIX combines a SPED EPP with a device that routes the 3DES-encrypted messages from the PIN pad to the processor. This "router" is bridged between the PIN pad and the modem, therefore not affecting the pre-existing set up of the ATM. Pi Systems' solution targets older ATMs but also satisfies the needs of newer ATMs, he said.

MasterCard physically reviewed the PIN handling and processing methods employed by the 3DES FIX product, and approved it in March 2003 for meeting MasterCard's PIN security requirements and 3DES mandates.

Pi Systems says the 3DES FIX can be installed within one to two hours and costs $3,200. A qualified ATM technician of the bank's choosing can do the installation, which costs about $350.

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No further hardware or software upgrade is necessary. The product also comes with a one-year warranty.

The 3DES FIX is designed for Diebold 1060, 1062, 1064i, 1072, 1073, 1074, including the "i" series, MDS and all STP-based units, NCR 50xx series and 56xx series and the Fujitsu 4000 series and 6000 series ATMs. Pi Systems International also plans to expand the solution to fit the Diebold "ix" series early next year.

"As far as we know, we're the only company that is offering this type of solution at this price point," said Normyle.

Normyle said he does not know of any direct competitors of Pi Systems International, although they do compete indirectly with ATM manufacturers, which have different methodologies for providing 3DES.

Obviously, ATM manufacturers would want their customers to replace older machines with brand new ones, he said. But many smaller banks can't afford to do this.

One issue that has come up with the introduction of the product is with ATM manufacturers. Some manufacturers have said they may not honor their maintenance agreements if a product such as the 3DES FIX is added to the ATM, but this presents a unique opportunity for Pi Systems' distributors and ISO partners, Normyle said.

"The product is working very, very well. We've got about a dozen units installed so far. The reason that there's so much interest in this product is because all it is is a PIN pad replacement. It's so easy and inexpensive to add, so it allows customers to spend their money in other places and still meet the mandate for 3DES."

— Jim Loper, Owner,
Telecom Consultants of America (TCA)

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"There are a lot of service organizations and maintenance companies that maintain and service ATMs, and they could have an opportunity here," he said.

"We see it as a tremendous opportunity for them to distribute our product and possibly win a maintenance opportunity should ATM manufacturers decide their warranty is null and void because of the addition of a piece of equipment that is not theirs."

Pi Systems International has been working closely with the CO-OP Network, a co-operatively owned network of more than 1,200 credit unions in the U.S.

They offer surcharge-free ATM access to credit union members. CO-OP Network and eFunds provided input in the development of Pi Systems' 3DES FIX product.

"One of the most beneficial aspects of Pi Systems' 3DES FIX is its ability to replace the non-encrypting PIN pads in older ATM machines," Gene Polito, President EFT Services, CO-OP Network said in a statement.

"Their EPP (encryption PIN pad) extends the security and lifespan of our member credit unions' ATM fleets without requiring purchase of additional hardware or software."

Pi Systems International is truly an international company with marketing partners and distributors across the U.S. and in Mexico, the Philippines, Indonesia, Eastern Europe, France, Germany, the UK and others.

"The product is working very, very well. We've got about a dozen units installed so far," said Jim Loper, owner of Telecom Consultants of America (TCA), which is an exclu-

sive distributor for Pi Systems.

"The reason that there's so much interest in this product is because all it is is a PIN pad replacement. It's so easy and inexpensive to add, so it allows customers to spend their money in other places and still meet the mandate for 3DES."

The product has been well received to date and the company is expecting overwhelming response in the marketplace. In addition to adding an executive management team, Pi Systems International has moved to a larger building and is increasing its capacity.

When a company is offering a unique product with very little competition, and the demand is there and the distribution is being put in place, you have a winning solution, Normyle said .

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Many ISOs already know these types of solutions will help set their agents apart from the competition; it's just a matter of getting Merchant Level Salespeople to embrace them.

Christine Crocker, President of Los Angeles-based 2C Processor USA, Inc. (2CP USA), an ISO/MSP that has built a successful business by selling value-added products integrated with merchant credit card processing, recently shared with The Green Sheet her experience of selling these solutions.

"When all you sell are bankcards, then you're just a bankcard person. You're selling based on price," Crocker said. "When you're selling a one stop shop—an entire bundle of services—then you're really selling value."

"Bankcards have become a commodity, so agents will have to come up with better solutions," she said.

By offering value-added products, you can open doors for new merchant acquisitions, improve merchant retention and provide yourself and your merchants with opportunities for building continuous revenue streams.

Typically when you sell a value-added solution, you take an existing product or service offered through a particular vendor, or even through your sales organization, then add your own "value" to the product or service and resell it to a merchant.

Some value-added products include gift and loyalty programs, also know as stored value cards; check services such as electronic check conversion, check guarantee and check authorization through an ACH; point of sale terminals can be value-added products, especially when they support applications for these types of services; prepaid cards such as for wireless, long distance, and Internet access; and payroll cards.

Crocker has more than 16 years of sales experience and has built her business around selling merchant credit card processing integrated with value-added products. Before getting involved in the payment processing industry, she sold copy machines. She said her biggest breakthrough in sales came when she switched from selling individual copiers to selling full-office solutions.

Crocker now applies this "full solution" principal to merchant services.

2CP has a network of 900 agents—many of whom are struggling to move from selling only credit card processing to selling value-added solutions. They sell what they know, and that's bankcard, she said.

"My experience is that the agents are a very tough sell on the value add. I have to continually drill in their heads to stop selling just bankcard," she said. "The thing I keep trying to drive home to them is to stop leaving all that money on the ground."

Crocker goes the extra mile to change her agents' mindset. One of the ways she does this is through an intensive three-day training course she calls "boot camp." 2CP's top sellers run the classes.

She also has created all new marketing materials for 2CP' agents. "If you put the tools in the agents' hands that force them to go in a different direction than just bankcard, then you're ahead," she said.

Crocker's top-selling value-added solutions are check

services such as check conversion, guarantee and authorization, which she called "the ACH umbrella;" gift and loyalty cards; and prepaid products.

2CP also sells point-of-sale terminals as value-added products. VeriFone's Omni 3750 is Crocker's terminal of choice because she said, "it supports the bundle."

Merchant Level Salespeople know the importance of selling a terminal—it's upfront cash. By offering a value-added, bundled solution with a sophisticated terminal that supports value-added applications, they have the opportunity to sell merchants not only equipment, but also a gift and loyalty card solution, a pre-paid phone card program, age verification, a time and expense capture solution and more.

"You get one deal, and then you start doing it correctly; you get another bundled deal and then your residual checks start coming in, and you start seeing the magic," she said.

Crocker suggests that agents take the time to get back in front of the merchants in their portfolios, instead of only going after new ones. Merchants to whom an agent sold credit card processing services may also be interested in check guarantee, but may not have been aware of such a service. Or they may find value in a gift card program.

"When one of my agents started selling the check service program, he revisited his portfolio, and in doing so, he signed up about half of them with at least one other value added service," she said.

Learning about and selling all these new products and services may seem a little overwhelming, but ISOs and MLSs will typically find a true partnership with their value-added vendors. Many of these vendors will collaborate with ISOs and agents on rates, opportunities for private labeling, marketing support and product positioning and added merchant incentives for closing the deal.

Valutec, a gift and loyalty card provider focused on small-to-mid sized merchants, sells its programs through about

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5,000 agents working with more than 200 reseller partners—anywhere from a small office with only a few people to a super-ISO with 500 or more reps.

Valutec works closely with merchants once the sale has been made—anything from card design all the way through merchandising displays, depending on a merchant's particular needs. It also offers several different types of programs for different sized merchants. One program might require fees based on the number and amount of transactions, while another might charge only a flat monthly fee for the processing.

Greg Grove, Vice President of Marketing for Valutec, said there has been a recent change in the marketplace with value-added products. "There's a shift going on because credit card processing has become, frankly, a commodity," he said. "It's who's got the lowest rate to get the job.

"With gift card and loyalty card, there still are absolutely product and service distinctions still in that marketplace. If you walk in the door with that then you have set yourself apart from your competitors."

Grove also said value-added products and services such as gift and loyalty cards are being used much more by ISOs as tools for merchant acquisition than as tools for merchant retention.

"We have resellers that are actually doing it in reverse now; they are walking in the door with gift card and then adding credit card to the sale," said Grove.

"If you call up and say I want to talk to you about credit card processing you probably don't get a lot of interest," he said. "But if you talk about stored value cards, gift cards, loyalty cards, and you've got a free start up package and those kinds of things, you get appointments and you get in the door."

In a recent study on merchant retention, Valutec found that merchants with stored value programs in place have a retention rate of 93% from year to year for credit card processing versus an average of 75% without a stored value program. Merchant turnover is reduced from 25% to 7%.

Crocker has also seen improvements in merchant retention. She has a zero attrition rate with a particular vendor she uses for check processing. "I do not lose merchants once they have that value add," she said. "If a merchant has several products with you, the likelihood of them unplugging from the bankcard product is not high because you are a one-stop shop in your offering."

Like Crocker, Grove also believes in selling merchants a full solution. He said it's much more complicated for merchants to switch credit card processors and then re-download all the value-added applications. "They are usually separate pieces, but if a merchant assumes that it's getting all these things from one company, then it's less likely to change."

Selling value-added products looks like a "valued" solution for everyone: the vendors that are selling these products and services, and merchants, agents and ISOs who have gained many new opportunities for generating revenue.

Now it's only a matter of getting your foot in the door.

Selling value-added products "is a significant change because it's a change in a selling style," said Crocker. "You have to be willing to embrace the change. And commit to the change no matter what. And that is a rare find in an agent."

Eye on ETA

I have conversations with Merchant Level Salespeople daily, and I am privy to many of their observations, concerns and questions. Recently, I encountered an issue that inspired the topic for this column: whether or not to attend the 2003 Electronic Transactions Association's (ETA) Mid-Year Meeting held September 16-18 in Boca Raton, Fla.

This year's meeting, "Ride The Wave to Success," a Strategic Leadership and Networking Forum, served as a new venue for the organization because it wasn't a traditional trade show.

Based on the questions MLSs were asking me about the event, it appeared many really had no idea what it was about.

- *"I'm a hardworking MLS. Should I go?"*
- *"Is it worth the money?"*
- *"I don't have the luxury of time.*
     What will I miss? "

When time and money are issues, you want to be sure you attend a conference that will provide you with valuable resources. I hesitated advising them not to go, but, as a spokesperson for MLSs, I felt it was my duty to report back and answer their questions.

Our great industry offers wonderful opportunities for Merchant Level Salespeople, but this year's Mid-Year conference wasn't one of them. We should recognize that not every ETA event is designed for MLSs. Some target ISOs and acquirers; therefore, this particular conference was very helpful for me.

I was delighted to attend, and I believe many other attendees share that sentiment. But MLSs are not part of that group. If you are a MLS, this meeting wasn't for you.

According to association's figures, there were nearly 500 attendees at "Ride The Wave to Success." While it was well attended by acquirers, providers and related payment – processing professionals, I didn't run into five people at this event that would call themselves MLSs…and for good reason.

The admission fee to attend the show was a pricey $545 and some educational and training sessions required additional fees. After you read about the topics covered, you'll quickly see there weren't many issues of relevance for MLSs, nor were there any sessions that addressed their special needs.
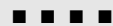
Here's a recap of the topics:

• Introduction to Electronic Processing

Billed as appealing to "financial institutions, ISOs, processors, hardware manufacturers, software developers and card associations." A separate fee was required for this session.

• "Catch Me If You Can" – The Man Behind the Legend

One-on-one presentation from the con man of the moment – Frank Abagnale, made famous by Steven Spielberg's recent movie starring Tom Hanks and Leonardo DiCaprio. Later on the first day, Abagnale also delivered the Keynote Address – "The Many Faces of Fraud."

• The New Cost of Privacy-Are You Prepared to Take the Hit?

This session dealt with companies that are preparing to

proactively report compromised data of consumers as well as new legislation affecting our industry.

• "To Take or Not to Take" – The Great Debit Card Debate

This presentation focused on recent changes in debit card, settlement and legislation as a result of the Visa/MasterCard/Wal-Mart case.

• Appreciating Appreciation – The Evolving Role of Private Equity Investors in Our Industry

This session concentrated on the minds and methods of the new breed of investors in the transaction industry.

• Surviving Data Security Concerns

Understanding obligation, risk and potential exposure in the face of changing data security requirements was the gist of this session.

• Can One Size Really Fit All When it Comes to Data Security?

The goal of the closing session of the 2003 ETA Mid-Year Conference was for attendees to get a better understanding from the various card associations on their plans for required data security and what the future might hold.

As you can see, the overall program lacked any MLS-centric topics…and that was unfortunate. Please, don't get me wrong. ETA is very valuable to the acquiring industry, regardless of your place on the food chain. I thought the 2003 Strategic Leadership and Networking Forum had many topics of interest for ISOs and MSPs that are liable for merchant losses—just not enough to warrant MLS participation.

You may also notice this column doesn't contain the usual quotes and opinions from MLSs. That's because nobody responded to my post on The Green Sheet MLS Forum regarding his or her experience at the ETA Mid-Year Conference. Was it because no MLSs attended?

If this was the case, then it supports my belief that while ETA is a positive and productive organization, these types of events—as well as membership in ETA—are not for the MLS.

While I don't think you, a hardworking and professional MLS, needed to attend this event, I do think it is important that you understand why ETA exists and what it's doing for our industry…and for the companies you represent.

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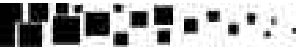
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ETA's mission is to "fully serve its members and advance their profession by providing leadership through education, advocacy and the exchange of information."

If you're a MLS, my advice to you is to call in and ask the executives of your ISO if they are indeed members of ETA, and if they were in attendance at Boca Raton.

Whomever you do represent should not just be a member of ETA, but also should have representation at all events, including this past one.

I believe it is very important that you work for an ISO that not only is a member of ETA but also supports its initiatives. This is a worthy association. ETA is *the* organization of the industry, but not necessarily essential for individual MLS membership.

As a merchant acquirer and staunch supporter of our industry, I always enjoy attending ETA events. I particularly look forward to seeing the many faces of our industry – some new, some familiar.

When I first walked into The Boca Raton Resort, almost immediately people came up to greet me. I have cultivated many valuable friendships over the years at ETA meetings, and I'm always eager to spend time with other industry members and leaders at these events.

As I have stated in the past, some of my best friends are also my most fierce competitors. In fact, at this recent ETA conference, I took a lot of abuse from my friends in the business, teasing me about writing this column. Some of my colleagues said, "Stop embarrassing yourself!" Others said "Give it up!"

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I know—with friends like these, who needs enemies? However, during the event, several people also came up to me to thank me for writing "Street Smarts." They told me I'm making a valuable contribution and to keep up the good work.

I want to thank all the many professionals who have given me very positive feedback about this column. It is for those people—and you, the MLS—that I will continue writing.

As always, I'd love to hear from you. Please send your feedback on this topic (and any others) to streetsmarts@totalmerchantservices.com.

My next column will discuss the growing phenomenon of regional acquirer associations and my experience with and opinion of the Southeast Acquirers Association's recent regional meeting held in Orlando, Fla.

Additionally, I will also report on the First Annual NAOPP (National Association of Payment Professionals) conference that is also scheduled during that time in Orlando. Please continue to look for my postings on The Green Sheet's MLS Forum.

I welcome all your responses and promise to include them in my columns. Your voice must always be heard!

"Time is the most valuable thing a man can spend."

– Theophrastus (300 BC – 287 BC)

I'll see you next time where the rubber meets the road.

Ed Freedman is founder and President/CEO of Total Merchant Services, one of the fastest-growing credit card merchant account acquirers in the nation. Ed is the driving force behind all business development activity as well as the execution of Total Merchant Services' marketing plan, including recruiting and training independent sales offices and establishing strategic alliance partnerships with leading vendors, so that Total Merchant Services can provide its customers with the highest quality and most reliable services available.

To learn more about Total Merchant Services, visit www.totalmerchantservices.com. To learn more about partnering with Total Merchant Services, visit www.upfrontandresiduals.com or contact Ed directly at ed@totalmerchantservices.com

Legal Ease

How About Them Reserves?

By Adam Atlas
Attorney at Law

No matter where you find yourself in the chain of participants in the processing business — association, bank, processor, ISO, sub-ISO, MLS or merchant — at one point or another, you are very likely to have reserves on your mind.

A reserve, often referred to in agreements as a "reserve account" or a "holdback," is typically a varying amount of cash withheld by one party in a processing or sales relationship in order to protect itself against losses for fraud, chargebacks, association fines or other losses. The purpose of this column is to highlight certain issues that every participant in the electronic transactions business should keep in mind when negotiating or dealing with a reserve account.

1. Which Reserve Account? Never forget that between the acquiring bank and the merchant, and all ISOs in between, there could be as many as four or more separate reserve accounts. When there is fraud involved in a merchant account, one of those reserve accounts is drawn upon. No matter which entity you are, make it your business to inquire which of the reserve accounts is being drawn upon. For example, suppose you are an ISO with 100% liability, and the bank that you are indirectly selling for maintains: (a) a reserve account for each merchant you sign-up and (b) a separate reserve account on amounts owed to you.

If a merchant sends through $10,000 worth of fraudulent transactions, which reserve account do you think should be debited first, yours or the merchant's? I assume that you would prefer the merchant's reserve account be the first line of defense in protecting your interests. If you are a processor, you also have an interest in your bank debiting the merchant reserve account before yours. It is critical for all parties to know which reserve account is at issue at all times.

2. Which Agreement? Once you have identified the reserve account in question, consider which agreement governs that reserve account. For example, if it is a merchant reserve account, terms governing that account will most likely be defined in the agreement between the applicable bank and merchant.

3. Due Diligence. Every participant in the business profits from the reserve account being set at the right level. The reserve account must not be so low as to leave the bank, processor and ISO (who is liable) unprotected. However, the amount on reserve should not be so high that it will be cost-prohibitive for the merchant. Each participant in the business benefits when appropriate due diligence is undertaken at the outset; the nature of the merchant' business and the appropriate amount of reserve account should be set out from the beginning.

4. Adjustments. Banks and processors are sometimes quick to increase a reserve account balance, but slow to reduce the same account. It makes good business sense for banks and processors to monitor larger reserve accounts and take steps toward reducing them when it is reasonable to do so. This kind of proactive customer service will build loyalty. Live reporting of all relevant reserve accounts should be the industry standard.

5. Talk First. Before taking any drastic action with

respect to a reserve account, all parties concerned should have a conversation. I have seen many good merchant-bank and ISO-processor relationships fall apart because of poor communications over one or two merchant reserve accounts.

All parties concerned could save tens of thousands of dollars or more, for example, simply by discussing whether to double or empty a reserve account. Remember, the personal relationships in this business are far more valuable than the sum of all reserve accounts.

6. Interest. It would be fruitful to consider who should keep the interest earned on reserve accounts. A number of processors hold tens of millions of dollars, if not more, of reserve accounts for ISOs. By law, those monies have often already been earned by the ISOs, but are kept simply as security for the processor. ISOs should speak with their processors, and processors should speak with their banks about shared entitlement to interest on those reserve accounts.

7. Merchant Termination. Educate merchants to claim what is rightfully theirs in a reserve account following termination.

8. ISO Termination. Educate ISOs to claim what is rightfully theirs in a reserve account following termination.

9. Rights on Transfer. When an ISO portfolio is transferred from one processor to another, consider what happens to the reserve account left at the old processor, especially following the 180 days standard hold period for such reserve accounts.

10. Avoid Using It. By undertaking the right due diligence and following up with subsequent adjustments and adequate communication between all parties, a reserve account ideally should go untouched for the entire term of the applicable agreement.

Like all safety equipment, reserve accounts are helpful to all concerned, when properly used. When misused, they can be catastrophic to an otherwise healthy business relationship. As usual, I advise to proceed with caution and to keep the lines of communication open.

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Beyond Bankcard

To Image or Not to Image ... That Is the Question

By Lin Fellerman
Secure Payment Systems

I'm not one to be concerned with the fallout over addressing controversial subjects, so I thought it was a good time to test the decibel meter to measure the furor over this topic. I've straddled the fence when it comes to creating hard and fast rules regarding the use of imagers.

As a means of aiding in the decision, let's first look at the relatively short-term history of the imager marketplace, as well as the pricing evolution of the "traditional" MICR reader.

For those old enough to remember, the first check readers were large, bulky, had a big footprint and price tags of around $800. Naturally, they didn't sell very well. About fifteen years ago Checkmate (now Ingenico), Soricon, Welch-Allyn and MagTek first released their small readers, many of which are still in use today.

Merchants can pick up one of these older, refurbished units for approximately $50 to $75 from any one of a number of resellers; there is really no reason to not have a check reader in this day and age of expedited checkout.

It's safe to say that as time marches on, given the inherent "dog eat dog" nature of competition, imager pricing will go the way of reader pricing: down, as more manufacturers enter the playing field.

The market once dominated by RDM Corp. is today populated with models supplied by Ingenico, MagTek, and VeriFone. Epson is now marketing an integrated printer/imager compatible with PC registers, where Axiohm had been successfully marketing an integrated, non-imaging reader/printer.

TeleCheck has also marketed their proprietary Eclipse integrated imager terminal for several years now. Recently, both RDM and 4Access Communications have been trying their best to bring to market a stand-alone imager/terminal.

The icing on the cake is that franking has become commonplace in most of these units as well.

As a result, we can expect to see continually declining prices, improved technology, smaller footprints, faster modems, IP connectivity, wireless connectivity and integrated keypads. Maybe an armrest, rear-view mirror or integrated DVD player will be next!

Simply stated, you will see improved form and function at reduced cost per unit. Five hundred dollars becomes $400 becomes $350 becomes $295 and so on and so on.

Let's go back to the question of image vs. non-image in a conversion environment. This is simply a matter of economics. To demonstrate this easily, if you envision a two-by-two array, you can then measure value based on comparing risk and average ticket. If you separate both risk and average ticket into subsections of 'low' and 'high,' you can then "fill in the blanks" yourself.

Do you need an image in a low risk/low average ticket merchant? You need to determine if imaging is necessary in every segment. On the other hand, you only have to collect an additional $10 per month over 48 months to pay for an imager.

Do you need an image in high risk/high average ticket merchant locations? Collecting a service charge on 50% of all the return items means a 100% collection rate on half the items.

It only takes one large uncollected check to contradict the theory that imaging has no place in today's menu of hardware alternatives.

Low risk, high-ticket industry segments can escape the additional imaging cost, despite the relatively small price difference between a new "traditional" MICR reader and a new imager. In today's environment, we are looking at a spread of roughly $200.

Over 48 months (if leased) we're not looking at a very substantial number, and it seems almost foolhardy to pass on the advantages of having an imager on premises. For the already installed base of non-imaging MICR readers, the risk reward described earlier should dictate the eventual hardware selection.

In the absence of an image what are you left with? If the

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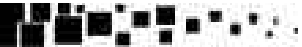
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While there may be no magic formula for determining if an imager is necessary, it is safe to say that the likelihood of greater collections will always be on the side of the merchant with an imager. Where the average ticket is greater than $30 to $40, I would always recommend the imager because the long-term benefit outweighs the incremental monthly lease cost.

merchant is sold verification (not guarantee), then it makes little difference to the check companies if an imager is used. What the heck … the lack of an image and subsequent reduction in collection income becomes the merchant's problem!

Capturing a phone number in a check transaction is not an option most check companies have offered. This eliminates the ability to use online reverse/crisscross phone directories to help in the collection process.

Capturing phone numbers in a terminal program results in substantial operating leverage and positive file cross-referencing capabilities.

Conducting secondary and tertiary risk analysis on unlisted numbers

requires additional database searches that can sometimes be costly per item as well as chew up valuable point-of-sale time (even if for only a second).

While there may be no magic formula for determining if an imager is necessary, it is safe to say that the likelihood of greater collections will always be on the side of the merchant with an imager.

Where the average ticket is greater than $30 to $40, I would always recommend the imager because the long-term benefit outweighs the incremental monthly lease cost.

If the reader is already installed, the yield is simply the benefit as measured against the cost of the imager spread over the life of the lease (or its useful life if less than the lease term).

See what people are saying about CMS now...

Certified Merchant Services has taken tremendous strides to set the standard of what the ideal processor should be with their ongoing commitment to ethics, integrity, customer service and agent support. In the electronic payments industry today, I cannot think of a better place to be than with CMS.

Mary F. Dees
President Elect, Electronic Transaction Association
General Manager, Certified Merchant Services

Certified Merchant Services is one of the most solid and reliable processors in the industry today, as evidenced by their unswerving commitment to excellence. If I were an Independent Sales Office, I would have no hesitations partnering with CMS.

Scott Rutledge
President
The Phoenix Group

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Michael G.
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So, to image or not to image? The hands-down answer is 'es.' If I want to maximize the collection rate, earn a reasonable return and ultimately minimize the merchant's discount rate, I would image on 80% of the merchants our sales agents bring to us.

If the lease is not marked up by an egregious amount, the expense should turn out to be around $10 per month, again, well worth the investment from my perspective (Over the last 25 years, I've dealt with risk on hundreds of billions of dollars in guarantee authorizations and with hundreds of millions of dollars in bounced checks).

The additional advantages that imaging offers, like providing a signed customer receipt and the ability to cross-reference that secondary image to the primary check image, creates a compelling argument for eliminating the merchant retrieval requests on "not authorized" bank returns.

So, to image or not to image? The hands-down answer is 'yes.' If I want to maximize the collection rate, earn a reasonable return and ultimately minimize the merchant's discount rate, I would image on 80% of the merchants our sales agents bring to us.

If you decide to include alternative uses of imagers at the point of sale, such as those for non-check related transactions, then the decision becomes even easier.

Lin Fellerman is founder, President and CEO of San Diego-based Secure Payment Systems, a national provider of electronic check and gift card processing services. Prior to founding SPS in 1996, Lin was formerly a 20-year employee and 10-year President of Telecredit/Equifax Check Services (now Certegy Check Services).

To learn more about SPS visit www.secure-paymentsystems.com, or you can send an e-mail to Lin at lfellerman@securepaymentsystems.com .

Interchange Untangled – Part 2

This is the second in a series of articles written in response to numerous reader requests for definitions of interchange levels. We are working with several industry experts to explain the interchange "buckets" and how transactions are assigned to the processing levels. In this installment, we will discuss the definitions of the buckets exclusive of the interchange rates. For the most current rates, please refer to the table distributed with the August 25, 2003 issue of The Green Sheet.

Supermarket Rates

Both Visa and MasterCard have special reduced-rate interchange programs in place to entice supermarkets to accept credit and check cards at the POS. The supermarket industry convinced the associations that grocery store profit margins were too slim to afford the same interchange rates applied to retail merchants.

Visa CPS Supermarket Check Card Rate

For a transaction to qualify for this rate, a Visa-branded check card must be used to make the purchase. The Merchant Category Code (MCC) for the location must be 5411, the transaction must meet all the Visa Custom Payment Service (CPS) Retail requirements and the merchant has to have been pre-approved by Visa to participate in the program. To be certified by Visa, the merchant must sign a form available from the acquiring bank. The merchant must meet the following requirements:

- Be a retail store primarily engaged in selling food for home preparation and consumption
- Offer a complete line of food merchandise, including self-service groceries, meat, produce and dairy products
- Have monthly perishables (defined as packaged and in-store bakery goods, dairy products, delicatessen products, floral items, frozen foods, meat and produce) representing at least 45% of total monthly sales
- Accept credit cards for purchase of all goods and services sold in the store at all check out lanes that accept checks

Once the form is completed and sent to Visa through the acquirer, it can take four to eight weeks for an approval. Once the approval is granted, work with the acquirer and/or processor to ensure the merchant is set up to correctly process as a SIP merchant.

Visa CPS Supermarket Tier II Rate

For a transaction to qualify for this rate, a Visa-branded credit card must be used to make the purchase. The MCC for the location must be 5411, and the transaction must meet all the Visa CPS Retail requirements. This rate replaces what used to be known as CPS Supermarket Credit Card.

Visa CPS Supermarket Tier I Rate – Select Merchant

For a transaction to qualify for this rate, a Visa-branded credit card must be used to make the purchase. The MCC for the location must be 5411, and the transaction must meet all the Visa CPS Retail requirements.

The merchant must also meet specific monthly processing volume requirements. For a 12-month period, the merchant must have processed at least 24 million transactions resulting in $1 billion in gross sales volume.

MasterCard Supermarket Rate – Debit (Offline) and Credit

For a transaction to qualify for this rate, it will depend on whether a credit card or check card (offline debit) was used to make the purchase. The MCC for the location must be 5411. The transaction must meet all the Merit III requirements, and the merchant must be pre-approved by MasterCard to participate in the program.

To be certified by MasterCard, the acquiring bank must submit the proper form to MasterCard on the merchant's behalf. The merchant must meet the following requirements:

- Be a retail store primarily engaged in selling food for home preparation and consumption
- Offer a complete line of food merchandise, including self-service groceries, meat, produce and dairy products
- Have monthly perishables (defined as packaged and in-store bakery goods, dairy products, delicatessen products, floral items, frozen foods, meat and produce) representing at least 45% of total monthly sales
- Accept credit cards for purchase of all goods and services sold in the store at all check out lanes that accept checks

Once the acquirer completes and sends the form to MasterCard, it can take four to eight weeks for an approval. Once the approval is granted, work with the acquirer and/or processor to ensure the merchant is set up to correctly process as a supermarket merchant.

Scamming Spammers and the Scamming Spams They Spam

Companies and individuals who solicit business through e-mail will want to pay close attention to recent actions and legislation that stops junk e-mail promoting products and services, both legitimate and otherwise.

A judgment against one Texas company in particular should be of interest to those who use spam to generate business.

In early October 2003, ClickForMail.com Inc. agreed to repay customers $815,000 in order to resolve charges brought by the Federal Trade Commission.

The FTC alleged the company, doing business as AllPreApproved.com, sent e-mail "spam" offering approved credit cards in exchange for advance payments of $49.95 for each card.

The federal charges held the company liable for failing to deliver on promises it made over the Internet to provide the credit cards.

Thousands of people who paid the fee did not get the cards, according to the FTC. By settling the case, though, the Austin-based company did not acknowledge breaking any laws.

The case is one resulting from joint efforts by government and law enforcement agencies and several initiatives targeting Internet fraud. The settlement also came on the heels of legislation signed into law in late September banning spam in California.

The FTC, Securities Exchange Commission, U.S. Postal Inspection

Service, three U.S. attorneys general, four state attorneys general and two state regulatory agencies have filed 45 criminal and civil law enforcement actions against Internet scammers and deceptive spammers.

In addition, the FTC and 21 U.S. and international agencies have launched an initiative to get organizations in 59 countries to shut down the open relays allowing spammers to avoid detection by spam filters and law enforcement.

The law enforcement actions target deceptive schemes and illegal scams promoted via e-mail such as auction fraud, the sale of illegal controlled substances, bogus business opportunities, deceptive money-making scams, illegal advance-fee credit card offers and identity theft.

The California law makes it illegal to send most commercial e-mail mes-sages to anyone in the state who has not explicitly requested them. It also prohibits California companies from sending the same sort of unsolicited e-mail to people outside the state, and imposes fines of $1000 for each message and up to $1 million for each campaign.

The law puts the burden of determining whether the recipient of junk e-mail is a California resident on the sender, a technically challenging proposition. It also applies to a company whose product is advertised, not just the company sending the spam.

By some estimates, California represents up to 20% of e-mail sent and received in the U.S.; it is the most populous state and is home to many large Internet companies.

The law goes into effect January 1, 2004 and is the most wide-reaching law of any other in 35 states that are also attempting to regulate spam, or of any proposed bills in Congress. Opponents of the law argue it will do little to stop spam, that it is unconstitutional and that any federal laws passed will supercede it.

The FTC approved the ClickForMail.com settlement unanimously 5 – 0, and the U.S. District Court for the Northern District of Illinois finalized the agreement.

Under terms of the settlement it reached with the FTC, ClickFor Mail.com is prohibited from making false claims about credit cards and selling its customer lists. If the court finds that the company misstated its financial condition, it is subject to a fine of $3.6 million.

And that's a lot of spam and eggs.

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▶▶▶ BOOK REVIEW

Despite Missing a Few Wrenches, Industry Toolbox Comes in Handy

If you're brand new to the payment processing industry, reading the book, "How to Survive and Thrive in the Merchant Services Industry" is one way to get started. This isn't something you'll need to sit down and read cover to cover (who has time for that anyway?) because the book actually serves more as a reference source than the "how to" manual implied by its title.

Authors Marc J. Beauchamp and William Graham have a combined experience of 20 years in the bankcard industry and have worked with multiple ISOs and financial institutions throughout their careers.

They present their knowledge in short chapters broken out into bold-faced sections, so it's easy to flip through quickly and find exactly what you're looking for. There are more than 300 pages of useful information for someone trying to learn the basics of the industry.

In fact, the first section of the book is titled 'Industry Basics,' and it functions as a sort of in-depth glossary of terms, providing words, acronyms and background on all of the terms you hear used every day in the payment processing industry, such as debit, EBT, ACH and gift and loyalty cards.

This section also describes the role of the ISO, merchant, processor and

"How to Survive and Thrive in the Merchant Services Industry"

By Marc J. Beauchamp and William Graham
Copyright Performance Training Systems
ISBN: 0-9741884-0-9
324 pages
$19.95

acquirer and defines the latest industry buzzwords, such as wireless, m-commerce, e-commerce, smart cards and contactless payments.
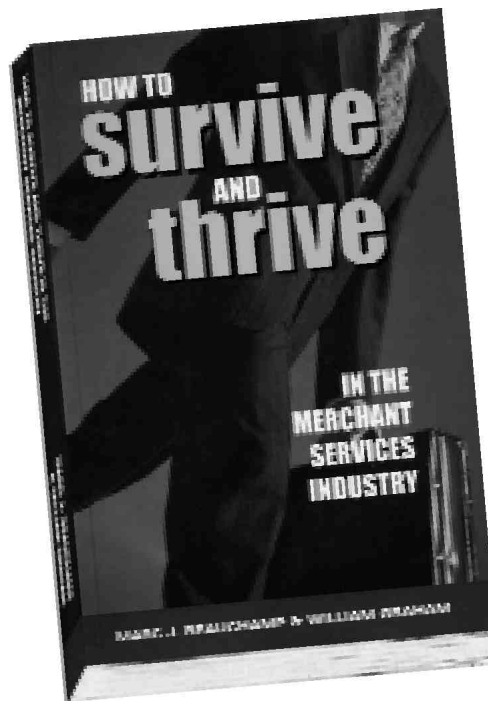
Unfortunately, there are only a few pages dedicated to interchange in 'Industry Basics,' which is disappointing since this is one of the main topics new salespeople often need the most help with.

The authors did not overlook, however, that their readers are salespeople; they devoted two sections of the book to instruction on sales techniques and personal development.

They included chapters on where to prospect, how to present and how to close and even added an appendix containing simple worksheets to help you set income goals and daily call quotas, develop a telemarketing script and create a good ad. (For some successful sales veterans, this information may be immaterial, but reviewing to keep skills fresh can be helpful at any stage of one's career.)

A chapter in the beginning of the book takes you through all of the steps involved in processing a credit card transaction (both retail and e-tail); another illustrates the "anatomy" of a credit card and another focuses on the history of credit

cards, including timelines on the evolution of the Visa, MasterCard, American Express, Discover and Diner's Club – even JCB International – brands.

There's a lot of good information here, but perhaps what's missing in "How to Survive and Thrive" is the "evolution" of the Merchant Level Salesperson. Readers who are salespeople may ponder such questions as "Who am I?," "Why am I here?" and "How did this niche in the payment processing industry come to be?"

After all, many argue the industry is where it is today because of the efforts of these salespeople – those who are out there selling the products and services day in and day out.

The most blatant omission, in our opinion, was that the inception of this industry was completely overlooked. There were no non-bank sales of merchant processing

There"s a lot of good information here, but perhaps what"s missing ... is the "evolution" of the Merchant Level Salesperson.

Readers who are salespeople may ponder such questions as "Who am I?," "Why am I here?" and "How did this niche in the payment processing industry come to be?"

accounts before AMCOR's contract with Citibank.

When Paul Green convinced Citi to authorize independent sales reps to sell on behalf of the bank through his company, AMCOR, this industry was born. Not incidentally, so was The Green Sheet.

Toward the back of the book are transcripts of interviews with industry moguls, which may shed more light on the inner workings of the business for those just getting started.

Bob Carr, Mary Dees, Mary Gerdts, Lee Ladd and Paul Green give their opinions on the major legal issues facing the industry, predictions and challenges for the future and what they think are the hottest products on the market.

They also offer advice to new salespeople entering the industry, such as important skills to have and useful tools for selling.

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Hypercom Sells Golden Eagle Leasing

Hypercom Corp. sold all assets of its leasing subsidiary, Golden Eagle Leasing, Inc., to Northern Leasing Systems, Inc. on October 9, 2003 for $30 million in cash.

Northern Leasing, headquartered in New York City, said it plans to consolidate Ridgefield, Conn.-based Golden Eagle's operations under the Northern Leasing name. Golden Eagle provided micro-ticket (priced under $5,000) leases to merchant card processors, equipment vendors and MSPs.

Thirteen-year-old Northern Leasing is also a lessor of micro-ticket equipment (priced under $10,000) and specializes in providing leases and financial services for point of sale credit card terminals.

The company has been working toward growth through strategic acquisitions, Jay Cohen, Founder, President and CEO of Northern Leasing said. Before founding Northern Leasing in 1991, Cohen was a sales rep for an ISO, selling both POS terminals and credit card processing.

Hypercom sold Golden Eagle to continue focusing on its electronic payment and transaction processing business and improving profitability, Chris Alexander, Hypercom Chairman and CEO said.

As a result of the transaction, Hypercom will recognize a fourth quarter pre-tax gain on sale of approximately $7 million, which will be included in income from discontinued operations. The net proceeds from the transaction are projected to be between $28.5 million and $29 million after transaction closing and employee severance expenses. As of June 30, 2003, Hypercom reported it had $51.6 million in cash, including about $14 million related to Golden Eagle.

"And I expect that our leadership position within the industry, now complemented by a war chest approaching $80 million, positions us well as an acquirer or business partner of choice," Alexander said in a statement.

In July, Hypercom closed its subsidiary The Horizon Group's St. Louis facility. It transitioned services to Hypercom headquarters in Phoenix and transferred additional Horizon customers and services to TASQ Technology.

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Best Payment Solutions was recently acquired by National Processing Company (NPC), the second largest merchant acquirer in the world. While our name has changed, the service and quality you have come to expect has not.

Best Payment Solutions remains focused on the success of its customers and providing unparalleled service for all merchant types. Combining our reputation and experience with the strength and reliability of NPC, it's clear that Best Payment Solutions is your partner for the future — and the **best** choice for your business.

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NEW PRODUCTS ◄ ◄ ◄

Triple Teaming for Powerful Mobile Payment Solution

Product: Wireless payment-processing solution
Company: AIRCHARGE and Infinite Peripherals

Put together a mobile computing device, a PDA compatible-printer and some Palm software for wireless payment processing, and you have a full solution for accepting credit cards for payment on the go.

Infinite Peripherals and AIRCHARGE have combined their technologies — Infinite Peripheral's PP-50MS PDA printer/magnetic stripe reader and AIRCHARGE's Palm OS software–with the Kyocera 7135 smart phone.

The Kyocera 7135 is a phone, PDA and portable computer all in one. It fits directly into Infinite Peripheral's printer/ reader to transform into a mobile credit card processing machine. The phone is available from several major U.S. wireless carriers such as Verizon Wireless and Qwest Wireless.

You can load AIRCHARGE's payment processing software onto the phone using a standard Palm HotSync operation. The application is compatible with the nine largest credit card processing systems in the U.S.

Infinite Peripheral's 15 oz. PP-50MS PDA printer has an internal rechargeable battery and a thermal printer that prints 2 inches per second. It accepts standard paper rolls and comes with a one-year warranty.

It's compatible with the Palm III series, Palm V, Palm VII, Palm m125, m130, m500, and m705, VISOR and Handera.

Several AIRCHARGE customers are participating in a beta test of these technologies and are using the devices together to accept credit cards at trade shows, flea markets and other types of outdoor events where standard phone line access in limited, expensive or simply not available.

AIRCHARGE/World Products, Inc.

5465 W. Grand Ave.
Gurnee, IL 60031
847-855-1483
www.aircharge.net

Infinite Peripherals

625 W. University, Unit C
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800-278-7860
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A Flexible Billing Option for Merchants

Product: Automated Recurring Billing
Company: Authorize.Net, an InfoSpace, Inc. service

Merchants selling products and services over the Internet typically require a payment gateway in order to accept payments online, so their customers can pay promptly with credit cards and/or electronic checks. But many merchants also want to offer their customers a way to schedule and pay bills on a recurring basis.

Hosting/ISP companies, online dating services, telecom-

munications, health clubs and e-magazines are some of the merchant categories benefiting from Authorize.Net's recurring billing services.

Authorize.Net now offers its merchants the Automated Recurring Billing service that allows them to create billing 'subscriptions'' that include a customer's payment information, the amount to bill and appropriate billing intervals and duration. The product also stores and secures all of a customer's personal and billing information.

Once merchants have these data, then Authorize.Net generates subsequent recurring transactions based on merchants' defined billing schedules and customers' payment preferences.

Some of the features of the product include: multiple ways to create subscriptions; flexible options for billing including weekly, monthly and other merchant-defined intervals; a search tool for locating subscriptions; and subscription status alerts.

By using automated recurring billing, merchants can benefit from reduced payment authorization declines and excessive administrative tasks.

Brick-and-mortar merchants using Authorize.Net's

Virtual Terminal solution can also benefit from the Automated Recurring Billing product.

Virtual Terminal is a browser-based product merchants use to authorize, process and manage credit card transactions from any computer with an Internet connection and a Web browser.

Virtual Terminal replaces standard authorization terminals or software and provides an ideal solution for merchants manually entering credit card transactions for MO/TO sales.

Authorize.Net Corp.

915 South 500 East Suite 200
American Fork, UT 84003
801-492-6450
www.authorizenet.com

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INSPIRATION ◄ ◄ ◄

A Marketing Plan Will Lead Them to Your Doorstep

Fourth article in a series on developing an overall business plan ·····················

Now that you have gathered information about your competition, you are ready to develop your marketing plan. This plan should not only identify your customers but should outline how you plan to present your services and products to them. It's essential to the success of your business that you make people aware of you and the unique services you offer.

The marketing plan is important to your overall business plan. Investors will want to know that you have a goal for marketing your services. It is not enough to simply have a great product or service; you must also be able to reach your audience to let them know about you.

One of the first things to do is to identify your customers. If you define several types of customers, break them down into groups. This will enable you to market to each particular segment.

Describe how you want your target customers to perceive your business. What do you want them to focus in on? When you have done this, step back and do a reality check. Talk to some of your better customers and find out how they actually see you. Now you can devise a plan to help them think of your business the way you would like them to.

This plan can also assist you in making sure that everyone in the company is presenting the same message. Sending mixed signals to the clients can cause confusion and may result in lost sales.

What are your marketing goals? Spell these out and discuss strategies to accomplish them. Devise a timeline for meeting your goals.

Finally, plan a budget. Spending money on marketing is vital to the continuation and growth of your business. The budget will need to include:

• **Production:** design, paper, printing, envelopes, labels, postage, etc.

• **Advertising:** print (magazines and newspapers), flyers, broadcast (TV, radio), etc.

• **Labor:** in-house or out-sourced labor dedicated to the marketing of your business

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Next issue: Creating a Financial Statement
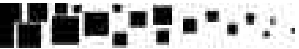
Consider the Next Steps

Fourth article in a series on effective ad campaigns ·····················

The design team that created your ad has really knocked itself out, took it to the hoop and made the CEO squeal with delight … in short, the ad is ready to motivate your target audience and increase your revenues. However, your job is not quite finished yet.

There are a few things to check before you drop a disk containing the ad into an express courier envelope and take it to the local mail center with a smile of satisfaction as wide as the equator. When that envelope arrives at its destination the next day, will a publication find a disk with some cryptic scribble in permanent marker on it from an unknown company to an unspecified recipient?

Receipt of a mystery disk will delay the delivery for hours, maybe days. A worst-case scenario could have the mailroom refusing the shipment and sending it back, or adding your envelope to the trouble stack where it might never be seen again. All your hard work could go down the tubes because there was no paperwork enclosed with your package.

First and foremost, find out the deadlines and production schedule of the publication to which you are sending an ad. Most provide a media kit to advertisers to refer to for specs, print and online rates, publication dates and even reader demographics. If you can't find it, check the publication's Web site or call your sales representative. It's better to bug a few people now than to throw a wrench in the process when it's deadline time.

DATEBOOK

"EBT: The Next Generation" University
Electronic Funds Transfer Association

Highlights: The Electronic Funds Transfer Association is the nation's leading inter-industry trade association dedicated to the advancement of electronic payment systems and commerce. The Association's diverse membership includes the nation's leading commercial banks, ATM networks, bankcard associations, major ATM and POS manufacturing companies, systems integrators, smart card and advanced card technology companies, retailers, electronic commerce companies, retailers and a host of other companies that serve the EFT industry. EFTA's EBT Industry Council is the nation''s longest standing trade group providing leadership on the business and policy issues of EBT. The sixth annual EBT Industry Council Conference, "EBT: The Next Generation" University, will provide participants with a number of opportunities for expanding their knowledge of EBT. Issues covered will include legislative and regulatory; WIC; the health industry; card technologies; strategic planning; and improving profit margins. A roundtable discussion of critical issues facing EBT in the near future is scheduled.
When: November 9 – 12, 2003
Where: Doubletree Hotel at Reid Park, Tucson, Ariz.
Registration Information: Visit www.ebtthenextgeneration.com or phone 630-986-0864.

BASC Annual Vendor Expo/Quarterly Mtg
Bankcard Association of Southern California

Highlights: The Bankcard Association of Southern California (BASC) was formed in 1977 by a group of credit card and ATM managers, sales organizations and vendors to promote methods of e-commerce and support payment card industry products. Through its meetings, BASC educates members on industry trends, regulation updates, hardware, software, online banking services and other important issues in the payment processing industry. BASC differs from other regional associations by focusing on providing banks and credit unions with information and access to the card associations rather than focusing solely on the MLS/ISO. The quarterly meetings are designed to be of interest to all financial services professionals in the Southern California area.
When: November 6, 2003
Where: The Holiday Inn, Monrovia, Calif.
Registration Information: Write to BASC, P.O. Box 301772, Escondido, Calif. 92030 or phone or e-mail Sherry Friedrichsen at 760-243-7990, sfriedrichsen@gcfinc.com

A completed insertion order is also very important for a variety of reasons and should not be neglected. It tells the publication:

- Your contact information
- The name of the company you or your agency represents
- The name or number of the ad reference
- When the ad is scheduled to appear

The insertion order is a key piece of the puzzle in your ad's appearance in most publications, and it reinforces the stated terms of the legally binding, signed ad contract.

Another extremely important part of the process is providing a printed copy of the ad to show how it is supposed to look in print. This is referred to as a composite, mechanical or proof. The composite should be as close to an accurate a representation of the ad as possible; the publication will appreciate this so they don't have to guess. Shades of gray and tricky size differences are very difficult to approximate, and if problems arise with the ad at production time, you could be held accountable for the mistake.

When submitting color artwork containing specific company colors that must be matched dead-on (for example, for a company logo), provide a color-match proof. Locate a service bureau or pre-press specialist in the Yellow Pages of your phone book. These companies can generate a high resolution, true-to-color output (often called an IRIS or Veloprint) of your design from your disk on their specialized equipment, which the publication's layout department can use to verify accuracy.

Last but not least, label the disk with your company's name, a reference to the ad and anything else that will help the layout department match the disk to the ad and company. If the disk gets separated from the ad folder and all it says on it is something to the effect of "ZZY102503.jpg," this might cause confusion and delays.

Publications require paperwork for ads for a number of reasons: to help the production processes go smoothly and to help keep the production team organized–yours is not the only ad that will appear in an issue. Insertion orders reinforce the stated terms of the legally binding ad contracts. A file folder holding all the necessary paperwork, from signed contracts to insertion orders and composites, benefits both parties involved in case a dispute arises.

Next in the series: What to do if problems occur and how to craft an effective follow up ad

Good Selling!

Paul H. Green

Tap into the Profits of the QSR Market with PayPoint

PayPoint
Electronic Payment Systems
A First Data Company

With more than 110,000 locations and an estimated $115 billion in annual sales, the opportunity awaiting you in the Quick Service Restaurant (QSR) market is immense. With 18 years of experience, PayPoint, a subsidiary of First Data Corp., can provide you with a unique offering designed to quickly overcome the typical QSR objections to transaction processing.

We offer...

- A customer surcharged PIN-based debit program with no transaction cost to the owner/operator.
- Free terminal placement options.
- The ability for the merchant to charge customers a convenience fee for purchases and/or cash back services.
- An optional commission per transaction to the QSR operator to provide a profit incentive.

You benefit from...

- A profitable QSR solution with tremendous potential.
- A commission for each consumer surcharged transaction.
- A unique value proposition -- the merchant can be paid per transaction and gain free terminals.
- A partnership with an experienced leader in the QSR market.
- Compliance with network rules and guidelines.
- Ready-made collateral that can be branded.

For more information on partnering with PayPoint to tap into the profits of the QSR market, please contact Kevin Reed at (213) 486-0513 or email *kevin.reed@firstdata.com*.

One Company. Making Global Commerce Happen.

FIRST DATA

▶▶▶ RESOURCE GUIDE

ATM/SCRIP ISOs LOOKING FOR AGENTS

Access ATM
(866) 874-0384
Access to Money
(888) 501-5246
ATM Merchant Systems
(888) 878-8166
Data Capture Systems, Inc.
(800) 888-1431
NationalLink
(800) 363-9835

BANKS LOOKING FOR AGENTS

Redwood Merchant Services
(800) 528-6661

BANKS LOOKING FOR ISOs/MSPs

Best Payment Solutions
(866) 289-2265
CentralBancard
(866) 797-2317
Chase Merchant Services, LLC
(800) 622-2626 x86016
Comerica Merchant Services
(800) 790-2670
First American Pymt Sys
(866) GO4 FAPS
Group ISO
(800) 960-0135
Humboldt Merchant Services, L.P.
(877) 635-3570
National Processing Co.
(800) 672-1964 x 7684
Redwood Merchant Services
(800) 528-6661
Retriever Payment Systems
(800) 376-3399

CHECK DRAFTING SERVICES

CFIGroup
(888) FON-CHEX
Checks by Phone/By Web
(561) 998-9020

CHECK GUARANTEE/ VERIFICATION

Abanco Intl., LLC
(866) 231-2030 x2347
CrossCheck, Inc.
(800) 654-2365
EZCheck
(800) 797-5302 x303
Global eTelecom, Inc. (GETI)
(877) 454-3835
Global Payments
(800) 638-4600 x888
Nationwide Check Services
(800) 910-2265
Red Check Investments
(877) 238-0415
Secur-Chex
(866) 464-3272

COMPLIANCE/PIN ENCRYPTION

INFORMATION EXCHANGE, INC.
(888) GO-INFOX

CONSULTING AND ADVISORY SERVICES

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First Annapolis Consulting
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Integrity Bankcard Consultants, Inc.
(800) 816-4224
Service Dimensions, Inc.
(800) 578-3800
Strategic Mgt. Partners, LLC
(800) 886-4465

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POS Payment Systems
(718) 548-4630

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Cashlane
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Global Payments, Inc.
(800) 801-9552

EFT-ACH SETTLEMENT SERVICES

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Universal Payment Solutions
(877) 889-7500

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CardWare International
(740) 522-2150
General Credit Forms, Inc.
(800) 325-1158
Global Payments
(800) 801-9552
Ingenico
(800) 252-1140
Lipman USA, Inc.
(516) 484-9898
MIST
(866) 955-6478
MLT & Assoc., Inc. Plastic Refurb
(775) 358-2922
Nationwide Check Services
(800) 910-2265
POSPortal, Inc.
(866) 276-7289
TASQ Technology
(800) 827-8297
Teertronics, Inc.
(800) 856-2030
Vital Merchant Services
(800) 348-1700

FREE ELECTRONIC CHECK RECOVERY

CheckAGAIN
(800) 666-5222
Check Recovery Systems
(800) 721-0930
Chexcollect.com
(866) 691-0666
Gulf Management Systems, Inc.
(800) 947-3156

GIFT/LOYALTY CARD PROGRAMS

POS Payment Systems
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TENDERCARD
(800) 383-8280 x202

ISO RELATIONSHIPS AVAILABLE

Abanco Intl., LLC
(866) 231-2030 x2347
AmericaOne Payment Sys
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BioPay Biometric Payment Systems
(866) 324-6729
Business Payment Systems
(877) 700-7947 x242
CentralBancard
(866) 797-2317
CoCard Marketing Group
(800) 882-1352
Cynergy Data
(800) 933-0064 x5710
EVO Payment Systems
(800) CARDSWIPE x7800
First American Payment Systems
(866) GO4 FAPS
First Data Merchant Services
(866) FDMS-ISO
FMBS
(800) 966-5641
Global Payments, Inc.
(800) 801-9552
Group ISO
(800) 960-0135
Lynk Systems, Inc.
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INTRODUCING 1-800-BANKCARD POWERED BY MSI.

Instant Approvals

No Original Application or Pictures Needed

1·800 BankCard
powered by MSI

Faxed Leases No Originals Needed

Online & Faxed Applications

Multiple Guaranteed Leasing Programs Available

Direct 24 Hour Lease Funding via ACH

Same Day Merchant Approvals

Plus these other great features
- 1.53% retail & profit share program
- Real-time online status reporting
- No liability or risk
- Check truncation on all terminal types
- FREE in-house equipment deployment
- FREE equipment shipping

Call 1-800-BankCard (1-800-226-5227) today and ask for George Mayo at ext. 923 or Rich Lopez at ext. 912

NO OTHER ISO PROGRAM GIVES YOU MORE.

MSI Merchant Services Inc.
1-800-226-5227 • 2204 Morris Ave.• Union, NJ • 07083 • www.1800bankcard.com

1-800-BankCard offers products and services. Direct leasing services provided by Lease Finance Group Provident Bank of Cincinnati, Ohio

MSI-MerchantServices, Inc.
(800) 351-2591 x9-23
Nationwide Check Services
(800) 910-2265
Partner-America.com
(800) 366-1388
United Bank Card (UBC)
(800) 201-0461

ISOS/BANKS PURCHASING ATM PORTFOLIOS

FTI
(866) 450-9815 x22

ISOs/BANKS PURCHASING MERCHANT PORTFOLIOS

AmericaOne Payment Sys
(888) 502-6374
CentralBancard
(866) 797-2317
Chase Merchant Services, LLC
(800) 622-2626 x86016
Concord EFS, Inc.
(800) 778-4804
EVO Payment Systems
(800) CARDSWIPE x7855
Global Payments Inc.
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PaySystems Corporation
(514) 227-6894 x407
Southwest Financial Services, Inc.
(800) 841-0090

ISOs LOOKING FOR AGENTS

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(866) 231-2030 x2347
Aliant Financial Services
(877) 377-0788
AmericaOne Payment Sys
(888) 502-6374
Approval Payment Solutions, Inc.
(888) 311-7248
ATS/CoCard
(877) 334-0272
Bancard Payment Systems
(866) 783-7200
Best Payment Solutions
(866) 289-2265

Business Payment Systems
(877) 700-7947 x242
CentralBancard
(866) 797-2317
Certified Merchant Services
(800) 732-7099
Comerica Merchant Services
(800) 790-2670
Concord EFS, Inc.
(800) 778-4804
Cynergy Data
(800) 933-0064 x 5710
E-Commerce Exchange
(800) 748-6318
EVO Payment Systems
(800) CARDSWIPE x7800
EXS Electronic Exchange Sys.
(800) 949-2021
First American Payment Systems
(866) GO4 FAPS
First Card Merchant Services
(800) 404-9118
FMBS
(800) 966-5641
Innovative Merchant Solutions
(800) 397-0707
IRN PAYMENT SYSTEMS
(800) 366-1388
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(800) 605-5581 x7791
Merchant Services, Inc.
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Money Tree Services
(800) 582-2502 x2
MSI-MerchantServices, Inc.
(800) 537-8741 x9-12
National Processing Co.
(800) 672-1964 x7655
Nationwide Check Services
(800) 910-2265
Netcom Data Southern Corp.
(800) 875-6680
Orion Payment Systems
(877) 941-6500
Preferred Card Services, Inc.
(800) 656-0077 x16
Signature Card Services
(888) 334-2284

Transaction Payment Systems
(800) 999-8674 x309
United Merchant Services
(800) 260-3388 x236
Worldwide Merchant Services
(800) 847-2662
Xenex Merchant Services
(888) 918-4409

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Hot Leads Xpress
(866) 244-2593

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ABC Leasing
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Allied Leasing Corp.
(877) 71-LEASE
American P.O.S. Leasing Corp.
(800) 349-6516
BARCLAY SQUARE LEASING, INC
(866) 396-2754
First Leasing Corporation
(888) 748-7100
First Manhattan
(800) 220-5125
GlobalTech Leasing, Inc.
(800) 414-7654 x 3002
Golden Eagle Leasing, Inc.
(800) WE LEASE
Integrated Leasing Corp.
(800) 398-9701
LADCO Leasing
(800) 678-8666
Lease Finance Group
A Division of CIT
(888) 588-6213
Leasecomm Corp.
(800) 515-5327
MERCHANTS LEASING SYSTEMS
(877) 642-7649
Merimac Capital
(866) 464-3277
Nationwide Check Services
(800) 910-2265
Northern Leasing Sys., Inc.
(800) 683-5433
Signature Leasing, LLC
(877) 642-7649

TASQ Technology
(800) 827-8297

LOYALTY CARDS

FLEXGIFT/UMSI
(800) 260-3388 x236

POS CHECK CONVERSION

Abanco Intl., LLC
(866) 231-2030 x2347
B-CHeX
(877) 700-7947 x242
CrossCheck, Inc.
(800) 654-2365
E-Chex
(877) 474-8924
ElectCheck Plus
(800) 863-5995
EZCheck
(800) 797-5302 x303
Global eTelecom, Inc. (GETI)
(877) 454-3835
Nationwide Check Services
(800) 910-2265
Secur-Chex
(866) 464-3272

POS SUPPLIES

CardWare International
(740) 522-2150
General Credit Forms, Inc.
(800) 325-1158
TASQ Technology
(800) 827-8297
Vital Merchant Services
(800) 348-1700

PROCESSORS LOOKING FOR ISOs

First Data Merchant Services
(866) FDMS-ISO
Global Payments
(800) 801-9552
Lynk Systems, Inc.
(866) MSP-LYNK
National Processing Company
(800) 672-1964 x4883
Paymentech
(888) 849-8980

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REAL-TIME CHECK/ CREDIT CARD PROCESSING

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(800) 748-6318

eProcessingNetwork.com
(800) 971-0997

USAePay.com
(866) USAePay (872-3729)

REAL-TIME CHECK/DEBIT PROCESSING

Payment Option Sol., LLC
(888) 767-7674

SITE SURVEYS

Property Resource Network Inc.
(800) 676-1422

SUPPORT DESK FOR POS TERMINALS & PC SOFTWARE

CardWare International
(740) 522-2150

TASQ Technology
(800) 827-8297

Vital Merchant Services
(800) 348-1700