



The Green Sheet

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

December 22, 2003
Issue 03:12:02

Publishing Excellence Since 1983

Inside This Issue:

News

Industry Update	6
2004 Event Calendar	16
Teeny Tiny Transactions	
Are Back and Adding Up	36
CrossCheck Opening Sales	
Office in Los Angeles Area	37
Wal-Mart Drops MasterCard	
Signature Debit.....	72

Features

White Paper:

Why Invest in Payment Innovations?	
Reviewed By Eric Thomson	19

Education

Street Smarts:

New Year, New Deal?	
By Ed Freedman	50
Mysteries of the BIN—Part I	34
Interchange Untangled—Part 6	56
Visa's Cardholder Information	
Security Program (CISP)	
By David H. Press	58
The Non-Competition Clause	
in an ISO Agreement	
By Adam Atlas.....	62
Commissions, Commissions, Commissions	
By Lin Fellerman.....	68

New Products

Be Secure Online	
with J/Secure	75
Building Profits at the POS	
for Merchants and MLSs	75

Company Profile

First Data Corp.'s	
TeleCheck Services, Inc.	27

Inspiration

Let Your Resolutions	
Guide You all Year Long	79

Departments

Forum	5
Datebook.....	80
Resource Guide	82
Index to Advertisers	86

We Were Busy This Year— The Green Sheet Recaps 2003

It's hard to believe, but another year is nearly behind us; this year, especially, the payment processing industry has experienced a whirlwind of significant events—many of them surprises. With all the filing, settling and appealing of lawsuits from Visa and MasterCard; acquisition announcements among major industry players; and the passing of the Check 21 legislation, it's turned out to be quite a busy year.

If asked to pick the most significant event of 2003, most people in financial services would probably agree it is the settlement in April between MasterCard and Visa and Wal-Mart and millions of retailers.

"This settlement has changed the landscape of the acquiring industry because all merchants and all MLSs now know who plays fair in the marketplace," said Bob Carr, Founder, Chairman and CEO of Heartland Payment Systems. "The chips are beginning to fall and the outcome will be dramatic.

"This settlement will intensify the decline of the large non-value add acquirers and give some of the smaller guys momentum to continue to take market share from the largest established acquirers who spend more time in the accounting department than in the customer service department."

Here's a recap: MasterCard and Visa were about to go to trial in an antitrust class action lawsuit over debit card fees filed nearly six years before by Wal-Mart, Sears, Roebuck and Co. and any other retailer that didn't choose to "opt out" of the complaint.

On the eve of the day the trial was set to begin, in an "11th hour decision" as the judge presiding over the case called it, MasterCard settled with the retailers. The credit card association did not admit to improper conduct but agreed to pay the retailers about \$1 billion, reduce the debit card fees it charges them by a third and change its "honor all cards" policy as of January 2004.

Under pressure from not wanting to stand trial alone, Visa followed with its own settlement, agreeing to pay retailers \$2 billion and also reduce its debit

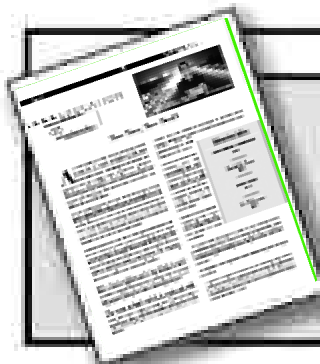


See RECAP on Page 38

Notable Quote:

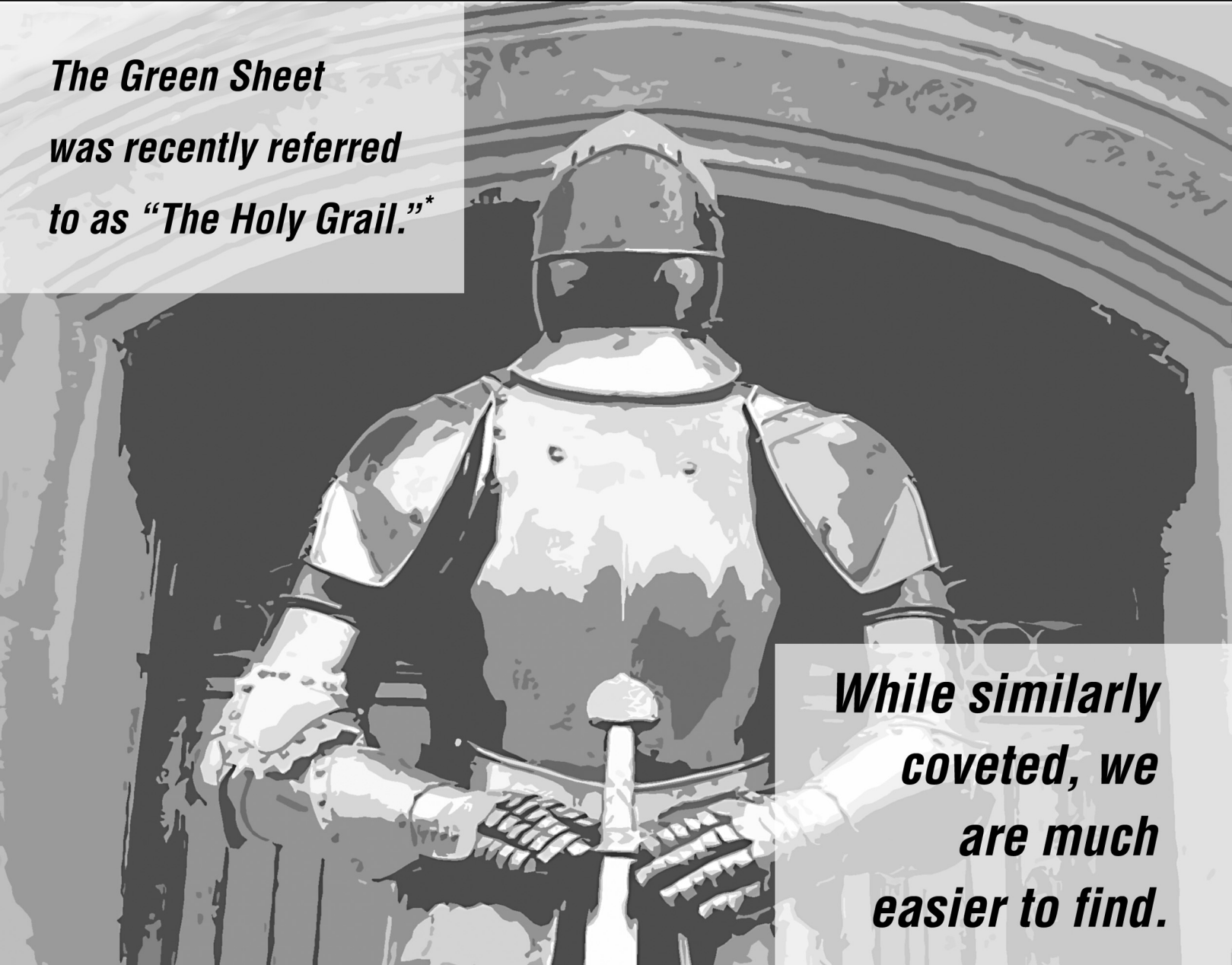
Babylonians celebrated New Year's Day more than four thousand years ago; they believed that whatever you did on the first day of the year would affect everything you did for the next 364 days.

See Story on Page 50



**IN YOUR QUEST FOR THE HOLY GRAIL,
BRING NEITHER SWORD NOR SHIELD,
BUT MOUSE.**

***The Green Sheet
was recently referred
to as "The Holy Grail."****



***While similarly
coveted, we
are much
easier to find.***

***Visit www.greensheet.com for daily news updates,
the ISO Forum and fully searchable archive.***

FREE subscriptions for ISOs/MSPs.

YOU NEED NOT BE BRAVE, JUST SMART.

Call us at 800-757-4441

* excerpt from greensheet.com ISO Forum



- » Tony Abruzzio-GO Software
- » Neal Anderson-NGA Enterprises
- » John Arato-MagTek
- » Adam Atlas-Attorney at Law
- » Penny L. Baker-National Bankcard Systems
- » Clinton Baller-PayNet Merchant Services
- » John Beebe-Global eTelecom
- » Stacy Bell-Advanced Payment Tech
- » Audrey Blackmon-POS Portal
- » Shannon Byrne-Paradata Systems
- » Robert Carr-Heartland Payment Systems
- » Steve Christianson-Transpay-USA
- » Rob Connelly-VeriFone
- » Wayne Damron-Lynk Systems
- » Steve Eazell-Secure Payment Systems
- » Eric Duprat-Hypercom
- » Mike English-Ingenico
- » W. Ross Federgreen-CSRSI
- » Ed Freedman-Total Merchant Services
- » Patrick Gaines-LML Payment Systems
- » Marc Gardner-North American Bancard
- » Alan Gitle-Landmark Merchant Solutions
- » Russ Goebel-Retriever
- » Larry Henry-L. Henry Enterprises
- » Ginger Hollowell-Electronic Money
- » Jared Isaacman-United Bank Card
- » Robert Joyce-Alliance Payment Systems
- » Allen Kopelman-Nationwide Payment Systems
- » Lee Ladd-LADCO Leasing
- » Gary La Tulippe-Schmooze
- » Vaden Landers-ProfitPoint
- » Mitch Lau-Money Tree Services
- » Lisa Lersner-Golden Eagle Leasing
- » Dan Lewis-ABANCO International
- » Douglas Mack-Card Payment Systems
- » James Marchese-IRN Payment Systems
- » Paul Martaus-Martaus & Assoc.
- » David McMackin-AmericaOne Payment Systems
- » Doug McNary-First Data Merchant Services
- » Patti Murphy-The Takoma Group
- » Steve Norell-US Merchant Services
- » Anthony Ogden-Bankcard Law.com
- » Ken Osako-Electronic Exchange Systems
- » Paul Oswald-NOVA Information Systems
- » Bill Pittman-TPI Software
- » David Press-Integrity Bankcard Consultants
- » Stuart Rosenbaum-U.S. Merchant Systems
- » Charles Salyer-GlobalTech Leasing
- » Lisa Shipley-Hypercom
- » Dave Siembieda-CrossCheck
- » Matthew Swinnerton-Merchant Services Direct
- » Jeff Thorness-ACH Direct
- » Scott Wagner-CyberSource
- » Mike Weigel-AdvanceMe, Inc.
- » Dan D. Wolfe-Barons Financial Group



The Green Sheet

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

Editor in Chief:

Paul H. Greenpaul@greensheet.com

General Manager:

Julie O’Ryan-Dempseyjulie@greensheet.com

Contributing Editors:

Adam Atlasatlas@adamatlas.com

Patti Murphypatti@greensheet.com

Senior Staff Writers:

Juliette Campeaujuliec@greensheet.com

Karen Conversekaren@greensheet.com

Contributing Writers:

John H. Beebejohn@globaletelecom.com

Steve Eazellseazell@securepaymentsystems.com

Lin Fellermanlfellerman@securepaymentsystems.com

Ed Freedmaned@totalmerchantservices.com

Michelle GraffMichelle_graff@verifone.com

Jared Isaacmanjared@unitedbankcard.com

David H. Pressdhp@integritybankcard.net

Peter Scharnellpeter.scharnell@exsprocessing.com

Eric Thomsoneric.thomson@profitsource.us

Layout/Graphics/Illustration:

Troy Veratroy@greensheet.com

Sales Supervisor:

Danielle Thorpedanielle@greensheet.com

Circulation Manager:

Kate Gillespiekate@greensheet.com

Production:

Hudson Printing Company

Correspondence:

The Green Sheet, Inc.

800-757-4441 • Fax: 707-586-4747

6145 State Farm Drive, Rohnert Park, CA 94928

Send Press Releases to:press@greensheet.com

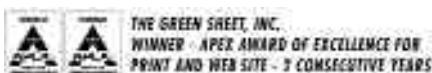
Send your Questions,

Comments and Feedback togreensheet@greensheet.com

The Green Sheet is published semi-monthly by The Green Sheet Inc., 6145 State Farm Dr., Rohnert Park CA 94928. Application to mail at periodicals postage rates is pending at Rohnert Park and additional mailing offices. Subscription is FREE to participants in the payment processing industry, an annual subscription includes 24 issues of The Green Sheet and 4 issues of GSQ. To subscribe, visit www.greensheet.com. Postmaster: send change of address to The Green Sheet Inc., 6145 State Farm Dr., Rohnert Park CA 94928.

Any questions regarding information contained in The Green Sheet should be directed to the Editor in Chief at paul@greensheet.com. Editorial opinions and recommendations are solely those of the Editor in Chief. In publishing The Green Sheet, neither the authors nor the publisher are engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought. The Resource Guide is paid classified advertising. The Green Sheet is not responsible for, and does not recommend or endorse any product or service. Advertisers and advertising agencies agree to indemnify and hold the publisher harmless from any claims, damage, or expense resulting from printing or publishing of any advertisement.

Copyright © The Green Sheet, Inc., 2003. All rights reserved.

Affiliations:

FREE Do-it-Yourself Reminder Kit!*



With all the things
you have to remember,
we'll make it easy...

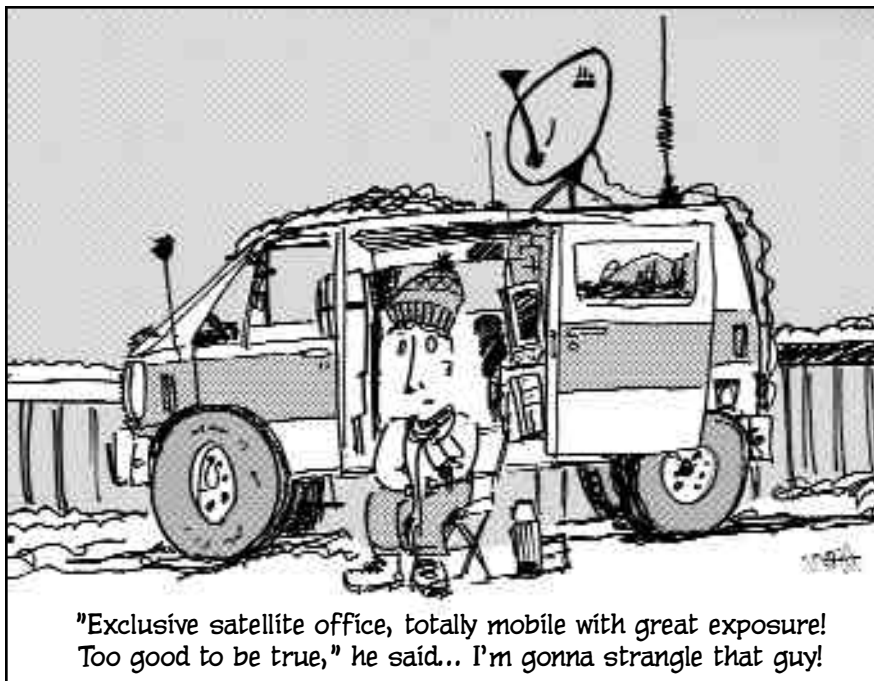
1. Clip out the handy Reminder Tags below
2. Tie them to your index finger (right or left)
3. Then simply look down for the friendly reminder to reserve your ad space!
4. Call Danielle Thorpe at 707-586-4737 or 800-757-4441

* some assembly required, string not included

Just 4 steps. It's embarassingly simple.



GSQ v7n1 will be distributed at **ETA 2004 in Las Vegas**.
Be seen by hundreds more readers at no additional cost to you.
Reserving ad space now... don't wait, call today!



"Exclusive satellite office, totally mobile with great exposure! Too good to be true," he said... I'm gonna strangle that guy!

Note from the Editor

Thank you to all of our readers who have responded to our request for a signed confirmation of your subscription. We appreciate your response. Your subscription is now confirmed for the next three years. We will let you know when it is time to renew.

If you have not sent in your confirmation yet, you can get the form online at <http://greensheet.com/2003circulationfaxform.pdf>. Just print it out, sign it and fax it back to us at (707) 586-4747 or mail it to:

The Green Sheet
6145 State Farm Drive
Rohnert Park, CA 94928

More Anniversary Wishes

Paul,

Congratulations on your 20 years. You are a man of conviction.

James P. Dimitroff
Master Minds, Inc.

Dear Paul,

It has been amazing to see your publication grow to the success it has over the years—Congratulations! We were the second full-page advertisement in your periodical in the earlier days of The Green Sheet. Your publication has allowed my brother and I the opportunity to cultivate many great ISO relationships through the years, and we are, and will forever be, grateful to you for providing the medi-

um for our success. In addition, the staff at The Green Sheet is wonderful to deal with, as I'm sure you well know.

I just read your new book, "Good Selling! 2," and was inspired and educated by many things you said—very impressive! Your thirty years of industry experience and expertise are apparent in this excellent guide for salespeople of all levels. We are very proud of you and appreciate everything you do, as you have changed our lives and many lives of ISOs across America. Keep up the GREAT work!

David McMackin
President, AmericaOne

Two Seconds, 22 Matches and a Useful Tool

I have been looking for providers for payroll cards. What suggestions do you have? Thanks.

brandyace
via Internet

brandyace,

A FAST FINDER search using "payroll cards" and limited to searching Green Sheet results in: Found 22 total matches in 2 seconds within 13 pages.

Try our FAST FINDER—there's an entire universe of information at your fingertips!

<http://www.greensheet.com/search.cgi?query=>

Editor

FORUM ◀ ◀ ◀
PROUDLY SPONSORED BY
ingonico



INDUSTRY UPDATE

PROUDLY SPONSORED BY



NEWS FLASH

Dec. 12, 2003—Rumor has it that **Verus Financial Management** acquired **Global eTelecom, Inc.** (GETI). The acquisition has been confirmed by phone with Ron Williams, Chief Operating Officer for GETI, who will be staying onboard. The Green Sheet wonders if "acquirers" that currently sell for GETI will continue to sell for a perceived bankcard competitor (Verus) or will prefer to sell for companies, such as CrossCheck, Inc., that are not their competitor. Please send your comments to paul@greensheet.com

NEWS

Judge Denies MasterCard Injunction

A federal judge rejected **MasterCard International's** motion seeking an injunction to prohibit **Visa USA's** rules that impose heavy fees on member banks terminating their Visa membership. U.S. District Court Judge Barbara Jones ruled that she could not grant an injunction while Visa and MasterCard were still appealing a related antitrust lawsuit.

Following Visa and MasterCard's April 2003 combined \$3 billion settlement with Wal-Mart and other retailers over debit card fees, Visa implemented new bylaws that would penalize its top 100 debit card issuers with fees if they left the Visa network. Visa is concerned that if top issuers leave, then the smaller remaining member banks would be unfairly burdened with the settlement costs. MasterCard argued that Visa's policy is anti-competitive.

In the pending antitrust suit cited by the judge, a federal appeals court three-judge panel ruled in October 2003 that credit card giants Visa and MasterCard must eliminate their exclusionary policies that prevent member banks from also issuing American Express, Discover or other brands of credit cards. This panel agreed with a lower court's 2001 ruling that this requirement hurts competition.

"Even though Judge Jones chose not to issue the injunction at this time, it is clear that Visa's clearly anticompetitive rule is nothing more than a heavy-handed effort to block financial institutions from deciding to switch to MasterCard debit," said MasterCard General Counsel Noah Hanft.

FCRA Signed Into Law

President Bush signed the **Fair Credit Reporting Act** (FCRA) legislation into law on Dec. 4, 2003. The law includes amendments to help consumers protect themselves from identity theft, but also extends the FCRA's controversial provision on credit reporting (which was going to expire Dec. 31.), which preempts state law even if the state law offers more protection to consumers. Consumer advocates had urged Congress to drop the provision so states could adopt tougher laws.

e-Commerce Sales Climb in Q3

The **Census Bureau of the U.S. Department of Commerce** reported that Q3 2003 retail e-commerce sales (not adjusted for seasonal, holiday and trading-day differences) totaled \$13.3 billion, an increase of 27% from the same period last year and an increase of 6.6%



- ▶ On Nov. 28, 2003, the day after Thanksgiving, holiday shoppers spent \$7.2 billion—an increase of 5% from last year, according to **ShopperTrak**.
- ▶ In the two days following Thanksgiving, **Visa USA** said that the U.S. spending on Visa-branded debit and credit cards reached \$6.5 billion, climbing 12% from the previous year.
- ▶ **Wal-Mart** reported record sales of —\$1.5 billion at its U.S. stores on the day after Thanksgiving. Last year's sales on the same day were \$1.4 billion.
- ▶ During the month of November 2003, **U.S. consumers** went online and spent \$8.5 billion, 55% more than they did in November 2002.

MONEY + POWER = SUCCESS



There is more opportunity at NAB. More ways to profit, more ways to build your career. Look at all we have to offer, and start building a brighter future today.

\$3000 Signing Bonus, Conversion Bonus & Residuals

NO Catch! We'll pay you \$3000 once you have 30 merchants in your portfolio! You'll receive 1% of your merchant's average monthly processing volume on conversion deals. Plus you will receive your monthly residuals each and every month!!!

Complete Medical Benefits Plan

The first program of its kind in the industry, offering Medical, Dental, Vision, Life and Long Term Care Insurance, because we don't just care about profits - we care about your well being.

"Click Here I Agree" Online Application & Customized Mirrored Website

Our online merchant application is completely customizable, and easy to use. No signatures, no mailing, no faxing! Now, with NAB you can link to the Online application through your own NAB mirrored website, where each agent has control of pricing and equipment options.

Online Agent Information Center & 24hr Agent Infoline

We created a powerful online resource for real-time merchant status, residual reports, lease approval information, download instructions, marketing tools, and more... and when you're out of the office, on the road, you can access all your account information via telephone with our 24hr Agent Infoline.

**We offer our Agents
the power to succeed.
It's that simple.**

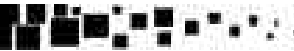
NorthAmerican
BANCARD

To find out more visit
www.GONAB.com or call:

1-800-BANCARD
EXT.1015 2 2 6 2 2 7 3

North American Bancard is a registered ISO/MSP of HSBC Bank USA Inc, Buffalo, NY

If your current processing partner isn't giving you all the tools you need to succeed, call NAB today!



from the previous quarter. Online retail sales accounted for 1.5% of total retail sales in Q3 2003. Overall retail sales totaled \$872.5 billion, an increase of 6.1% from the same period a year ago and an increase of 1.6% from the second quarter of 2003. The department began tracking e-commerce sales in 1999.

Wendy's Accepting Plastic

Wendy's International Inc. said it will accept credit cards (MasterCard, Visa, American Express and Discover) at 70% of its restaurants by the end of 2003, Reuters reported, and there is no minimum purchase requirement to use a card. More than 3,000 of Wendy's 5,670 U.S. restaurants already accept credit cards, including all 1,225 company-owned stores. About 3,000 U.S. McDonald's Corp. restaurants also accept credit or debit cards.

ANNOUNCEMENTS

Blackstone Gets Patent for PIN Delivery

Blackstone, a provider of electronic prepaid products and services, has been awarded a patent (US 6,651,885) for its Real Time Electronic PIN Delivery System. The patent covers PIN delivery for prepaid products and

"top-up," loyalty, gift card and point-of-sale activations and real time reporting and thermal card printing.

eFunds Moving to NYSE

eFunds Corp. said it will transfer its common stock listing from the NASDAQ to the New York Stock Exchange (NYSE), the world's largest equities market with nearly 2,800 listed companies and a \$12.3 trillion total global market capitalization. eFunds expects its shares to begin trading on the NYSE on January 2, 2004 under the symbol "EFD."

eFunds' common stock will continue to trade on the NASDAQ National Market under the ticker symbol "EFDS" until that date. Ninety percent of U.S. stocks eligible for an NYSE listing have listed on the NYSE, and although the systems are very different, economic literature has shown that NYSE stocks tend to trade with less volatility when compared with the NASDAQ, according to Investopedia.com.

Four Top Chinese Banks Pick Hypercom

Hypercom Corp. announced that it has been selected as the preferred card payment technology provider for software, hardware and related technology by four of the largest banks in China: **Industrial & Commercial Bank of China (ICBC)**, **Bank of China (BOC)**, **China Construction Bank (CCB)** and the **Agricultural Bank of China (ABC)**. Hypercom was also selected as a preferred provider by China's domestic payment network, **China UnionPay (CUP)**.

Concord EFS Selects Ingenico Terminal

Ingenico announced that **Concord EFS, Inc.** selected the Ingenico eN-Touch 3100 to deploy as an IP-based terminal solution at retailers, restaurants and quick service restaurants (QSR). The eN-Touch 3100 connects directly to the Internet via a broadband cable connection to authorize transactions. It has features including an integrated 33.6 kbps modem supporting dial backup; it enables retailers using the eN-Touch 3100 to securely process credit, debit, EBT, gift card and Purchasing Level II card transactions via the Internet.

LML Grants Patent License to Verus

LML Payment Systems Inc. announced that its subsidiary, **LML Patent Corp.**, granted a personal, non-exclusive license to **Verus Financial Management, Inc.** under LML's Patent Estate regarding the processing of electronic check transactions. The specific terms of the license agreement were not disclosed, but LML did report that Verus paid LML a fee on closing for a release regarding potential past infringements of the Patent Estate and will pay a running royalty fee based upon each electronic check transaction processed under the license.

BARCLAY SQUARE LEASING, INC.

Dedicated to Outstanding Customer Service

We make leasing easy!

Providing:

- Incentives for New Vendors
- Personalized Service
- Competitive Rates
- Fast Turnaround

MICRO TICKET FINANCING FOR
VENDORS OF ALL SIZES

Barclay Square is your leasing solution!

Call Us Toll Free:

1 - 8 6 6 - 3 9 6 - 2 7 5 4

AmericaOne® Merchant Acquisition Program™

AmericaOne is changing the way you get paid, for the better, by paying cash upfront. Instead of waiting years for what you've earned today, AmericaOne pays you years' worth of your residuals in advance for each merchant.

Receive hundreds to thousands of dollars for each of your merchant contracts - instantly.

To learn how you can earn instant cash call **1(888) 502-6374**.



***WHY WAIT YEARS TO RECEIVE
ALL YOUR RESIDUAL PAYMENTS...***

***WHEN YOU CAN HAVE IT ALL TODAY-
PAID YEARS IN ADVANCE?***

AmericaOne
PAYMENT SYSTEMS

(888) 502-6374 • email: iso@americaoneps.com • www.americaoneps.com

One Almaden Boulevard, 10th Floor • San Jose, CA 95113 • KeyBank National Association, Cleveland, OH, Member FDIC

© Copyright 2004 AmericaOne Payment Systems, Inc.



Payment Companies on Inc. 500

A number of payment companies announced they made it to Inc. Magazine's 500 list for 2003—a ranking of the fastest-growing private companies in the United States. **Electronic Cash Systems, Inc.** (#55), **Heartland Payment Systems, Inc.** and **Western Reserve Group (WRG)** were also named to the list. To be eligible for this year's ranking, companies had to be independent and privately held through their fiscal year 2002, have had at least \$200,000 in sales in the base year of 1998, and their 2002 sales had to exceed 2001 sales.

TenderCard Certifies Hypercom

TenderCard certified its stored value applications such as its gift, reward and loyalty programs on **Hypercom's** T7Plus, ICE 5500Plus and ICE 5700Plus card payment terminals. TenderCard sells its private label products and services to merchants through a distribution channel of more than 300 resellers across the United States.

VeriFone Launches Web Portal

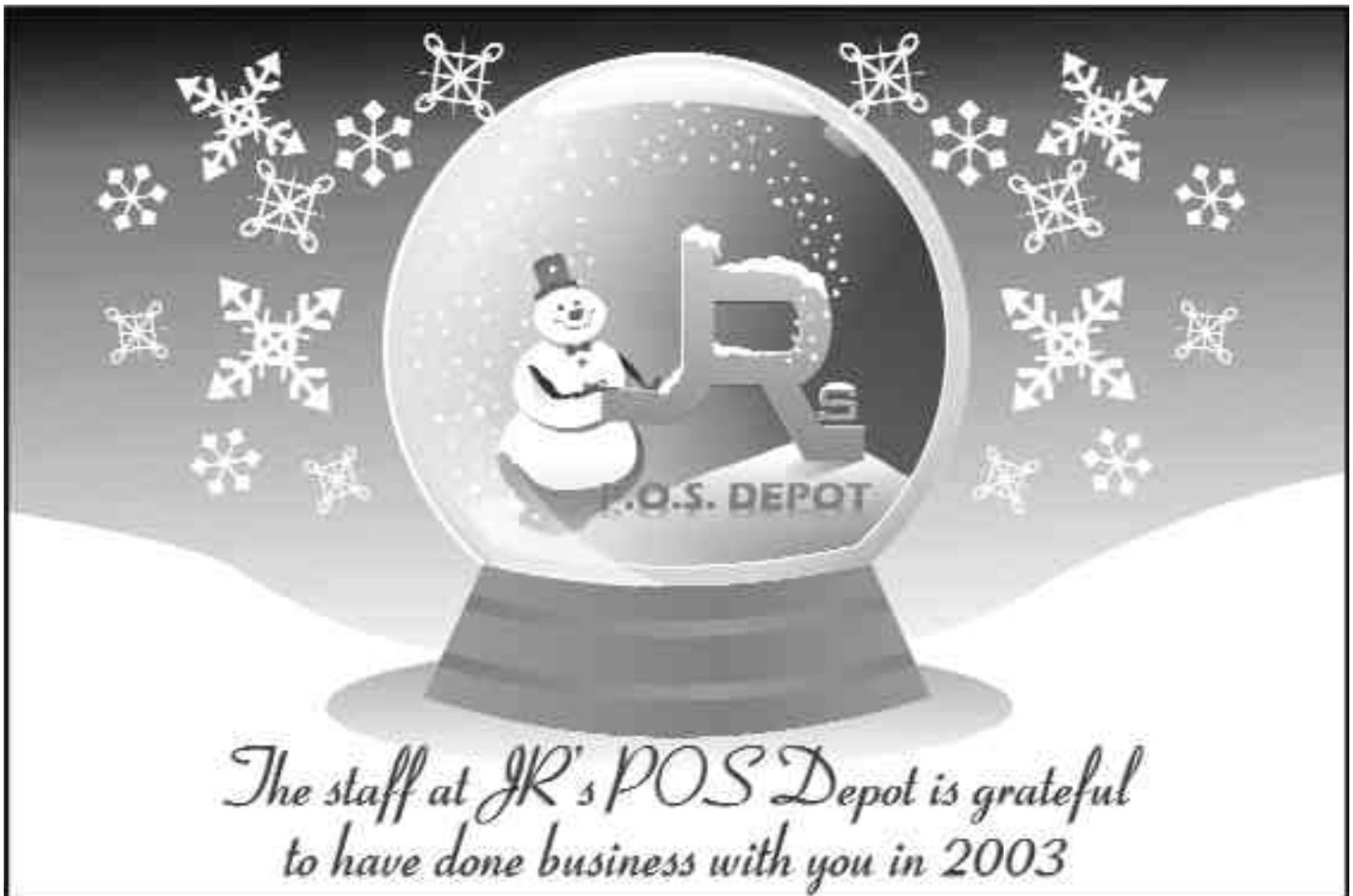
VeriFone, Inc. has a new Web portal called VeriFone ZONE (www.verifonezone.com), for its ISO partners and merchant sales representatives. The portal provides content such as an ISO's specific terminal download files, a certification matrix and value-added application

information; VeriFone product specification sheets, online training and certification; detailed information on value added applications and providers; market specific solutions, and a list of local VeriFone sales representatives and resellers.

PARTNERSHIPS

Two Use CardinalCommerce Platform

Alliance Data Systems will sell, support and host **CardinalCommerce Corp.'s** Payment Authentication Platform—to be used by issuing banks; it will also offer and support Cardinal Centinel—to be used by online merchants. Both products help fight fraudulent online transactions. The two companies signed a five-year agreement. Under the terms of the agreement, Alliance Data will provide multi-lingual call center support for CardinalCommerce's clients in North America and Latin America; and will provide authentication capabilities as part of its suite of transaction processing services. CardinalCommerce's products provide a platform for authenticating and securing online transactions for the MasterCard SecureCode and Verified by Visa programs. **Authorize.Net**, which is offered by InfoSpace, Inc., selected CardinalCommerce to integrate these programs into its payment gateway.



FAST, FRIENDLY & FREE



FAST

- Approvals
- Turn-around

FRIENDLY

- Support Team
- Merchant Agreement

FREE

- Installations for Hardware & Software
- Shipping

We Grow by Helping You to Grow.



GLOBAL
ELECTRONIC TECHNOLOGY

www.gettrx.com

877-GET-4ISO

8 7 7 - 4 3 8 - 4 4 7 6

 VeriFone. Recognized Partner of VeriFone

©2003 GET all rights reserved.



Certegy and VeriFone Team Up

Certegy Inc. and **VeriFone, Inc.** have joined forces to offer merchants a new Verix solution, an all-in-one stackable point-of-sale product that combines the VeriFone Omni 3750 terminal and CR1000i check reader. The stackable terminal occupies less counter space, and the terminal check reader components can be separated as needed. The Verix solution allows merchants to process paper checks, electronic checks and credit and debit Cards, among other types of transactions.

FDC and NEBA Renew Agreement

First Data Corp. extended its processing agreement with **New England Bankcard Association (NEBA)** for five more years. First Data will provide card processing and other portfolio management services for NEBA's nearly one-half million credit, debit and commercial card accounts and merchant processing services for NEBA's merchant acquiring members. First Data has provided processing services to NEBA since 1981.

ACH Commerce, Payment Data Systems Partner

Integrated payment solution provider **Payment Data Systems, Inc.** signed several multi-year agreements

with **ACH Commerce, LLC**, a private company engaged in ACH processing and clearing throughout the ACH networks. By partnering with Payment Data Systems, ACH Commerce will be able to offer Payment Data's credit card products and services to their own bank, biller and retail merchant customers.

Paymentech Wins Domino's Again

Domino's Pizza selected **Paymentech, L.P.** to provide payment processing services at its more than 570 company-owned locations. There are more than 2,700 Domino's Pizza franchise locations already processing with Paymentech. Domino's takes in an estimated \$50 million in bankcard volume annually from its company-owned stores. Domino's will use its own point-of-sale system, as well as a wide variety of terminals. Founded in 1960, Domino's Pizza operates a network of 7,332 Company-owned and franchised stores in the United States and more than 50 countries.

UBC Offering CHARGE ANYwhere

ISO/MSP United Bank Card, Inc. is offering **Comstar Interactive Corp.**'s CHARGE ANYwhere wireless credit card processing solution to merchants in the United States through its network of sales representatives. United Bank Card is also offering customers who are using Lipman USA's Nurit 3010 and Nurit 8000 Portable Payment Solutions the option of routing credit card and other wireless transactions through the Comstar Gateway via either Cingular Wireless' Mobitex network or the Motient network.

ACQUISITIONS

Metavante Acquires Printing For Systems

Metavante Corp., subsidiary of Marshall & Ilsley Corp., acquired **Printing For Systems, Inc. (PSI)**. PSI serves as an application service provider to the insurance industry, various Fortune 500 companies and progressive marketing organizations. The company also provides ID cards to the healthcare industry. PSI will operate as a Metavante subsidiary within the Metavante Electronic Funds Group. Metavante plans to expand its expertise in producing debit, prepaid debit and credit cards for financial institutions and ID cards and passes for transportation agencies to the healthcare insurance industry. Financial terms of the transaction were not disclosed.

APPOINTMENTS

ICBA Bancard Elects Board Members

ICBA Bancard, the payments services subsidiary of the **Independent Community Bankers of America**, elected a new Chairman and Board of Directors at the end of

Setting the Standard for Quality and Integrity

BUDGET TERMINALS & Repair

SIMPLY THE BEST

T7P F 256K \$185

Tranz 460 \$179

Talento 1-1 \$195

T330 /P350 Combo \$174

Pin Pad 1000 - \$49 - S8 Pin Pad - \$64

In Stock

NURIT 2085/2090/3010

OMNI 3200 - TALENTO 2UD - HYP T77

Completely Refurbished
ONE YEAR WARRANTY

985-649-2910

Free Ground Shipping w/orders over \$195.00

We accept Cashiers Check, Visa and Master card

www.budgetterminals.com

User name: save / Password: Money



You want assurance that your residual check is coming from a leader in the industry—

a results oriented company that has over 35 years of merchant processing experience – an organization with a proven record of success. It's time to partner with a processor that has the reputation, scale and service levels to provide the most competitive program to your merchant customers.

Our ISO's enjoy the best rates in the industry, ongoing sales support and training, along with a dedicated client service representative to manage your day-to-day concerns. See for yourself why NPC has the best and most loyal ISO partners in the industry. There's a reason why it's called the Partner Program.

- NPC Sure Lease Program with factors as low as .0295
- Quick and easy approval on over 300 merchant types
- Award-winning merchant support 24-hours-a-day
- Deployment/Download/Merchant training capabilities
- High risk/MOTO/Internet/Wireless solutions
- Debit, EBT, check imaging, along with gift and loyalty
- Application via fax or PDF
- Competitive equipment pricing and class "A" support for VeriFone®, Hypercom® and Nunit®
- Lead generation/business development programs
- NPC Access™ offers online Internet reporting for both ISO's and merchants
- Comprehensive ISO training program



November 2003:

- Chairman, **David E. Hayes**, President and CEO of Security Bank
- Director of the Central region, **Stephen L. Stenehjem**, Chairman of First International Bank and Trust
- Director of the Southwest region, **Kerby E. Crowell**, Executive VP of The Stillwater National Bank And Trust Company
- Director of the Western region, **Ken F. Parsons Sr.**, Chairman of Venture Bank
- Director of the Midwest region, **Charles L. Saeman**, President and COO of State Bank of Cross Plains
- Director of the Northeast region, **Ronald F. Miller**, Chairman, President and CEO of Shenandoah Valley National Bank
- Director of the Southeast region, **C.R. "Rusty" Cloutier**, President and CEO of MidSouth Bank, N.A.

TransAKT Appoints Board Member

TransAKT Corp. appointed **Stephen Miller** to serve on its Board of Directors. Miller will also develop sales and distribution throughout the United States on behalf of the company. He currently serves as a principal with

Convergence Management, a wireless strategy, planning and management consulting firm. Prior to joining Convergence Management, Miller was the Vice President and General Manager for Nextel Communications. Before joining Nextel, he served as Vice President for Metrocall, Inc.

PPI Hires Director of Emerging Technologies

Robert Renzulli joined **Payment Processing, Inc. (PPI)** as Director of Emerging Technologies. Renzulli previously served as Vice President of Solutions Development at First National Merchant Solutions, a First National Bank of Omaha subsidiary. Prior to First National, he was Manager of Global Alliance Sales Engineers at Clear Commerce Corp. Renzulli has also held technical positions at ICVERIFY and Cybercash; and he served seven years in the U.S Army Electronic Warfare program.

Tom Veasey Joins VeriFone

VeriFone, Inc. hired **Tom Veasey** to join VeriFone's North America sales team. Veasey is the former Senior Vice President of Sales at Hypercom Corp., where he worked for 11 years. ☐

PAID ADVERTISEMENT

Own your Own Check Conversion Business!



IS YOUR BUSINESS PROTECTED?

ElectCheck is the most aggressively priced check services program on the market today. ElectCheck is providing businesses with the tools to protect themselves from fraudulent checks and high fees they may incur normally by accepting checks and other forms of payment. ElectCheck can help increase a business's profitability while reducing costs at the same time.

Check Conversion : ElectCheck provides easy back office conversion of paper checks to electronic debits for faster processing. Checks received at the point of sale can be readily converted on the spot to electronic transactions for instant processing.

Check Guarantee : Greatly increase the likelihood of payment of NSF checks with automated, immediate electronic representation that eliminates the costly delays of traditional re-processing, often as much as 10-14 days.

Check Verification : ElectCheck compares the check writers information to a nationwide fraudulent Check Database.

Ownership : Commissions On Statement Fee Income, Transaction Fee Income, Discount Fee Income . We stock all types of equipment check readers and imagers of all makes and models. Call and find out how you can qualify to have your own Private Lable Check Guarantee Program. BE YOUR OWN BOSS! Call Today.

For More Information call : 800.863.5995 or visit us at www.electcheckplus.com

We see transaction security
in black and white.

Either it's secure or it's not.



Introducing the new secure product line from Lipman,
your best friend in transaction solutions.



NURIT[®] 8320
Secure Payment Terminal



NURIT[®] 8000
Secure Wireless Point-of-Sale



NURIT[®] 292
Secure PIN Pad

For more information contact us at 1-800-454-7626
or visit us on the web at www.lipmanusa.com.

Lipman



2004 Financial Services Event Calendar

Event	Date
WesPay Workshop: ACH Rules Implementation and Check 21	Jan. 7, 8, 13, 14, 15, 20, 21, 22
Institute for Payment Professionals (IPP) Seminar	Jan. 14
Mid-America Payment Exchange Check 21 Executive Symposium	Jan. 15
National Retail Federation 93rd Annual Convention and Expo	Jan. 11 - 14
Global Electronic Payments Conference	Jan. 20 - 21
Institute for Payment Professionals (IPP) Seminar	Feb. TBA
Electronic Retailing Association Spring Conference & Trade Expo	Feb. 1 - 3
National Association of Payment Professionals (NAOPP)	Feb. 3
Northeast Acquirers' Association (NEAA) Winter Seminar and Outing	Feb. 4 - 5
WesPay Workshop: Basics of Checks	Feb. 10, 11, 12
ATMIA Conference East	Feb. 17 - 19
The Food Marketing Institute MARKETECHNICS	Feb. 29 - March 2
Institute for Payment Professionals (IPP) Seminar	March TBA
WesPay Workshop: Basics of ACH Receiving	March 9, 10, 11, 16, 17, 18
Global Retail Technology Forum	March 9 - 11
NACHA Payments 2004	March 21 - 24
COMDEX Canada	March 24 - 26
Institute for Payment Professionals (IPP) Seminar	April TBA
WesPay Workshop: Fundamentals of ACH Origination	April 13, 14, 15, 21, 22
ETA Annual Meeting and Expo	April 20 - 22
13th ACA International National Internet & Check Services Conference & Expo	April 21 - 23
The Food Marketing Institute Show	May 2 - 4
Midwest Petroleum and Convenience Tradeshow	May 4 - 6
WesPay Workshop: ACH Audit and Compliance	May 11, 12, 13, 18, 19, 20
NACStech	May 17 - 19
Retail Systems Conference and Expo	May 17 - 20
National Restaurant Association Show	May 22 - 25
Northeast Acquirers' Association (NEAA) Summer Event	June 8 - 10
WesPay Workshop: Federal Govt. ACH Payments (Green Book)	June 9, 10, 15, 16, 17
NACHA Payments Institute West	June 20 - 24
WesPay Workshop: RCK, POP, ARC, WEB and TEL	July 14, 15, 20, 21, 22
ACA International's 65th Annual Convention and Exposition	July 14 - 17
NACHA Payments Institute East	July 25 - 29
Midwest Acquirers' Association Conference	July 28 - 30
WesPay Workshop: TBA	Aug. 11, 12, 17, 18, 19
Financial Women International Annual Meeting	Sept. TBA
ETA Mid Year Meeting	TBA
ATMIA Conference West	Sept. 13 - 15
WesPay Workshop: Basics of ACH Receiving	Sept. 14, 15, 16, 21, 22, 23
Electronic Retailing Association 14th Annual Convention & Exposition	Sept. 26 - 29
NACHA e-Check Conference	Sept. 27 - 28
Southeast Acquirers' Association (SEAA) Conference	Oct. TBA
WesPay Workshop: AAP Review Course	Oct. 5, 6, 7
Shop.org Annual Summit	Oct. 6 - 8
Smart Card Alliance Annual Meeting	TBA
National Association of Convenience Stores (NACS) Show	Oct. 17 - 20
Mid-America Payments Conference	TBA
WesPay Payments Symposium	Oct. 18 - 20
NACHA Accredited ACH Professional (AAP) Exam	Oct. 19
Financial Insights	Oct. 26 - 27
BAI's Retail Delivery Conference & Expo	TBA
CSI 31st Annual Computer Security Conference and Exhibition	Nov 8 - 10
COMDEX Fall Exhibition	Nov. 14 - 18
WesPay Workshop: ACH Risk Management	Nov. 16, 17, 18
The Food Marketing Institute Retail and Electronic Payment Systems Conference	TBA
Electronic Funds Transfer Association Event	TBA



Dates and Locations verified at press time, please consult organization's website before making travel arrangements.

Location	Phone Number	Web Site
Varies	415-433-1230	www.wespay.org
Ft. Lauderdale, Fla.	N/A	www.i4pp.org
Kansas City, Mo.	816-474-5630	www.mpx.org
New York City	202-783-7971	www.nrf.com
London	703-561-1100	www.nacha.org
Los Angeles	N/A	www.i4pp.org
Key Biscayne, Fla.	703-841-1751	www.retailing.org
Mt. Snow, VT	N/A	www.naopp.com
Mt. Snow, VT	603-692-2408	www.northeastacquirers.com
Varies	415-433-1230	www.wespay.org
Tampa, Fla.	605-528-7270	www.atmianortham.com
San Francisco	202-452-8444	www.fmi.org
Philadelphia	N/A	www.i4pp.org
Varies	415-433-1230	www.wespay.org
Barcelona, Spain	617-527-4626	www.retailsystems.com
Seattle	703-561-1100	www.nacha.org
Toronto	415-905-2300	www.comdex.com
Atlanta	N/A	www.i4pp.org
Varies	415-433-1230	www.wespay.org
Las Vegas	800-695-5509	www.electran.org
Miami Beach, Fla.	952-926-6547	www.acainternational.org
Chicago	202-452-8444	www.fmi.org
Indianapolis	N/A	www.m-pact.org
Varies	415-433-1230	www.wespay.org
Dallas/Fort Worth	703-684-3600	www.nacsonline.com
Chicago	617-527-4626	www.retailsystems.com
Chicago	202-331-5900	www.restaurant.org
Woodcliff, NJ	603-692-2408	www.northeastacquirers.com
Varies	415-433-1230	www.wespay.org
San Diego	703-564-1100	www.nacha.org
Varies	415-433-1230	www.wespay.org
Dallas	952-926-6547	www.acainternational.org
Atlanta	709-564-1100	www.nacha.org
Chicago	N/A	www.midwestacquirers.com
Varies	415-433-1230	www.wespay.org
Nashville, Tenn.	703-807-2007	www.fwi.org
TBA	800-695-5509	www.electran.org
San Diego	605-528-7270	www.atmianortham.com
Varies	415-433-1230	www.wespay.org
Las Vegas	703-841-1751	www.retailing.org
San Francisco	703-561-1100	www.nacha.org
Atlanta	800-325-1158	www.southeastacquirers.com
Varies	415-433-1230	www.wespay.org
Anaheim, Calif.	202-661-3053	www.shop.org
TBA	800-556-6828	www.smartcardalliance.org
Las Vegas	703-684-3600	www.nacsonline.com
TBA	816-474-5630	www.mpx.org
Universal City, Calif.	415-433-1230	www.wespay.org
Varies	703-561-1100	www.nacha.org
Boston	508-620-5533	www.financial-insights.com
TBA	888-284-4076	www.bai.org
Washington D.C.	415-947-6320	www.gocsi.com
Las Vegas	415-905-2300	www.comdex.com
Varies	415-433-1230	www.wespay.org
TBA	202-452-8444	www.fmi.org
TBA	703-435-9800	www.efta.org

BRIAN LOVES PAID ON SIGNING

He swore there
was no money in
offering check services
with credit card processing.

His new car is proof
he was wrong!

Because Brian opens more
doors and closes more accounts
selling POS check services.

CHECKING SECURITY FOR MERCHANTS. CHECKING INCOME FOR YOU.

The Paid on Signing program enables you to offer value-added solutions that generate more check and credit card processing income.

What's in it for YOU:

High Income... No Risk... 100% Lifetime Residuals... More Opportunities

What's in it for YOUR MERCHANTS:

Paid on Signing approves checks in 9 seconds...
deposits the money in 48 hours...for pennies per check,
no discount rate, including guarantee...in "REAL-TIME."

Paid on Signing is a Payment Options Solutions product for ISOs and Acquirers, Processors or Agent Banks.

Call today to prove that you were wrong too!



PAYMENT OPTIONS SOLUTIONS, LLC
800 WILLIAMS DRIVE
WEST HURLE, NY 11990

ARR. 01/2014
316 408 7088 (FAX)

WWW.PAYMENTOPTIONSOLUTIONS.COM

WHITE PAPER

REVIEWED BY

Eric Thomson

Why Invest in Payment Innovations?

Research Report: Why Invest in Payment Innovations?

Authors: Sujit Chakravorti and Emery Kobor, Federal Reserve Bank of Chicago

Date: June 2003

Length: 35 pages

Relevance Rating: High

Web Address: www.chicagofed.org/publications/publicpolicystudies/emergingpayments/

Each week, it seems, there is another announcement of a new payment offering or enhancement to an existing payment service. This research report by the Federal Reserve Bank of Chicago provides an understanding of the business drivers that motivate banks, processors and payment systems innovators to risk investments in order to create or adopt these payment innovations.

The authors of the white paper acknowledge that while banks still control the settlement process, profit opportunities are shifting to non-bank innovators, which identify and overlay value-added services to both mainstream and underserved markets.

The authors of this report attempt to answer the question in the title by referencing published innovation research findings and drawing their conclusions from a series of interviews they conducted with executives across the payments industry.

The results of this research offer all members of the payments community insight into why we experience so much change; and criteria for judging which payment enhancements, as they move through predictable stages of the innovation adoption lifecycle, are likely to succeed.

Executive Summary

Before addressing the central question of this white paper, the authors first define the following fundamental terms used in their argument:

Payment: A transfer of money from the payor to the payee that results in a change in the account balance for both parties in a bank. Both parties are referred to as transactors.

Payment System: A means by which transactors can make interbank transfers within a legal framework that defines the rights and responsibilities of all parties.

Payment Innovations: New payment methods and various value-added services complementary to the funds transfer—including payment-related information.



Why I Choose Authorize.Net

Over the years I've seen plenty of "no-frills" payment gateways come and go. That's how I know there's no substitute for the dependability and reliability of Authorize.Net. When you get right down to it, I'm simply not going to risk my reputation and my merchants' businesses on a fly-by-night payment gateway. I have everything I need with Authorize.Net.

Stability, security and longevity are just three of the many benefits Authorize.Net provides. Plus, their free, industry leading customer support allows me to concentrate on what I do best, selling! Sure, I can offer my merchants any payment gateway. But I don't offer them just any payment gateway, I offer them Authorize.Net.

Authorize.Net...
real value is in
peace of mind.

Model used for illustrative purposes only.

Authorize.Net[®]
Where the World Transacts

Contact us to become an Authorize.Net Reseller...

- www.authorize.net
- email: newresellers@authorize.net
- phone: 866-437-0491

Business Drivers for Payment Innovations

The authors define the following four investment strategies that drive innovation in this field:

1. Decrease Cost: Achieving savings over traditional payment practices is a major motivator for making payment improvements. Two classic examples cited were the original justifications for the Visa authorization system: BankAmericard Service Exchange (BASE) I and the BASE II interchange and settlement system. BASE I initially cost \$3 million and generated \$30 million in savings its first year. BASE II cost \$7 million and saved member banks more than \$12 million in postage savings its first year.

2. Increase Revenue: The example given for this type of business driver is the increased interchange revenue generated by card issuers each time a debit cardholder makes an off-line debit purchase. This example also makes the point that excessive revenue at the expense of merchant transactors would eventually be corrected in the marketplace or courts, as was the case with off-line debit cards.

3. Customer Acquisition: Here the business driver is the prospect of product differentiation leading to new customer relationships. Competitive advantage is difficult to maintain in the payments space as outsourcers or processors quickly develop close alternatives to serve clients seeking to protect their current customer base.

4. Customer Retention: The interviews showed that this was a primary driver for banks in adopting new payment improvements. Retaining existing customers and selling more to them is thought to be more cost effective than investing in the recruitment of new customers.

The example used to make this point is a quote from the president of a large European bank: "The cost of acquiring a customer is \$400...compared with \$50 to retain one."

The other dimension of new service extensions is the widely held belief that the more service relationships you have with a customer, the greater their switching costs in finding an alternative. To support their reasoning, the authors cite the classic example of stored-value cards issued to a retailer's customers by a processor.

The prospect of re-issuing those cards and transferring the files containing current balance information represents a formidable obstacle to losing that merchant relationship.

Payment Innovators, Providers, Processors

The authors also describe the different types of institutions that create and adopt payment innovations.

Banks

As a rule, banks do not maintain a research and development staff to create refinements in payments. This is in spite of the fact that the revenue mix for the industry is moving away from interest income to fee income—primarily from payment services. Payment revenues are estimated to be as high as 42% and growing.

Smaller banks tend to serve niche markets—both in terms of customers and geographical coverage. They are often very sensitive to customer feedback within those niches—especially if it concerns retaining the relationship. Because they tend to rely on processors or outsourcers for services, they listen to their customers and then go back to their processor to help support their customers' needs.

Larger banks also tend to purchase solutions from third parties and seldom from other banks. Because of the isolated nature of their different product lines, large banks have a handicap in making payment innovations. Often referred to as "silos," they cause considerable frustration for customers who can't understand why the bank representative on the phone doesn't know that their payroll was deposited yesterday.



AT GCF WE'VE LEARNED TO ROLL
WITH THE CHANGES.



YOU DON'T GET TO BE 30 IN THIS INDUSTRY
BY STANDING STILL.

We started out in the forms business.

You know, the old "knuckle busters". We're still the largest manufacturer of those — but we've learned to change with the times — now we're also the largest manufacturer of rolls in the industry. In fact we hold 8 patents in the paper business.

Our customers don't want to buy from a middleman.

Paying more for the same product doesn't add to their bottom line.

Our customers want added value.

So, over the years, we've added a state-of-the-art warehousing and distribution center and offer terminal deployment and repair on site.

We don't keep pace — we set the pace.

You keep on coming, and we'll keep on rolling.



WHERE FORMS FOLLOW FUNCTION.

For more information, call Teresa or Sandy at 1.888.GCF.NEWS or visit www.gcfinc.com

Payment innovations are more frequently information-based, so large banks are forced to build shared databases that receive transaction feeds from a growing list of payment types.

Non-bank Innovators

These are relatively small firms that create and market new payment products. For example, PayPal [now owned by eBay] is considered a non-bank innovation driven by traditional payment methods (excluding merchant agreements) for individuals or very small businesses that were doing business over the Internet via auction sites such as eBay. PayPal created critical mass by initially rewarding new customers with small free deposits.

Aggregation is another emerging new innovation being refined by non-bank providers. Aggregation is the ability for consumers to link and display their various financial services from different service providers on a single screen. This capability is evolving to enable seamless funds transfers across these different institutions.

Certain customer niches such as high wealth individuals and their financial advisors are adopting this technology. And banks interested in serving these customer segments are now adding this innovation to their online banking capabilities.

Joint Ventures and Consortia

Innovations made by joint ventures tend to differ from those developed by an individual company. For instance, they often leverage the participant's core competencies or brand recognition. The Starbucks stored value card is a classic example of a successful alliance between a retailer and a giant bankcard processor.

Card associations, ATM networks and payment networks (such as NACHA) all represent different organizations in which members work through committees to achieve their individual objectives. By necessity, these organizations take considerable time to accommodate change—often with many compromises along the way. Yet they do represent a means of sharing costs and risk to create a platform upon which many users can share in the innovation.

Required Conditions for Successful Payment Innovation

Payment innovation tends to move through a predictable set of stages, beginning as a proprietary technology and ending up as a commodity. Across this continuum are stages in which pricing and profit margins tend to start off high and shrink as the market grows. Research has shown that payment innovations require the following conditions to exist for them to succeed:

- They must create demand and supply at almost the same time; security and liability issues need to be satisfied,

but typically in a transparent manner.

- They also need to provide tangible or perceived benefits for both transactors in order for the innovation to gain market acceptance.
- Finally, they tend to launch from a niche market that is most sensitive to the benefits offered.

The Innovation Timeline

There are three phases to this adoption process:

Phase 1: Innovators

A set of banks and nonbanks typically come together to seek a first-mover advantage to either tap new market segments or steal existing customers away from competitors.

Innovators face higher investment risk, and they expect compensation for this risk in various combinations of the four drivers mentioned earlier in this summary.

There are advantages to being first to market including the ability to establish reputation/brand awareness; a learning curve gained from mistakes that serves to create a barrier to entry and critical mass, which tends to provide profit margin advantages difficult for followers to match when it comes time to face competition.



Be happy.

Call The Phoenix Group today for the best POS prices from all the major vendors. We're sure to make you smile.



THE PHOENIX GROUP

79 Hubble Drive, Suite 102 St. Charles, MO 63304

866-559-7627

Ask for Scott or Chris.

United Bank Card



www.unitedbankcard.com

800-201-0461



ISO / Agent Program Highlights

- ☑ Interchange Pricing
- ☑ Income on All Revenue Streams
- ☑ Online Merchant Application
- ☑ Faxed Merchant Applications
- ☑ Same-Day Approvals
- ☑ Interactive ISO System
- ☑ Customized Programs
- ☑ Discounted Terminals
- ☑ Leasing, Gift Cards
- ☑ Check Guarantee
- ☑ \$3000* Signing Bonus
- ☑ Direct Leasing with
LFG a division of



United Bank Card has built a solid reputation for unsurpassed pricing, support and integrity in the payment processing industry. With in-house underwriting, unrivaled customer service, technical support, same-day auto-approvals, deployment and risk management, UBC has set a NEW standard as a fast, accurate and hands-on transaction processor. Welcome to the first ISO / MSP level program with no risk, liability or registration fees.

Call Brian Jones at 800-201-0461 x 136
or Robert Heinrich at 800-201-0461 x 216 for more information.

Phase 2: Followers

Competitors start to enter the market; those with relevant skills typically make the leap and begin offering close substitutes to clients that are unable or unwilling to obtain the innovation from its originator.

As banks or processors begin to make the innovation a source of differentiation, their competitors start looking for suppliers that help them protect their customer base. Some banks and processors pride themselves on coming late to innovation and learning from the mistakes of their predecessors.

Phase 3: Economies of Scale and Outsourcing

This is the final stage where the new service moves toward becoming a commodity, and product competition shifts from differentiation to lower cost and service-level importance.

This is when the players that are processing payments internally become pressured into outsourcing the function to large national processors.

Conclusion

This document contains a rather extensive bibliography

for anyone who wishes to delve deeper into any of the concepts described above. The report is well presented—both in terms of the framework for explaining such a complex aspect of our industry and the range of examples and interviewer quotes used to demonstrate those points. ■

Web Sites for More Information

<http://www.chicagofed.org/paymentsystems/index.cfm>

Federal Reserve Bank of Chicago: Emerging Payments and Policy Resource Center

<http://www.phil.frb.org/pcc/index.html>

Federal Reserve Bank of Philadelphia: Payment Cards Center

<http://www.tawpi.org/membership/Council.htm>

The Association for Work Process Improvement: Remittance Processing Check Council

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

YOUR SOLUTION FOR SUCCESS



- LEARN TO BE AN INDUSTRY PROFESSIONAL**
 CLOSE LARGER DEALS - **IMPACT SALES TRAINING PROGRAM**
- AFFILIATE PARTNER PROGRAM**
 AGENT BANKS - LOCAL AND NATIONAL ASSOCIATIONS - VAR'S
- INDEPENDENT MANAGEMENT OPPORTUNITIES**
 AGENT LEADS PROVIDED
- A RELATIONSHIP YOU CAN GROW WITH**
 INTERCHANGE + 7.5¢ - RESIDUAL VESTMENT - PORTFOLIO EQUITY
- INCREASE YOUR REVENUE**
 GIFT CARDS - CHECK PROCESSING - 3.7¢ LONG DISTANCE

JOIN FORCES, WWW.GOTONPS.COM
 CONTACT BRIAN STEVENS OR JAMIE NONNI AT 877-290-1975

1 INTRODUCING 4.9% THE LOWEST RATE IN THE BUSINESS. PERIOD.



For over 10 years we've been a leader in offering the most innovative ISO Programs in the industry. Today, we're announcing our most profitable plan ever with a 1.49% buy rate and interchange profitability sharing program that beats all others.

Along with the great rate you'll have access to all the tools and support you need to succeed today and well into the future, including:

- **Faxed Applications**
- **Guaranteed Faxed Leasing**
- **Same Day LIVE Merchant Numbers**
- **.0288 Leasing Factor (no first & last)**

Call 1-800-288-8472 today and speak to George, Rich or Joyce to find out how you can take advantage of this great rate:

George Mayo - ext. 923 - george@msihq.com

Rich Lopez - ext. 912 - rich@msihq.com

Joyce Seunbetian - ext. 925 - joyce@msihq.com

All contacts are kept strictly confidential.



Merchant Services Inc.

Phone 1-800-288-8472 • Fax 908-622-1219

2204 Morris Ave. • Union, NJ • 07083

www.merchantservices.com

COMPANY PROFILE ◀ ◀ ◀



First Data Corp.'s TeleCheck Services, Inc.

MLS Contact:
Strategic Distribution
800-733-1132

Company Address:
5251 Westheimer
Houston, Texas 77056
www.telecheck.com

MLS Benefits

- As a subsidiary of First Data Corp., provides merchants with comprehensive POS solutions, including check guarantee and verification, electronic check authorization and access to the largest database of check writer information
- Designated infrastructure to support sales channels, including channel marketing materials and training
- Field reps available for merchant visits and on-site support
- Provides comprehensive training and marketing support materials

A Personal Approach To Agent Relationships From An Industry Giant

You see this company's name on decals near cash registers and on front windows in businesses everywhere. More than likely, when you write a check at the grocery store, the auto repair shop, or the doctor's office, those businesses subscribe to its verification and guarantee services. Even businesses that accept checks by mail and phone or over the Internet depend on this company's experience and the comprehensive list of options it offers to merchants.

First Data's TeleCheck Services, Inc. is the hands-down industry leader in paper and electronic check guarantee, verification, conversion and collection. The company helps its subscribing merchants reduce the risk of bad checks and recoup lost revenues when customers don't make good on them.

TeleCheck has been in the business of guaranteeing checks that customers write to merchants for 40 years. The company has grown from a small regional operation with an original idea into the ubiquitous name in check verification.

In 2002, TeleCheck authorized over \$183 billion worth of checks, representing 3.6 billion transactions at 375,000 merchant locations. TeleCheck also settled more than \$6.1 billion in electronic transactions and electronically processed over

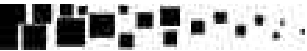
124 million transactions for its merchant base that year.

NACHA-The Electronic Payments Association awarded TeleCheck the 2003 Kevin O'Brien ACH Quality Award in recognition of its successes in implementing quality Automated Clearing House (ACH) processes. And the company maintains the industry's largest database of check writer information.

The check guarantee industry got its start in an unlikely setting—in Honolulu, in 1964. A group of merchants discovered they had all taken bad checks from the same person. They decided to pool all the information they had on other check writers and make a business of selling it.

They came up with the idea of offering a \$15 guarantee limit associated with that information on bad check writers. Within the first year, hundreds of Hawaiian merchants were participating in the service.

By 1970, TeleCheck was expanding and selling franchises throughout the United States; the company later added franchises in Australia, New Zealand and Canada. Since its founding, the company has pursued innovative technologies to make the process of check guarantee more accurate—TeleCheck introduced the industry's first check reader and check database, check imaging capa-



**In 2002,
TeleCheck authorized over
\$183 billion worth
of checks, representing
3.6 billion transactions at
375,000 merchant locations.
TeleCheck also settled more
than \$6.1 billion in electronic
transactions and electronically
processed over 124 million
transactions for its
merchant base that year.**

bilities and the first online predictive risk model in the checking industry.

In 1995, TeleCheck became the check acceptance arm and a wholly-owned subsidiary of First Data Corp; it currently has sales and service network offices in 90 U.S. cities. Thanks to that affiliation, TeleCheck is also able to provide subscribing retailers with access to the rest of First Data's extensive merchant services.

As part of First Data, TeleCheck contributes to one of the most comprehensive set of POS services available in the marketplace. The marriage of check guarantee and processing within the First Data entity is seamless and provides plenty of flexible options for Merchant Level Salespeople (MLSs) to offer their merchants.

Thanks also to its relationships with large national retailers, thousands of small businesses and financial institutions, the TeleCheck database of check writer information is the industry's largest, which it uses to compare and analyze the likelihood of a check's authenticity.

Each transaction contributes to the quality of information and the value of the database; the company says it has more accurate records than any other. The database is online so that merchants get information in real time.

Like other check guarantee and verification services, the TeleCheck system compares information about a check to information in its proprietary database and helps businesses make decisions whether to accept a check or not.

Unlike other check guarantee and



MPI HAS YOUR KEY TO SUCCESS.

Buy rates as low as:

- 1.49% Discount rate
- .095 Cents
- Faxed Applications
- Share in several residual streams
- Conversion Bonuses
- Residual ownership
- Discounted equipment pricing

Become an MPI Partner Today!
Call 1-800-605-5581 x 7791
www.choosempi.com



WE DELIVER

COUNT ON US TO FULFILL ALL YOUR MERCHANT SERVICING NEEDS

► HIGHER QUALITY AND LOWER COSTS IN ONE COMPLETE RESOURCE:

From POS equipment, supplies and deployment to on-line order management, Vital Merchant Services has what it takes to keep your business moving. Our responsive support team can get your merchants what they need, when they need it.

Regardless of your payment processor, Vital Merchant Services is ready to fulfill any and all of your POS equipment needs. You can rely on VMS to support you with the best customer service in the industry and most extensive equipment inventory.

► OUR CAPABILITIES INCLUDE:

- POS Equipment & Supplies
- Deployment
- Merchant Training
- Repair & Replacement
- Web-based Order Entry via VitalSync
- Just-in-time Inventory Management

► QUALITY EQUIPMENT FROM:

- VeriFone
- Hypercom
- Lipman
- Thales
- Ingenico
- RDM
- MagTek

**CALL VITAL MERCHANT SERVICES AT 800.348.1700
OUR SALES REPS ARE READY AND WAITING TO ASSIST YOU**





Thanks also to its relationships with large national retailers, thousands of small businesses and financial institutions, the TeleCheck database of check writer information is the industry's largest, which it uses to compare and analyze the likelihood of a check's authenticity.

verification services, though, TeleCheck offers merchants the advantages of its history and tenure as the industry leader, the scope of its relationship with First Data and the ability to create a customized overall payment solution based on the needs of a particular business.

For MLSs, this means being able to create specific packages for any type of merchant they would approach, including brick-and-mortar and e-commerce. The company's goal is to provide a one-stop-shop by offering solutions from First Data's processing product lines as well as check verification. This contributes to good merchant retention and increases profit centers for sales reps.

TeleCheck covers everything to do with accepting checks and provides solutions that touch every aspect of check verification and all facets of the check itself. Their services are flexible and can work in virtually any retail location.

It offers programs for merchants and businesses of all sizes and types and provides equipment and back-end systems that reduce the risk of taking checks from customers for transactions at the point of sale, for recurring billing and accounts receivable, e-commerce and business-to-business.

TeleCheck's overall administrative return rate for point-of-purchase transactions is below the industry average; in fact, it has contributed to the improvement in the overall industry rate reduction to 0.25% in Q4 2002, down from 0.54% in Q1 2001.

First Data's TeleCheck Eclipse proprietary terminal is designed specifically to run the variety of features incorporated into its programs. The standard check guarantee program is certified on 90 – 95% of the POS terminals through which First Data can process.

**Some think it's about price, some think it's about quality.
We know it's both.**



- ◆ BancNet Sells New & Refurbished POS Equipment
- ◆ Certified Repair Facility- Fast 2-day Repairs
- ◆ First-Class Customer Service- No voice mail
- ◆ Web-based Order Entry, Brochures & User Guides
- ◆ Web-based Technical Support & Download Tips
- ◆ Fast-Track Deployment - Blind Shipping
- ◆ Terminal Downloads
- ◆ Pin Pad Injection
- ◆ Same Day Shipping by 6:00 PM CST
- ◆ Extended Hours of Operation: 7-7, Monday-Friday
- ◆ Order Confirmation Via E-mail The Day It Ships
- ◆ Confirmation Includes S/Ns and Tracking Numbers

BANC NET
Pure POS Intelligence

Ho Ho Ho! Christmas Clearance

Hypercom T77

Refurbished: **\$199.00**

Minimum quantity of 3 - While Supply Lasts



For more information, call 713-629-0906 or visit www.banc.net



The Eclipse is not the only terminal enabled to run electronic check conversion, though.

**Working with TeleCheck,
as the premier check guarantee
and verification provider, gives MLSs
a competitive advantage in the market.
Its full array of check authorization services
adds another dimension to the solutions
it already provides for all non-cash products,
including EBT, for the vast majority of
its subscribing merchants. ... Along with
that proactive support, there is a revenue
sharing component built into the sales
agreements, and residuals are
paid monthly.**

TeleCheck solutions benefit a wide variety of markets; the company has created check programs to suit the special needs of each business and niche segment; these programs are designed to minimize the risk of accepting bad checks and to help all its subscribing merchants successfully collect on returned checks.

First Data's industry-specific solutions work for all sorts of businesses, whether at the point of sale, over the phone or electronically. National retail chains as well as independent merchants; grocery stores; gaming establishments; and accounts receivable markets all benefit from subscribing to First Data and TeleCheck services.

Direct marketers can take checks over the phone; e-commerce merchants can accept them over the Internet.

Financial institutions can also utilize TeleCheck's services to help them run their own programs; they can take advantage of features such as new account screening, lost and stolen check reporting and protection and collection on DDA account overdrafts before they are charged off.



**Join the
leader!**

NOVA
INFORMATION SYSTEMS

NOVA Information Systems allows you to attract the highest quality merchants when you present the NOVA Network – rated #1 by MasterCard® as the most reliable payment processing network in the industry!

NOVA's state-of-the-art resources and generous revenue opportunities make it easy for you to build an unlimited income stream.

Take a look at the benefits that we can offer you...

- › Aggressive Buy Rates
- › Transaction Fee Income
- › No Monthly Minimums
- › Highly Competitive Lease Factors through NOVA's Guaranteed Leasing Program
- › Mil/Non-Qualified Surcharge Income
- › Statement Fee Income
- › No Liability/Risk
- › Unlimited Income Potential
- › Comprehensive Real Time Online Reporting merchant status, pending reports, activation, etc.
- › Gift Card Program – buy rates on set-up fee, card production fee, monthly fee, and transaction fee
- › Equipment Programs – Direct-ship & Bulk-ship and much more!

**Power your sales
organization with
the NOVA Network.**

**› Call 800-226-9332
ext. 1187**



TeleCheck's presence in the market means it receives and stores a lot of information, which it can then pass along to subscribers.

For instance, two services, TeleCheck's Multiple Inquiry Alert and Red Alert, provide early warnings on potentially troublesome accounts so that financial institutions can monitor those accounts and their activity in order to make sound business decisions.

There are some areas where TeleCheck's services do not extend, however. For example, the company authorizes and approves checks written for goods and services only.

Because there are no existing rules or regulations covering the premise of cash back and no recourse for collection, it won't verify for check cashing at ATMs; there is no recourse for collection.

Working with TeleCheck, as the premier check guarantee and verification provider, gives MLSs a competitive advantage in the market. Its full array of check authorization services adds another dimension to the solutions it already provides for all non-cash products, including EBT, for the vast majority of its subscribing merchants.

It's easy for MLSs to come on board with TeleCheck. Every MLS gets a dedicated team assigned to them, which is essentially a four-member staff to handle client business, management and marketing.

Along with that proactive support, there is a revenue sharing component built into the sales agreements, and residuals are paid monthly.

The ISO/MLS community is important to the growth and success of TeleCheck and First Data overall.

Each division has departments within them with the sole purpose of supporting and promoting this channel.

When MLSs sign on with TeleCheck, they go through extensive training so that they gain a full understanding of the process.

Operations training covers the entire framework and process flow, from sales and accounts to contracts—everything from signing to implementation. TeleCheck also supports its sales channels with field and merchant on-site visits.

Working aggressively with its existing partners is a priority for the company; the strategy is to enable those First Data ISO partners (First Data Merchant Services, Paymentech, Chase Merchant Services) with another First Data product—TeleCheck Services. ■

Ready to take your career to the next level? Become an Independent Sales Agent for VPS. We're a fast-growing, forward-thinking ISO providing a full range of credit, debit and check processing services, gift card/loyalty programs and more. We offer excellent compensation rates. The best support in the business. And an open-book policy of our costs to you, so you can price your merchants aggressively.

- Up to \$50 migration bonus per merchant
- Lead generation available in your area
- Merchant referral rewards
- Fixed applications
- Sales training
- Up-front residuals
- Comprehensive agent support
- No monthly minimums
- Same day approvals

VISION Payment Solutions, Inc.

We're changing an industry. Let us do the same for your career.
Contact us toll free at 877 674 2286 x102, or at info@visionpayments.com.

How can I convert merchants and convert their checks as well?



I team with EZCheck.® EZCheck is an industry leader with the knowledge and experience to deliver the most dependable Check Conversion and Check Guarantee products available today. Check Conversion is the most successful and powerful selling tool to hit the market in years. The service is not only valuable to me, and my sales organization, but it brings tremendous benefits to my merchants as well. Choose EZCheck and you, too, will enjoy some of the best advantages the industry has to offer.

- **Lifetime residual income**
- **Extremely competitive rates**
- **Faxed applications accepted**
- **Merchant approvals and downloads within 24 hours**
- **Flexible equipment and platform requirements**
- **No hidden fees**
- **No surprises (no kidding)**

They've even made getting started easy.

Just call **1-800-797-5302 ext. 313**.

Or email ezsales@ezchk.com.





Mysteries of the BIN—Part I

By Jared Isaacman

United Bank Card, Inc.

The acronym BIN gets thrown around often in the bankcard industry. The term stands for Bank Identification Number. Although it is used quite a bit on the acquiring side of the business, it is also just as important to the issuing side.

The Bank Identification Number is the Visa-issued number that is unique to each acquiring and issuing bank. The MasterCard equivalent is the Interbank Card Association (ICA) number.

The BIN and ICA are essential components in the communication between issuers and acquirers through the interchange system.

Although you may never know your acquiring bank's BIN, you do, in fact, know the BIN to quite a few issuing banks.

If you look at the credit cards in your wallet you may notice that the first four digits of the card account numbers are the same. This is the first part of an issuing bank's BIN.

The BIN is the first set of digits referenced in any communication through Visa and MasterCard or between member banks.

Each bankcard transaction settled includes the acquiring bank's BIN or ICA. Each chargeback, retrieval or compliance issue between the issuers and acquirers references the BIN or ICA of the respective banks.

These numbers ultimately serve as the primary tracking number for the associations and their member banks.

For more practical use, the BIN is a principal asset for risk managers in the ISO world. Often times in risk management, individual credit card transactions can be flagged for analysis; but for ultimate confirmation, the acquiring risk manager would need to contact the issuing bank's risk department for verification of the sale.

This is a process whereby issuers contact their cardholders to confirm the sale was legitimate.

The only way for the acquiring risk manager to contact the correct issuing bank is to look at the card number and determine which issuing bank uses that respective BIN. That is one example of the reference value of those numbers.

A more expanded example would be if an issuing bank's cardholder base was compromised or exploited through underground software (such as Credit Master) that generates credit card numbers for certain card ranges and BINs.

This type of scenario is not rare and happens regularly to the payment processing industry. Having quick reference and communication with the different member banks is only possible through their respective identification numbers.

Look for Mysteries of the BIN—Part II in an upcoming issue of The Green Sheet in 2004.

The article will include the common interpretations and applications of the BIN and ICA in the ISO/MSP side of the business. ■



The BIN is the first set of digits referenced in any communication through Visa and MasterCard or between member banks...[and it] ultimately serves as the primary tracking number for the associations and their member banks.

Jared Isaacman is Director of Operations for United Bank Card, Inc. Reach him by calling 908-638-5326 ext. 120 or e-mailing him at jared@unitedbankcard.com



Bankcard Agents Wanted

What's in it for you?

YOU Need ...

The ability to quickly and properly set up your merchants.

Frontline Processing offers a complete online Sales Office that allows you to track your merchants from the application process to their batches once they are on the system.

YOU Demand...

High quality service for your merchants.

Frontline Processing has in-house Customer Service, Underwriting, Risk Management, Chargeback, and IT Departments to provide full service for both you and your merchants.

YOU Require...

Multiple recurring sources of revenue:

Frontline offers residual incomes from:

Discount and downgrades	Statements
Monthly Minimums	Transaction Fees
Check Services	Leases
ACH Programs	Gift and Loyalty Programs

YOU Desire...

A quality relationship for your long term processing goals.

When you call Frontline you will talk to a live person that can help you directly. We want to establish long term relationships that are successful and profitable for all.



**FRONTLINE
PROCESSING**

@the center of it all...

...to learn more about

What's In It For You

contact us at:

866-651-3068 Ext 133 or email
clk@frontlineprocessing.com
676 Ferguson Avenue, Bozeman, MT 59718
www.frontlineprocessing.com

Representing IISBC USA

Whether you're an established sales office or just beginning, Frontline has the solution that will work for you...



Teeny Tiny Transactions Are Back and Adding Up

Now that music fans can download songs—legitimately—for less than a dollar each, the question of how to pay for them comes up. As other types of digital content to buy also proliferate, the need for consumers to be able to pay for news articles, cartoons or images increases.

The concept of online 'micropayments' for small-amount online purchases is not new, but is once again gaining a real foothold in the world of e-commerce. The difference now is that a handful of micropayment providers are using the existing payment infrastructure (i.e. debit and credit cards) to process the tiny transactions.

New and established companies are implementing new ways to process payments ranging from a few cents on up. Stored-value-like accounts, aggregated billing and advances in gateway and back-end applications are now coming together to make processing small increments possible, popular and profitable.

The Online Publishers Association said that single-purchase content sales grew faster than any other category of fee-based online content in 2002. During the first half of

2003, U.S. consumers bought \$748 million worth of online content, up 23% over the previous year. Single micropayments of under \$5 now account for 8% of all paid content and services sold online, the Association reported.

Yaga Advanced Payment Services in San Francisco currently offers two types of micropayment accounts. The stored value account lets customers prepay for future purchases by loading money into an account; purchases are subtracted from that account until funds are depleted. Yaga's aggregated billing system lets merchants collect a series of small payments and process them as one transaction when the customers' accounts hit a threshold or billing period. Yaga counts among its micropayment clients some large publishers, such as Knight-Ridder News Service and Tribune Media Services (TMS).

BitPass was founded in 2002 in Palo Alto, Calif., strictly as a company that processes micropayments to foster the small transactions that allow anyone to sell and buy digital content and services. The company serves both merchants and consumers; one of its main goals is to make it easy for the transactions to happen.

BitPass consumers, or 'spenders,' buy virtual pre-paid debit cards using existing methods, such as PayPal, Visa, MasterCard, Discover or American Express. The service integrates into the spender's browser without any required software downloads. BitPass has simplified the process for merchants, or 'earners,' as well. The set-up requires a few simple steps and takes about 30 minutes to complete; it provides earners with free gateway programs.

Peppercoin of Waltham, Mass. is another micropayments processor that also builds on the existing payment infrastructure. This system, though, requires users to download software which is based on cryptography, digital certificates and mathematical algorithms. Merchants collect small payments and process them as one large payment to keep transaction costs down.

Another company, PaymentOne, lets consumers make several small purchases online and pay for them on their local phone bills. Deloitte & Touche ranked this San Jose, Calif.-based company number 39 out of 500 on its list of the fastest growing technology companies in North America for 2003, the Technology Fast 500.

One problem with micropayments is that because of their size, a lot of them are necessary to generate profits. But with free online content options dwindling for consumers, and as content and service providers become more numerous and creative in their offerings, it seems a safe bet that consumers will catch on, too. ■



Gazillion \$ Signing Bonus*!

*Tons Of Restrictions Apply

Tired Of Empty Promises? Here's The Real Deal

- Buy Rate: 1.49%/\$.17
- Or Revenue Share (Swipe/MOTO)
- Travel Reservations & Packages
- Generous Conversion Bonus
- Free Equipment Program



<http://iso.signaturecard.com>

(888) 334-2284

CrossCheck Opening Sales Office in Los Angeles Area

Rohnert Park, Calif.-based CrossCheck, Inc., a leading check guarantee company, announced that it is opening a new sales office in Glendale, Calif. on January 5, 2004.

"CrossCheck has been steadily growing at an impressive rate for quite sometime now, and we don't want to lose that momentum," said J. David Siembieda, President and CEO of CrossCheck. "We are opening the sales office in Los Angeles to ensure healthy growth into the future and continue our focus on check services.

"Once the new office is established, we plan to open sales offices in other markets across the United States."

Siembieda said the company decided on the Los Angeles area because

there is a lot of opportunity for growth there and a large base of people from which to hire.

CrossCheck is now in the process of hiring to fill positions at the new 10,000-square foot office. The company said it will immediately employ about 50 account executives and several administrative assistants and sales support representatives. Recruiting will continue through 2004; the goal is to have 70 employees by the end of the office's first year.

CrossCheck has invited interested applicants to visit its Web site: www.cross-check.com, or call 707-584-WORK for available positions and contact information.

CrossCheck, Inc. provides check guarantee and approval, Internet

services and transaction processing for a variety of merchants nationwide. CrossCheck's Telesales division markets check services to high-ticket businesses including auto dealers, contracting and building supplies, specialty retail products and services, medical services and e-commerce. CrossCheck does not sell equipment, gift or loyalty card programs or debit/credit card services.

For more than 20 years, the company's goal has been to increase merchants' profits by allowing them to accept more checks and to provide their customers with payment flexibility.

In 2002, CrossCheck said it handled more than 30.4 million transactions for its 79,000 retail and dealer outlets across the United States. ■

Are you missing out on easy profit?

posbuy
COM

Here's how the program works:

- Sign up to become a Reseller at www.posbuy.com.
- Set the prices your merchants pay.
- Distribute POSBuy terminal stickers to every merchant you meet.
- Review orders and residuals in real-time.
- Collect monthly residual checks from POS Portal.

Toll Free: 866-276-7289
www.posbuy.com

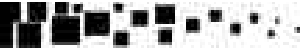
DEAL OF THE MONTH!

VeriFone
Tranz 460
Refurbished: \$165



We have a large supply of Refurbished Talentos and T7Ps available to ship today!

Prices based upon availability



RECAP from Page 1

card fees and eliminate its "honor all cards" policy.

In December, Wal-Mart said it was dropping MasterCard-branded signature-based debit cards for payment, beginning Feb. 1, 2004—the first retailer involved in the suit to choose to accept one signature-based debit card brand over the other.

It turns out Visa and Wal-Mart have negotiated a deal in which the discount retailer will be charged lower fees than it was charged previously for Visa signature debit transactions (see "Wal-Mart Drops MasterCard Signature Debit" on p 72).

"It appears that Visa resolved a lot of issues with this settlement [with retailers]," Carr said. "In what might appear to some as 'unintended consequences,' it looks to me like Visa crafted some very positive results out of a very negative situation.

"The \$2 billion dollar settlement hurt Visa a lot, but Visa was smart enough to get a clear path to meeting its long-term goals with the last minute changes in the settlement deal...Visa was able to get important issues behind them without compromising the future of their brand."

Momentous Mergers

In early September, Innovative Merchant Solutions (IMS), provider of credit and debit card processing services for small businesses, surprised everyone with the news that Intuit, Inc. would acquire it for \$116 million.

Intuit is best known for its flagship software products such as QuickBooks and Quicken, so the question was raised: What does an accounting service provider have to do with merchant services?

It turns out Intuit has a growing merchant account services base of nearly 40,000; it is looking to expand that number significantly by acquiring IMS and integrating its QuickBooks offering with various point-of-sale solutions.

Joe Kaplan, President and CEO of IMS, was asked to join the combined company and continue to lead the IMS team and all of IMS' 110 employees.

"If the Intuit deal isn't already turning heads in banking and payments, I think it should be," Patti Murphy, President of the Takoma Group, wrote in her October column, 'An Insider's Report on Payments,' in The Green Sheet.

"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."

The most significant acquisition announcement by far came earlier in April: Payment processing powerhouse First Data Corp. proposed a \$7 billion merger with its smaller competitor Concord EFS, Inc., arguing that the acquisition would enable it to better compete with Visa and MasterCard's signature-based debit card networks.

First Data would combine the NYCE network with Concord EFS's STAR network, through which both PIN-based and ATM transactions are processed (NYCE is the third largest network and STAR is the largest). By joining these two networks, analysts speculated that the combined companies would control nearly 70% of the market.

And in late October, the U.S. Department of Justice Antitrust Division and seven states filed a lawsuit seeking to block the deal. The DOJ claimed the combined companies would reduce competition among PIN debit networks and increase prices for debit card transactions.

"I think one message the government was sending...is that it's not going to be okay for this market to concentrate power in the hands of a few large organizations unless there are some serious checks and balances in place to protect choice," she said.

On Dec. 15 First Data reached a settlement with the DOJ. According to the agreement, First Data will sell its 64% stake in NYCE. Pending shareholder approval, the merger will move forward.

Perhaps *the* most talked about incident of last year (2002) was the FTC investigation of Plano, Texas-based Certified Merchant Services (CMS).

It was the first federal complaint against an ISO for unfair and deceptive practices related to the marketing of credit card and debit card merchant accounts to small businesses.

CMS settled with the FTC at the end of 2002, and then took great steps to improve its business under the guidance of Mary Dees, President of Creditranz.com and current ETA President. Dees acted as sole Receiver for CMS through the later part of the FTC investigation and was appointed General Manager of CMS at the time of the settlement.

On Oct. 27, 2003, Fort Worth, Texas-based First American Payment Systems, L.P. announced the acquisition of CMS. The deal closes 18 months of scrutiny and rebuilding for CMS, and establishes a new beginning for it as part of a new

company with a new name.

Check 21 Becomes Law

The Check Truncation Act for the 21st century, or Check 21, is legislation that was signed into law on Oct. 28. This law (when it goes into effect in 2004) will allow banks to transmit electronic images of checks instead of the actual paper checks, if desired.

"In the past few years, our industry has been distracted with developing technology to convert checks to something else, but a non-check based solution that works for both merchants and processors really hasn't come about," said J. David Siembieda, President and CEO of CrossCheck, Inc.

"Check 21 keeps checks in the 'check world' and offers banks a more affordable and faster way to move checks through the payment system. We are going to see a lot more imag-

ing technology being developed that will link merchants to banks. For check guarantee businesses, Check 21 offers a check-based, not ACH-based, solution that will extend the life of the check and eliminate the underwriting worries that come with current conversion technology."

New Association— Especially for the MLS

If you're an independent agent or contractor in the financial services industry, and you think you're unrepresented, think again.

In case you haven't heard, the National Association of Payment Professionals (NAOPP), a non-profit organization for independent sales contractors—or merchant level salespeople (MLS)—in the financial services industry, held its first official membership meeting October 10, and more than 50 people attended.

The idea for this meeting started in conversations among peers and as a discussion on The Green Sheet's MLS Forum; then it moved to louder rumblings and finally a number of motivated professionals met in February to get something started.

The NAOPP has indeed taken off—it has a Web site (www.naopp.com), and its next meeting will be held Feb. 3, 2004 in Mt. Snow, Vt.

Changes at the ETA

The Electronic Transactions Association (ETA), a trade association serving the needs of organizations offering transaction processing products and services, re-organized this year and hired association management expert Carla Balakgie in May to serve as its first full-time Executive Director; it also moved its headquarters from Kansas City, Mo. to Washington D.C. two months later.



The Institute
for Payment
Professionals

MLS TRAINING - COMING TO A CITY NEAR YOU!



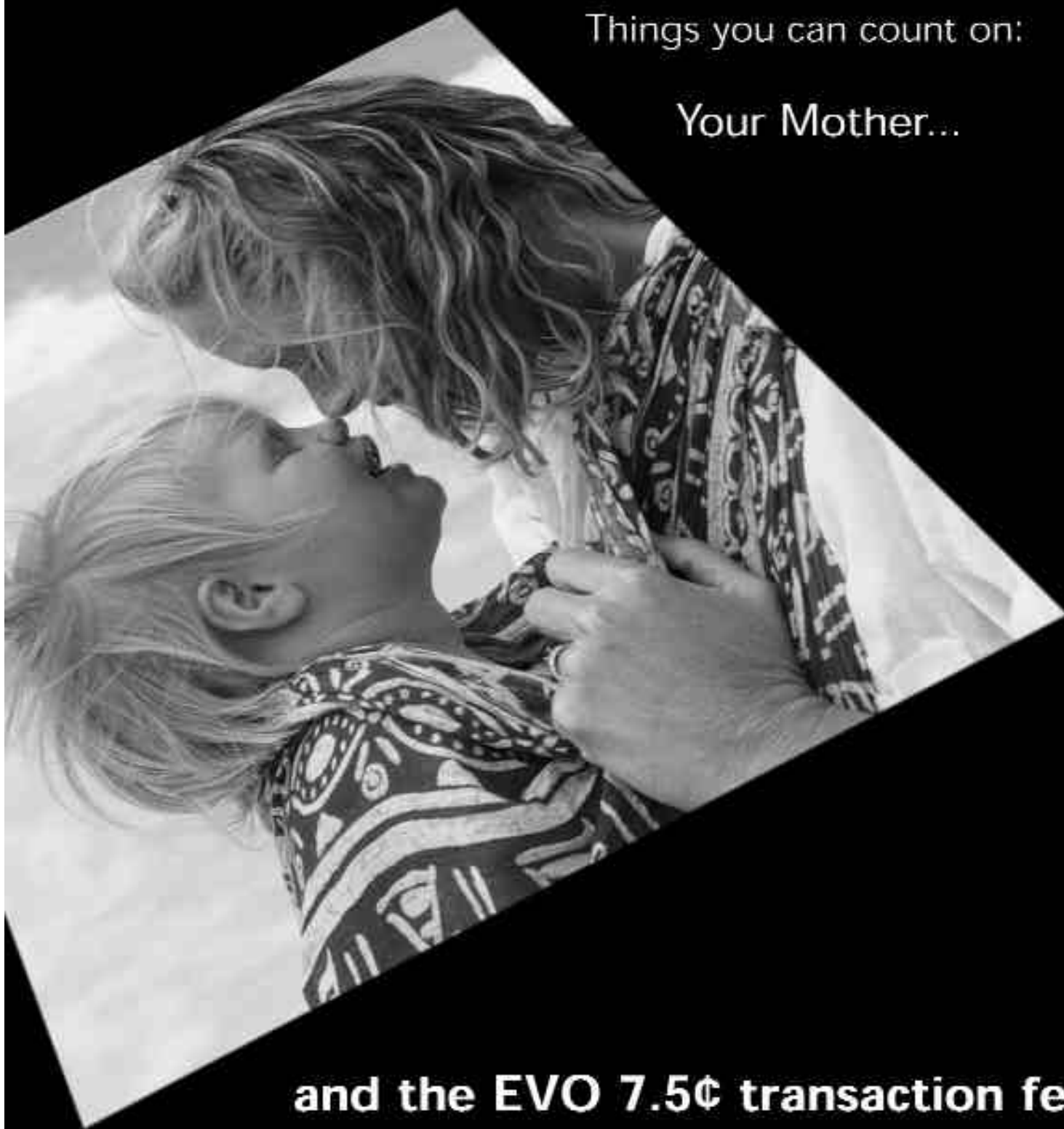
The Institute for Payment Professionals offers consistent training programs devoted to educating this industry from the street level up. Scheduled in a different major city every 4-6 weeks.

A training seminar, not tied to product or service, neutral to all, offering "behind the scenes" understanding and knowledge - a reliable resource for anyone in the payment processing realm.

visit www.i4pp.org
for Schedule and Locations

Things you can count on:

Your Mother...



and the EVO 7.5¢ transaction fee

Merchant Services, Inc. has evolved. But some things never change.

As EVO, we'll continue to provide the same level of programs, products and prices as we have for the past 15 years.

- 7.5¢ transaction fee—includes interchange
 - Canadian merchant accounts accepted—only at EVO!
 - Buy-Rate & Revenue Sharing Programs
 - Conversion bonuses
 - \$3,000 bonus
 - Free Gift Card Program for every merchant
 - Free Deployment, Pin Pad Encryption and Starter Kits
 - Free EVO PowerCenter—real time online management system for ISOs and merchants
 - Merchant approvals & complete set-up for installation in 30 minutes or less
 - Faxed merchant apps accepted—no originals or pictures
 - Online Merchant Application
 - Guaranteed Fax Leasing Program—tiered or flat rates available
 - Vested lifetime residuals
 - Visa/MasterCard/Debit/Gift/EBI/Check Conversion all on one terminal
 - No Liability, No Risk, No Minimums
-

You probably shouldn't count on your cell phone, your golf drive, or your lottery ticket. But EVO's 7.5¢ transaction fee? It's like fireworks on the 4th, music on Broadway, sunsets in the West.

Count on EVO.

Call Jim Fink @ 1.800.CARDSWIPE ext. 7800
or visit www.goevo.com



The next evolution in merchant services.



In its new location, ETA intends to promote advocacy for the payment industry through the development of better relations with industry, governmental and regulatory agencies.

"ETA had grown and evolved in its developmental cycle to where the [leadership] wanted to do things differently—to bring in a new level of resources, including the management approach and the move to Washington with increased access to government and other agencies," Balakgie told *The Green Sheet* in a July interview.

"They were ready to move to the next level. I was hired to build on the superb foundation that was already in place. I will be enabling this organization to succeed."

Payment Company Ends IPO Drought

During the last two years, the number of companies going public dropped off significantly from the dot-com craze in the mid- to late 1990s through 2000. In fact, in the first few months of 2003, the number of companies that went public was zero—marking the slowest IPO market in nearly 30 years. That is until iPayment, Inc. made its initial public offering on May 12 (with 6,532,700 shares trading hands) and raised nearly \$80 million. iPayment provides credit and debit card-based payment processing

services to small merchants. As of November, the company reported it had a merchant base of more than 70,000 merchants.

Goodbye and Hello

The payment processing industry witnessed several surprise changes in command this year. Hypercom Corp. founder George Wallner left Hypercom in September. He resigned from the Board of Directors and no longer will serve as a consultant to the company. Wallner sold 7 million shares of his personal Hypercom stock.

He also signed a "non-competitive agreement" that prevents him from using proceeds from the sale of his stock to create a competing company or competing technologies during the next year. We're curious what Wallner will come up with in the next several years.

In addition, Eula Adams, former Senior Executive VP for First Data Corp. since 1991, left First Data March 1 to "pursue other opportunities." Adams is now a member of Pay By Touch's Board of Directors. Pay By Touch (formerly known as Solidus Networks, Inc., which acquired Indivos Corp. in April) was founded in 2002 and provides biometric authentication at the point-of-sale.



IT'S YOUR CALL!

- You determine the pricing and profitability
- Earn residuals on all revenue streams
- Bonus money on all new merchant activations
- 24 hour funding for your merchants
- Powered by First Data

MAKE THE CALL TODAY!

(888) 505-2273

Joe Creegan, Ext. 207



CHARGE CARD SYSTEMS
POWERED BY FIRST DATA

www.chargecardsystems.com



Going In The Right Direction?

Owning your own check guarantee business is your road to success. CrossCheck offers private-label programs and equity-sharing partnerships with complete portability. We'll let you run the show and reap the rewards. What's more, we provide sales support, training, 24/7 customer service for your merchants and the latest in check guarantee technology, including conversion and Internet checks.

We'll make it happen for you. Contact us today for more information.



800-654-2365
partners@cross-check.com
www.cross-check.com

PAYING LIFETIME RESIDUALS FOR OVER 20 YEARS

GET READY.



YOUR UPFRONT BONUS AND RESIDUAL INCOME ARE ABOUT TO TAKE OFF.

Total Merchant Services has launched the most lucrative pay plan in the industry.

UPFRONT BONUS

We've set aside more than \$1 million to pay you upfront money for simply writing an account on our program. Our production bonus program has no limits. It's NOT a signing bonus. You earn \$100 per deal, every single month. Writing only 10 deals a month makes you \$1,000 more each month. And the sky's the limit!

You can make even more with our conversion bonuses. For each merchant currently processing over \$10,000/month, we pay you \$150 to \$250. We'll also pay you an extra \$1,000 bonus on your first 10 leases. [Leasing program funded by Lease Finance Group (LFG), a division of CIT.]

RESIDUAL INCOME

Take advantage of our "choice" program to maximize your earnings. You get to choose, on a merchant-by-merchant basis, either our lucrative revenue-sharing program, or our aggressive buy-rate program. On average, our sales partners earn \$30 to \$40 per month on each account!

FREE SERVICES

Count down our list of free services. Marketing materials; color brochures; business cards; customizable website; conversion assistance and merchant training; pin pad swap-out and encryption; dedicated sales partner terminal support team; wireless activation fees; Internet payment gateway software from Authorize.net and Plug 'N Pay a web-based transaction information management tool for your merchants; sales training events including payment for your airfare, hotel and meals; and many other FREE services you can find out about by calling or visiting our website.

**WANT YOUR UPFRONT AND RESIDUAL INCOME TO TAKE OFF?
CONTACT TOTAL MERCHANT SERVICES TODAY.**

1-888-84TOTAL, ext. 411
WWW.UPFRONTANDRESIDUALS.COM

255 Gold Rivers Road | Third Floor | Basalt, Colorado 81621



total merchant services
payment solutions for your business

PARTNERSHIP PROGRAM



American Credit Card
Processing Corporation

**TO START YOUR OWN BUSINESS
CALL US**

1-800-310-3812

**A COMPANY OWNED AND OPERATED
BY SALES PEOPLE**

As well as Adams, Pay By Touch has a seasoned group of senior executives and board members from the technology and financial services industry. It also received \$10 million in financing in October, so it will be interesting to see how far the company will go.

Economy Recovering

With everything else going on, the U.S. economy appears to have been quietly recovering from a recession, which began in March 2001 (although as of press time there was discussion of this date being revised to the third quarter of 2000) and ended eight months later. In July, the National Bureau of Economic Research (NBER), a private, non-profit economic research organization, announced that the recession officially ended in November 2001.

Although jobless claims rose steadily throughout the first half of 2003,

and only in the last three months have they begun to improve fractionally, record-low interest rates and multiple tax cuts added a boost to the economy, according to economists, by helping businesses and consumers spend and invest more. And short term interest rates are expected to remain steady.

Real Gross Domestic Product, the monetary value of all the goods and services produced by an economy over a specified period, made modest gains in the first and second quarters; but in the third quarter, the U.S. Department of Commerce reported GDP roared ahead at an annual rate of 8.2%—the largest growth by the U.S. economy since 1984.

In addition, consumer confidence clambered in November to its highest level in more than a year, according to the Conference Board's

Consumer Confidence Index. The private research firm's index increased to 91.7, up from 81.7 in October.

The Green Sheet: 20 Years Young

And finally, The Green Sheet marked an important milestone this year when it celebrated its 20-year anniversary in October ("Is It 20 Years Already?" October 8, 2003, issue 03:10:02).

We've received many letters of congratulations and anniversary wishes from our readers and given all of the stirring events this year, it would suffice to say that 2003 has been the most exciting year yet.

Thanks for being with us, and we look forward to another successful year in 2004! 📧

You can't afford to turn business away any more than your merchants can.

Turn to Nationwide Check Services and turn up your profit potential.

Empower your merchants to do business under more **accept-able** terms. Like accepting checks. Accepting credit. Accepting debit, EBT and more. With the ValuePak™ Nationwide's all-in-one payment processing solution, merchants build revenue – and you build profits! – without any hassles or exceptions. With up to 9 reliable check processing services, including **conversion/guarantee**, Nationwide gives merchants the confidence to say "YES!" to the consumer's preferred choice of payment.

Call to equip your merchants with the VALUEPAK today!



CONVERTING OPPORTUNITY INTO REVENUE™

www.nationwidecheckservices.com • 1.800.910.2265 x4136 • Fax 410.701.2001

We're taking leasing to the next level!

"Aren't all micro-ticket equipment leasing companies the same?" We think not! At Northern Leasing Systems, leasing with us is simply *easier*! Our lease structures are flexible. And we're revolutionizing the way leases are handled...by streamlining your process to approval. Who else makes it this easy for you?

- Online Application
- Immediate Credit Response
- Live Response, No Voice Mail
- Custom Management Reports

WE STRIVE FOR SERVICE WITH A SMILE...

Our goal is to give you added value and exceptional service as a client of NLSI. You can expect our best effort every time. Exceeding your expectations is how we've built our business. See for yourself.

For better service than you're getting right now, call toll-free 888.660.2361. We look forward to your call.



Northern Leasing Systems, Inc.

Excelling at service. Exceeding expectations.

132 West 61st Street, 14th Floor, New York, NY 10001-5096 888.660.2361
www.northernleasing.com

YOUR SMILE.





New Year, New Deal?

As 2003 draws to a close, you're probably starting to use the "r" word: resolution. I did some research on how the use of New Year's resolutions came about. According to one source, resolutions can be traced back to ancient Babylon. Babylonians celebrated New Year's Day more than four thousand years ago; they believed that whatever you did on the first day of the year would affect everything you did for the next 364 days.

To start 2004 off on the right foot, what resolutions should hardworking MLSs make and, more importantly, how do they keep them? I've learned there are a few basic rules to follow. First of all, don't try to transform everything at once. We're all eager to compose a long list of everything we want to change about our businesses and ourselves, but a list of 20 or 30 resolutions for one year is unrealistic. Instead, opt to stick with one or two main goals.

Another basic rule is to make sure your resolutions are worded carefully. Instead of emphatically stating what you are going to do, construct your resolutions as a plan made up of smaller steps, rather than one big leap. And be sure to write them down. Post them on your desk calendar or stick them inside your briefcase. Put your resolutions where you'll see them daily so you are constantly reminded of what you're working toward.

If New Year's resolutions can be traced back to ancient times, it would appear there's a long tradition of making—and breaking—resolutions. Another rule is revisiting your resolutions from time to time. If you're not making progress, perhaps it's time to revamp your plan.

Who among us hasn't resolved to exercise and smile more or eat and drink less? Are there any professionals out there who haven't stated on New Year's Day that they'll spend more time with their families and less time in the office, or that they'll get more organized be less overextended?

There's also the universal resolution of making more money, saving more money or just becoming more productive. And the granddaddy of them all— reducing stress!

Which one of these resolutions did you accomplish last year? If we all experience the shame of failed resolutions, why do we still make them each year? I believe we make resolutions because we really do want to change certain aspects of our lives.

What do MLSs want to change in 2004? I posted the following on the MLS Forum to find out the answer:

"As 2003 draws to a close, it's time to start thinking about resolutions for 2004. When it comes to improving your business, making changes in your day-to-day operations or increasing productivity, what are your New Year's resolutions?"

As expected, the responses were interesting and thought provoking:

"I plan to adopt new methods of servicing my clients. Through on-going communications with merchants and by staying on top of their business needs, I will increase my retention, referrals and sales of supplemental equipment/supplies." —MJ

"I resolve that in 2004, I am going to create a referral program where instead of the money going to the refer-

Education Index

Interchange Untangled

56



David H. Press

58



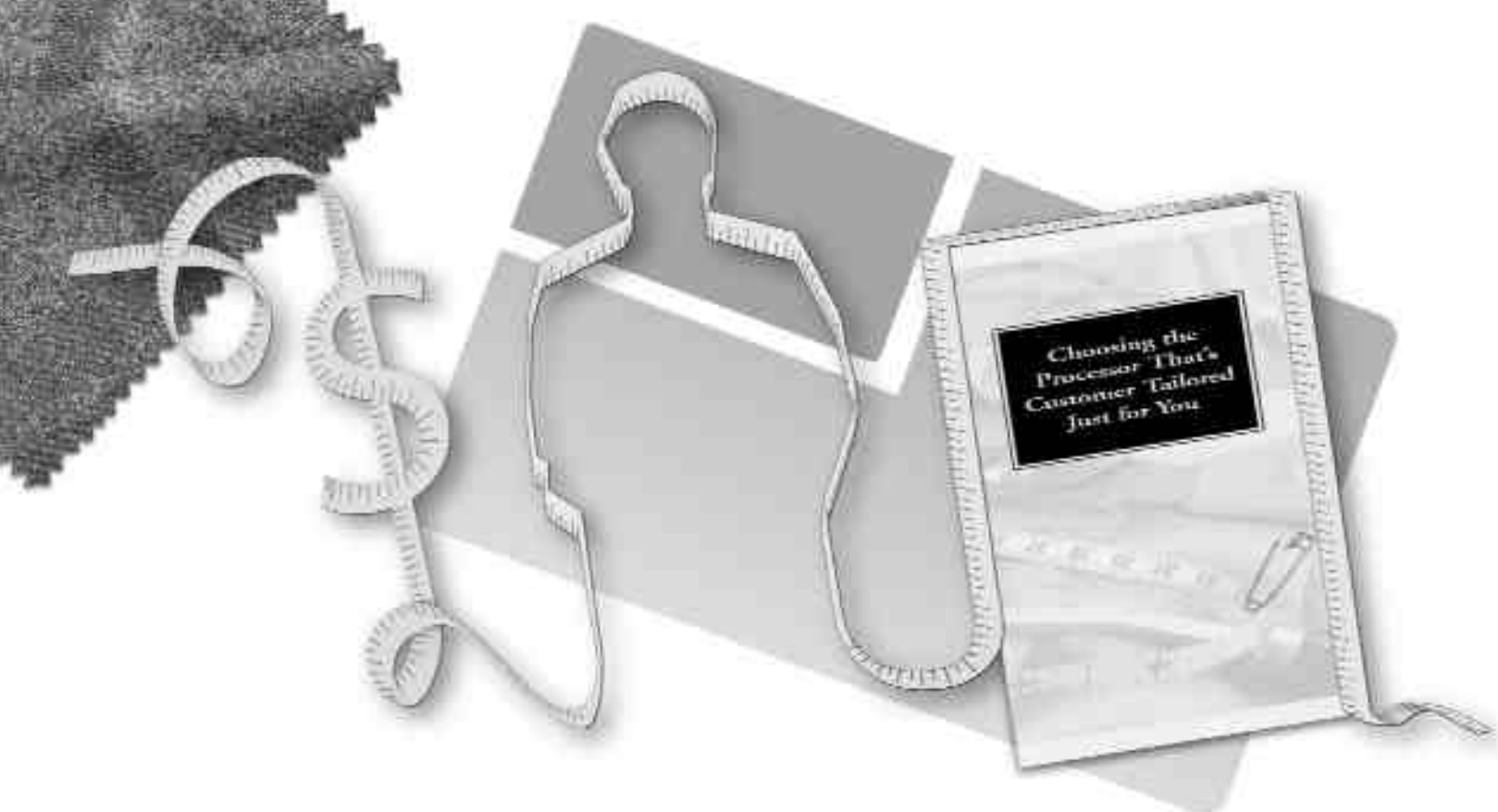
Adam Atlas

62



Lin Fellerman

68



Customer Tailored Just For You. Pricing. Support. Programs.

PartnerAmerica delivers the industry's most comprehensive pricing, support and programs.

Our unique infrastructure includes state-of-the-art customer and technical support, cutting-edge products, as well as marketing and management solutions, which provide credibility, recognition and increased profitability.

PartnerAmerica eliminates the risk, restrictions and minimums...and we guarantee 100% lifetime residuals.

Call today for pricing, support and programs that are customer tailored just for you.

- *Income From ALL Transactions*
- *Faxed Applications Accepted*
- *Same Day Approvals*
- *24/7 Customer & Technical Support*
- *No Risk, No Restrictions, No Minimums*
- *Internet Gateways & Wireless Solutions*
- *State-of-the-Art Point-of-Sale Technology*
- *Online Detailed Status Reports*
- *Debit, EBT & Check Debit Processing*
- *Trade Show Co-Op Services*
- *Gift & Loyalty Cards*
- *Direct Leasing Agent*
- *No Upfront Fees*



PARTNERAMERICA™ An ISO First

1-800-366-1388 Ext. 0 • www.Partner-America.com

IT PAYS TO PARTNER WITH PARTNERAMERICA.



ral source, it goes to charity...Hopefully, that will make a difference." —Desdinova

"One goal I try to get everyone to do is set up a Web site for perspective customers. Just a plain site to explain the quality (and not quantity) of what you are doing for other merchants, and what it can do for them." —Q

"My goal is to consistently sell at least 12-15 deals per month for the entire year (being a new full-timer in the industry). If I can do this for 6 months or so, I plan to increase it by another few and continue doing so as I repeatedly hit my goals." —jimmyboy126

In speaking with many hard working MLSs, I found that although many are happy with the results they achieved in 2003, everyone wants 2004 to be even better. If you want different results (i.e. better

results), then you need to do things differently. More of the same will just get you more of the same. Remember January 1, 2004 will be the first day of the rest of your life. Let's get that life off to the right start. The following are areas in which I strongly recommend all MLSs focus their 2004 resolutions:

- **Contracts**
- **Compensation**
- **Vendor Selection**
- **Lead Generation**
- **Closing Deals**
- **MLS Resources**

Contracts

Contracts are the key to unlocking your success and ensuring your survival in this industry. Get an agreement that protects your residuals.

Protect your business by ensuring that your agreement protects you from merchant loss liability. Watch out for exclusivity clauses. Be wary of language that requires you to sell your portfolio for specific amounts and at specific times. Know with whom you are doing business.

Compensation

Regarding compensation, there's not one 'best' program for everyone. It all depends on needs, likes, personal situations and financial status. Companies are getting more creative with compensation programs. Two MLSs can write the same number of merchants and end up in completely different financial situations simply because of the way they chose to be compensated upfront.

Consider the following: signing and upfront bonuses, buy rates, revenue sharing, leasing or equipment pur-

"Now I can accept credit cards anywhere!"

Are YOU selling **CHARGE ANYwhere**®, the wireless POS solution that's perfect for businesses on the go?

If not, then you're missing the opportunity to make many new sales in many different industries. That's because **CHARGE ANYwhere** is the ideal credit card payment solution for getting paid on the spot—virtually anywhere.* Versatile and affordable, **CHARGE ANYwhere** is a great offering to new and existing customers.

Ask about all of our wireless POS solutions and the new revenue channels they provide. Call 1-800-211-1256 x150 or visit www.comstarinteractive.com for more information.



Your Potential Customers:
Home Care • Local Delivery • Homecare • Moving Services • Pet Services • Real Estate • Retail Sales • Home Inspection Services • Service Contractors • Gasoline • Trucking/Logistics/Transportation • Trade Shows



©2003 Comstar Interactive Corp. All rights reserved. Comstar Interactive Corp. and the logo are service marks of Comstar Interactive Corp. All other marks are the property of their respective owners.

chase programs and value-added services. Do your homework, and choose the best possible compensation program for you. You'll earn dividends for years to come.

Vendor Selection

The keys to effective vendor selection are compatibility, service and price. The ISO/Merchant account provider is paramount. When choosing a partner, the top issues for MLSs are reputation and experience in industry. MLSs want to be treated fairly and with respect. Make sure you choose the right ISO partner for 2004 and beyond.

Lead Generation

Lead generation is the difference between a successful and failing MLS. Resolve to use effective lead generating strategies. Dedicate the appropriate amount of time for

developing new lead sources. Remember, leads equal sales, which equal more money and a brighter future.

Closing Deals

The ability to close separates the professionals from the hacks. Successful closers control the process. Following are a few secrets to successful closing:

- **Break the ice:** Introduce yourself and make the prospect feel comfortable talking to you.
- **Interview the merchant:** Ask questions that lead your prospect to make small commitments; use their answers to help explain and validate recommendations.
- **Make a recommendation:** Base it on the prospect's answers and explain start-up costs as well as

logistics to set up the account.

- **Use the assumptive close:** "We need to get started today."

Need a refresher course? Pick up every MLSs secret weapon for closing—Zig Ziglar's "Secrets of Closing the Sale"—and READ IT!

MLS Resources

Take advantage of MLS resources, especially the regional acquirer associations. They successfully fulfill MLSs' needs for locally hosted trade shows, conferences and training events, and they provide access to and interaction with leading industry vendors. It is imperative that MLSs participate for the continued success of these associations. Stay ahead of the curve, and stay informed on new products and services. Acquirer associations provide that information. Attend!!

For the first time, Member Service Providers (MSPs) can sell Lynk's premier line of Payment Services

True cost-plus pricing

Auto-approval policy

Online application

Credit, debit, EBT, check, gift, loyalty, fleet, Web and more...

24-hour turnaround

No liability/risk

Single source provider, point of sale to settlement

Multiple revenue streams

Outstanding customer service - average hold time of 25 seconds.

Lynk
866.MSP.LYNK
(677.5965)

www.lynksystems.com



For more information about Lynk's MSP program, contact Tom Della Badia at 1-866-MSP-Lynk (677-5965) or Mike Bratton at 1-877-777-6707

1-866-MSP-lynk
(677-5965)



Here are some more ideas for MLS resolutions that just might make the difference in 2004:

- I will work on developing marketing partnerships that make my phone ring with hot prospects.
- I will run my business instead of letting it run me. I will organize my work hours into the following categories: cold calling from good lists, developing new marketing partnerships, sales calls (phone/in-person) and servicing new and existing merchants.
- I will keep my sales technique and presentation fresh and read one book each month on sales techniques or motivationally oriented and inspiring reading.
- I will make a commitment to exercise at least four times a week.
- I will be more generous with sharing income (upfront and residual income) with marketing partners and sales reps who work for me.
- I will keep track (on a weekly basis) of the number of different prospects I've contacted (only counting situations where I made a full presentation to a decision maker), the number of merchants I service each week and the time I spent servicing them.
- I will learn how to sell a new value-added service such as check conversion/guarantee or gift cards.
- I will attend at least two sales training or industry conferences in 2004.
- I will go to www.naopp.com and join the National Association Of Payment Professionals (NAOPP) for \$25. My voice needs to be heard.

Since I always put my money where my mouth is, let me share with you my personal New Year's resolutions for 2004:

- I resolve to find more ways to pay more money to our dedicated sales partners. Never be content with the status quo.
- I resolve to commit more resources to our IT Department to ensure our company's merchant turn-around time gets faster, and that our ability to service and support our sales partners and merchants continues to improve.
- Now that our company has completed the move into a 15,000 square foot facility, I can now make the resolution to always have more people than we need to properly service and support our merchants and sales partners. What's the worst that can happen? We'll just do everything faster and more efficiently.
- I resolve to dedicate even more time to educating MLSs by making sure this column remains relevant and interesting, by continuing our annual national sales training conference, by speaking with our sales partners daily and by speaking at as many industry events as possible on topics of interest to MLSs.

Remember to check your progress throughout the year regarding your resolutions. Feel free to check in with me on how I am doing with my resolutions. Monitor my progress.

The word resolution comes from the verb "resolve." It means to make up your mind and decide firmly. As the curtain closes on 2003, there's no better time to make the decision to clear out all the clutter.

A clean slate will empower you to bring in the new, to make that fresh start and realistically follow your plan. Since ancient times, the New Year has been a time of looking back at what was or was not accomplished as well as a time for looking ahead. Let's look forward!

And speaking of forward, my first column of the New Year will focus on an area that troubles me—MLS fraud. Please look for my post "MLS Fraud Top Ten List" on the MLS Forum. We will delve deeper into this hot topic next time.

Finally, I want to wish Paul Green, the entire staff of The Green Sheet and all the readers of this column a very happy, healthy and successful New Year. I want to express my sincere appreciation for all your support.

I am very proud and excited to be affiliated with such terrific people, including my competitors. I hope that we can continue to fight the good fight to improve this phenomenal industry of ours in 2004. 🍀

"The definition of insanity is doing the same thing over and over again and expecting a different result."

– Albert Einstein

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

**MERCHANT OWNERSHIP
LIFETIME RESIDUALS**

**WE DO OUR OWN :
RISK
UNDERWRITING
TECHNICAL SUPPORT
CUSTOMER SERVICE
PROGRAMMING
MID / TID NUMBERS**

RESIDUALS PAID ON :

100% OVER 1.43%

100% OVER 2.29%

STATEMENT FEE INCOME

MINIMUM FEE INCOME

BUNDLED RATES

DEBIT INCOME

TRANSACTION FEE INCOME

EQUIPMENT WARRANTY INCOME

CHECK GUARANTEE PLANS

CHECK CONVERSION INCOME

WE WANT YOU!

**AGENTS
& ISOS**



NO APPLICATION FEES

3 HOUR APPROVALS

FAXED APPLICATIONS OKAY

E-COMMERCE SOLUTIONS

'NO' TURNDOWN LEASING

WIRELESS SOLUTIONS

GREAT LEASING RATES

ONLINE REPORTING

PAID IMMEDIATELY

eps

Electronic Payment Systems

800-863-5995

WWW.EPS.NA.COM



▶▶ EDUCATION [CONTINUED]

Interchange Untangled—Part 6

This is the sixth article in a series written in response to numerous reader requests for definitions of the various interchange levels. We are working with several industry experts to explain the interchange "buckets," and how transactions are assigned to the processing levels. For the most current rates, please refer to the table distributed with our August 25, 2003 issue of *The Green Sheet*.

Visa Custom Payment Service (CPS) Retail Key-Entry Rate

To qualify for this rate, the card, cardholder, merchant and terminal are all present at the time of the transaction. The magnetic stripe cannot be read and the account number is key-entered; the authorization request is approved and the receipt is signed. Only one authorization per clearing record is allowed, the cardholder must be present and a signature must be obtained. Mail/telephone or e-commerce transactions are not allowed in this rate category. Transactions must clear in two days. Address Verification Service (AVS) is performed at authorization, in order for receipt of a full-

match response on the cardholder's billing zip code.

Visa Consumer Electronic (EIRF) Rate

These are keyed, electronically-authorized or swiped transactions that are not otherwise CPS-qualified. This usually happens when the full, unaltered contents of the magnetic stripe are not transmitted during the authorization. Call-referral voice authorizations will qualify for this rate. The transaction must be settled within three days of the transaction date.

Visa CPS Card Not Present (CNP) Rate

To qualify for this rate, neither the card nor the cardholder is present at the merchant location; the merchant accepts payment by mail or telephone. The authorization request must be approved. The receipt does not need to be signed and the cardholder's address may need to be verified. One authorization per clearing transaction is allowed and one reversal is permitted to make the total authorization amount equal to the clearing amount. The transaction must clear in two days and include: the purchase date, which is the ship date (up to 7 days from authorization), the customer service telephone number, the URL or an e-mail address (as applicable), the order number, mail/telephone order, e-commerce indicator and total authorized amount.

Most transactions require AVS to be performed, while some do not. AVS is required to qualify for CPS/CNP if the transaction is the first transaction of a recurring payment, or the time between payments is longer than one year. AVS is not required if the transaction is not the first transaction of a recurring payment, or the time between payments is less than one year.

MasterCard Key-Entered Rate

To qualify for this rate, the card is present but the magnetic stripe fails to read properly. Only retail and restaurant Merchant Category Codes (MCCs) are eligible for this interchange rate. The transaction must meet all Merit III requirements, except for the transmission of the entire, unaltered contents of the magnetic stripe. An electronic authorization and keyed transaction-entry mode of '01' are required. The transaction must be settled within 24 hours of the authorization. Direct marketing/cardholder-activated (CAT) MCCs and travel agents are not eligible for this interchange rate.

MasterCard Merit 1 Rate

To qualify for this rate, the card is NOT present. An electronic authorization is required, and the transaction must be settled within two days.



Global eTelecom, Inc.
ELECTRONIC CHECK PROCESSING

Ron Williams, Chris Brundage, and the team at GETI would like to thank our ISO's and Business Partners for making us #1!

**Providing
Total
Check
Solutions**

We value these relationships and will continue to provide the best electronic check services in the industry.

Subscribe to the GETI newsletter for the latest updates!

For additional details contact Global eTelecom at 1-877-454-3835 ext 202 or sales@globaltelecom.com

**CONCORD EFS_{NET} MAXIMIZES THE POWER OF THE INTERNET.
THE SPEED OF A LEASED LINE AT THE COST OF DIAL-UP.**



It's a rare day when the nation's leading QSRs agree on anything. But more and more are seeing eye-to-eye when it comes to selecting Concord's EFSnet for their payment processing needs. Why? Speed and price. The innovative, Internet-based solution provided by EFSnet gives retailers payment processing that's faster. Plus, retailers using EFSnet get premier support. No wonder new market segments are increasingly embracing electronic payments with the EFSnet solution. Find out for yourself. For more information, call 1.800.211.6855 xISO (476) or visit www.concordefs.com.

Electronic Transactions Made Simple.

- Faster than dial-up, and less expensive than leased line and satellite options
- Uses existing Internet connection
- Levels the processing playing field for small retailers
- Increased sales opportunities from untapped market segments
- SSL encryption-ready terminals available
- Online, real-time reporting



LEADING COMMERCE.

1-800-211-6855
xISO (476)

www.concordefs.com



▶▶ EDUCATION [CONTINUED]

Visa's Cardholder Information Security Program (CISP)

By David H. Press

Integrity Bankcard Consultants, Inc.

In April 2000, Visa announced the launch of its Cardholder Information Security Program (CISP.) Visa created the program specifically for merchants and service providers who process, store or transmit cardholder data and mandated it to take effect May 1, 2001.

This program establishes requirements for safeguarding personally identifiable information with a list of 12 detailed security requirements to protect Visa cardholders. In 2003, major system compromises resulted in the acceleration of the verification program to include all entities handling, transmitting or storing cardholder data.

To meet the 12 detailed security requirements (the 'Digital Dozen') applying to service providers, Internet, "brick

and mortar" and other non-Internet businesses must:

1. Install and maintain a working firewall to protect data
2. Keep security patches up to date
3. Protect stored data
4. Encrypt data sent across public networks
5. Use and regularly update anti-virus software
6. Restrict access to "need to know" basis
7. Assign unique ID to each person with computer access
8. Don't use vendor-supplied defaults for passwords and security parameters
9. Track all access to data by unique ID
10. Regularly test security systems and processes
11. Implement and maintain an information security policy
12. Restrict physical access to data

To learn more about CISP, I contacted Nicholas J. Percoco, an Associate Partner at Ambiron, a leading independent compliance management and information security advisory firm based in Chicago with offices throughout the United States.

Ambiron offers a Multi-Card Compliance Program that includes both Visa CISP and MasterCard Site Data Protection (SDP) programs. The people at Ambiron know a lot more about CISP than I do, so I asked Percoco at Ambiron the following questions:

To whom does CISP apply?

CISP is directed to all entities that store, process, transmit or handle cardholder information. The program requires, at minimum, annual validation of all merchants, processors and service providers on both the issuing and acquiring sides of the business.

Is CISP strictly Internet-focused?


CISP is not just focused on the e-commerce payment acceptance channel. First and foremost, it is important to understand that any merchant or service provider who processes and/or stores cardholder data is vulnerable to compromise.

Why is it important to become Visa CISP certified?

Visa has developed a comprehensive list of best practices that an organization should meet or exceed when processing and storing cardholder information. These areas range from implementing required technical and


Is your Merchant Provider Headed in the
RIGHT DIRECTION?

877-635-3570 WEST COAST



866-279-8553 EAST COAST

<http://www.hbms.com>



HEMLOCK MERCHANT SERVICES
An Affiliate of The National Group of Merchants, Inc., NY

the better choice...

security features—such as a firewall or intrusion detection systems—to developing policies and procedures such as a corporate security policy or a disaster recovery plan. Complying with each of these areas will greatly enhance your organization's security posture and help defend against intruders attempting to access your customers' sensitive information.

Adopting Visa's requirements and becoming certified demonstrates to your customers that you take the security of their data very seriously. CISP certification also serves as an excellent security foundation to refer to when you are faced with a business or technical decision regarding the processing or storing of cardholder information.

How does my company become CISP certified?

The process typically begins with the Visa CISP self assessment, through which your organization quickly gains a high level understanding of where it stands in relation to CISP standards. You may find that you need to do some preparation before a formal audit is performed against your environment. Many of our clients engage us to assist in the preparation, but you may choose to do this on your own.

Once the self-assessment and any preparations are complete, you must engage a third-party assessor to begin a security audit (a list of qualified CISP assessors, including Ambiron, is available from Visa). The audit is a combination of internal and external vulnerability scans, interviews, documentation review and on-site examination of several systems within your environment, all following a process and reporting standard that Visa has put in place.

The data gathered during the audit are used to create a Report on Compliance (ROC). If your organization meets all of the Visa CISP requirements, you will receive a compliance letter within a few weeks of completing and submitting the ROC to Visa. If the audit reveals that you are not fully compliant with one or more of Visa CISP requirements, you should work with your assessor to set realistic target dates for completing the tasks necessary to meet the missing requirements.

The report can still be submitted to Visa, but Visa will ask the assessor to perform a follow-up audit when the target dates have been reached. Your organization will receive a Visa CISP compliance letter when the follow-up ROC has been successfully completed and submitted.

What are the penalties if the Report On Compliance

Join one of the largest...and fastest-growing... direct sales forces in the industry!

- Earn up to \$14K in ramp-up bonuses during first six months employment.
- Residuals from Day One...and for the lifetime of the account, with full vesting in just five years.
- Full medical/dental/vision benefits including 401K with company match.
- Online merchant contracts result in faster approvals, fewer pended deals and speedier commissions – which are paid weekly.
- Password-protected Website provides a 24/7 portal into everything Lynk – from online payroll information to tracking the status of a deal to downloading the latest product information.
- Dedicated Sales Support coordinators provide personalized assistance on everything from checking the status of a deal to ensuring a terminal was shipped to a merchant's location.
- Centralized lead tracking system will help you capitalize on opportunities.

Build your own team. Sales Management opportunities available throughout the country!

Call 866.514.LYNK or email our Sales Recruiter at srecruiter@lynksystems.com **Lynk**



demonstrates that an entity is not in compliance with all requirements?

Results of the audit are not punitive. If the year-one ROC demonstrates non-compliance issues, Visa requires that you have a plan and firm timeframe to remedy the outstanding issues. The best way to avoid penalties is to provide Visa with all required deliverables according to the timeframes provided.

What will happen if I don't do this?

Since CISP compliance is mandated in the Visa U.S.A. Operating Regulations, the Visa member whose merchant or service provider does not comply will be fined a minimum of \$50,000.

There are other fines that could be levied for willful non-compliance

or egregious behavior. Ultimately, merchants and their service providers must meet the CISP requirements to continue to accept Visa.

How long does it take to become CISP certified?

Certification can take anywhere from a few weeks to several months, depending on the complexity of your environment and how close you are to the Visa CISP standards at the beginning of the process.

The audit typically takes a few weeks at most; it is usually the preparation or remediation that can take more time. For example, at Ambiron, we work closely with our clients to help them prepare for the audit and identify cost effective solutions to meet the CISP requirements.

All information regarding CISP compliance for all entities has been posted on the Visa Web site at www.visa.com/cisp. The Web site includes a CISP Overview, the CISP Requirements and detailed compliance verification instructions for the largest merchants (specific list), general population merchants, service providers and those who have been compromised.

It also offers technical issues and answers, downloadable forms, lists of qualified assessors and CISP-compliant service providers.

Contact Ambiron on the Web at www.ambiron.net or by phone at 877-AMBIRON (262-4766). ☐

David H. Press is Principal and President of Integrity Bankcard Consultants, Inc. Phone him at 630-637-4010, e-mail dhp@integritybankcard.net or visit www.integritybankcard.net.

Plug'n Pay has always focused on developing new products and establishing new connectivity around the world to assist our reseller partners as they work to sell more.

DID YOU KNOW THAT WE OFFER:

DCC - Dynamic Currency Conversion - Plug'n Pay is working with Planet Payment™ to bring this exciting new product to the e-Commerce world. DCC provides real time currency conversion and its a money maker for the merchant. Ask yourself this - how would you like to talk to a customer who takes international cards about creating new revenue?

Retail Qualification - Plug'n Pay carries card swipe transactions over the internet qualifying for retail interchange. With the **Mobile Verifier** (www.mobileverifier.com), our wireless PDA, a thermal printer and card swipe is attached to existing wireless PDAs/phones, allowing swiped transactions and printed receipts, using signature capture technology.

RiskTrak - our latest fraud service protects our partners from financial loss through controls set at the portfolio level. Even if the worst happens (a customer has their Username and Password compromised) the transactions will not be allowed to settle.

International and Canadian merchants - Not only does Plug'n Pay connect to all the major U.S. front ends, but we have also certified to numerous international processors. Our partners can now sign merchants from all over the world.

Verified by Visa - Plug'n Pay was the first internet gateway to complete the certification to the V by V specifications. We are ready to route V by V transactions for customers looking for this added protection.

A flexible API - do you have customers who just can't get what they are looking for using somebody's API (Application Programming Interface)? The Plug'n Pay API is the most flexible and easily written to in the market, and it comes with many different modules to make any webmaster happy.

Purchasing Card Level 2 - Plug'n Pay can perform Level 2 prompts for your customers. Level 3 coming soon.

Competitive Buy-rates and Free Set-ups for qualified Resellers CISP Compliant.

**THINGS
YOU NEED
TO
KNOW**

Plug'n Pay™

Plug 'n Pay Technologies, Inc.



Contact 1-800-945-2538 and ask for sales or email sales@plugnpay.com
www.plugnpay.com - "The Power To Sell Online"



AMERICANS SPENT OVER \$35 BILLION
ON GIFT CARDS LAST YEAR...

Gift Cards

WHAT ARE YOU WAITING FOR?

According to the Feb 2003 Green Sheet Gift Cards and Electronic Check Conversion
are the two hottest products in the merchant services arena...

*"Gift cards are Hot"
"What's hot is Check Conversion"*

SECURE PAYMENT SYSTEMS is a leading national provider
of Electronic Check Services and Gift Card processing.

Take a look at some of the benefits we offer to you and your merchants:

- Lifetime Residuals
- Terminal programs integrating both electronic check conversion and gift card processing
- Wide selection of terminals now also including Verifone's Omni Verix 3300/3750
- Quick turnaround - 24 Hours in for both Gift and Check
- Private Label Program Available
- Complete turnkey solutions available
- Generic or customized gift cards
- RDM & Ingenico imaging and archiving solutions and soon to finish certifying the Verifone CR1000 and Magtek Imager
- Soon to certify VISA POS check service with proprietary enhancements

Take advantage of the country's leading value added services:

- Gift Cards
- Electronic Check Conversion with Guarantee or Verification
- Paper-based Check Guarantee or Verification
- SCAN / STARCHECK / SAFE CHECK

Sales contests, signing bonuses, and customized lifetime residual programs available!

Protect your merchant base by partnering with a firm having attrition rates far lower
than any of the major service providers!

To learn more, call Steve Eazell
toll free at 866-300-3376 or visit our website
at www.SecurePaymentSystems.com

SECURE
payment systems

The Low-cost, Risk-Managed Experts!



Legal Ease

The Non-Competition Clause in an ISO Agreement

By Adam Atlas

Attorney at Law

Have you ever had this conversation?

Processor: "If you stop selling for us, you can't sell to any of our merchants for at least two years."

ISO: "Is that fair?"

Some ISO agreements should lead their signatories to exchange the above words before signing. I have decided to write about ISO non-compete, or non-competition, clauses because they often absorb a significant portion of the time spent negotiating ISO agreements as well as processor agreements with banks.

A non-competition clause is a clause in an agreement whereby one party promises to not compete with the other party, usually for a specific period of time, in a specific geographic market and within a specific product category.

There is a large variety of non-compete clauses, and this column could not provide a definitive guide to interpreting all of them; however, there are two guiding rules to keep in mind:

1. A non-competition clause should be limited as to time, geography and product type.
2. A non-competition clause should not be so restrictive that it prevents someone from earning a living.

The ideas presented in this column apply generally to all non-competition clauses—not only those in ISO agreements. (For example, when hiring employees, you should consider these points when reviewing a non-competition clause in their employment agreements.)

Following are 10 points to keep in mind when negotiating a non-competition clause in an ISO agreement:

1. Should the Deal Include a Non-competition Clause?

Before getting into the 'nitty gritty' of a non-competition clause, step back and consider whether or not the agree-

ment should even contain the clause. The obligation of an ISO to not compete with a given processor is something that is not delivered without some consideration. In other words, if a contract is going to prevent an ISO from selling for other processors during the term of the agreement, then the pricing for the ISO should be correspondingly more favorable.

Also, from a practical business perspective, if an ISO sells for a single processor, does that processor have the ability to fully service the market where the ISO intends to sell?

It should also be noted that the effect of a non-compete clause during the term of an agreement might be the same as that of an exclusivity clause. Exclusivity clauses and non-competition clauses are similar because they both impose fundamental restrictions on ISOs in relation to their ability to sell for other processors.

2. Term

This is one of the most important elements of a non-competition clause. Once you have decided that a non-compete clause will be part of an agreement (see Item 1), then there is really no controversy over the clause being in effect for the full term of the agreement.

The controversy with the term most often arises over exactly how long the non-competition clause remains in effect following termination of the agreement.

The term of the non-competition clause, taken together with its other elements, should not be so long as to effectively deprive the ISO of its ability to carry on its business. The term of the clause is also a function of its scope.

For example, if an ISO is selling for Processor A and then terminates its agreement with Processor A to sell for Processor B, it is customary for the ISO to not solicit business from merchants who were with Processor A at the time of the termination of that agreement for a period of between one and two years.

However, it is not common and it would also be unreasonable for the ISO to not sell for any processor other than Processor A for any period of time following termination of the agreement with Processor A. Term is therefore intimately related to scope.

Do you want to sell something other than...

5 Services In One Terminal:

- VISA/MasterCard
- Check Conversion
- Debit Card
- Gift Card
- Signature Capture



Only **ABANCO** gives ISOs a "single source" platform of five fully loaded services plus progressive customer support. This one piece, one solution cuts merchant attrition by 75% while increasing residual income by 125%.

ABANCO's robust package delivers a real powerhouse of services:

- 1.53% Buy Rate
- 20 cent trans fee
- Mid and non-qualified revenue
- Check Conversion/Guarantee at 1%
- Faxed Applications/Same day deployment
- Inexpensive gift card pricing
- Net lease funding, no out-of-pocket
- One Terminal-5 services, Fully Loaded Residuals
- VISA/MASTERCARD Credit Card processing
- Non-Bank card processing (Amex, Discover, Diners, etc)
- Debit Card processing
- Electronic Check Conversion/Guarantee
- Gift and Loyalty programs, 50 card minimum
- Electronic Signature Capture included at no extra fee

Lease rates starting at just .0299. Whether you need individual services or the entire package, ABANCO offers competitive rates, superior service and a knowledgeable team to help make it work for you.

Please contact: **BOB COCHRAN** 866.231.2030 ext 2334 / **DAN LEWIS** 866.231.2030 ext 2347 / **TONY ASHE** 866.231.2030 ext 2345

ABANCO^{LLC}

INTERNATIONAL *Tomorrow's Payment Solutions Today*

O'Hare International Center / 10255 West Higgins Road / Rosemont, IL 60018 / Toll free: 866.231.2030 / Tel: 847.227.2301
Fax: 847.296.5547 / www.abanco.com

EFS National Bank Memphis, TN. Fleet National Bank Providence, RI

Be in Full Compliance with Visa/Mastercard Requirements and Regulations thru ABANCO's Agent/ISO program.



3. Product Scope

A well-drafted non-competition clause should describe specifically what products and services are covered by the clause. For example, services that the ISO could be prevented from selling may be "those services provided by the Processor"; or they may be "any services related to payment processing."

Try to draft the clause so that it most accurately reflects the intention of the parties to the agreement. Note that when a non-competition clause refers to "not selling services provided by the processor," the clause should indicate whether that definition of services exists at the time of the:

- (a) formation
- (b) termination
- (c) or following termination of the agreement

For example, if Processor A does not sell loyalty card products, but begins selling them one year following termination of the agreement, the former ISO must be able to decide, based on a reading of the non-competition clause, whether or not it can sell loyalty card services to Processor A merchants during the term of the non-competition clause.

4. Geographic Scope

A well-drafted non-competition clause will address the issue of geographic scope. In other words, the clause should specify the areas where the ISO is not permitted to carry on the activities in question.

For example, if a given ISO was selling in the Northeast, and Processor A (with whom the ISO has terminated its relationship) is focused on the Northeast, it generally would not be reasonable to prevent the ISO from selling in the Southwest.

The geographic scope of a non-competition clause should be tailored to the true business needs of the processor and the realistic abilities of the ISO.

5. Validity in Light of Agreement

At any moment during the term of an agreement and following the termination thereof, you can pause to consider which of the clauses in the agreement are in effect and which are not. I must preface the following comments with a 'don't try this at home' warning:

Suppose you are an ISO that has already terminated its ISO agreement with Processor A. If Processor A has been grossly delinquent in paying residuals to you, then

OH, HAPPY DAY.

**WITH CBL's
LIFETIME GUARANTEED RESIDUALS,
YOU DON'T HAVE TO WAIT
FOR CHRISTMAS
TO REAP YOUR REWARDS.**

**INTERCHANGE AT PASS THROUGH
RESIDUAL REVENUE ON FEES
INCLUDING: MID/NON,
STATEMENT, T&E, CHARGEBACKS,
RETRIEVALS AND DEBITI
NO APPLICATION FEE
LIFETIME GUARANTEED RESIDUALS
FAST TURNAROUND ON APPROVALS**

**CALL TODAY TO
MAKE YOUR OWN DEAL!!**

CentralBANCARD^{LLC}
The center of your success begins here.
www.centralbancard.com
866.797.2317

IF YOU CAN SELL IT...

WE CAN TAKE IT!

E-CHEX ELECTRONIC CHECK CONVERSION

Don't be limited by your bankcard processor's "add on" check program. Are they really interested in the check part of the deal or do they offer it just to say they have a check program?

When you deal with E-Chex, exclusively offering electronic check services, you get impressive results.

E-Chex has been providing electronic check services for over 5 years and we know what it takes to solve problems and satisfy customers.

- **Point of Sale Terminals**
Ingenico, VeriFone, Lipman, Thales, Welch Allyn, Mag Tek
- **Point of Sale Networks**
E-Chex, Paymentech, FDR, Global, Vital, Nova, Concord, Lynk
- **Multi-lane**
Web based host to host, imaged or non-imaged
- **Internet**
ARC, EFT, POS



10 reasons to choose E-Chex for check conversion...

1. Simple one page application
2. Set up from a faxed application
3. MID's issued same day
4. Special quotes for any business
5. Private label programs
6. E-Chex, SCAN, StarCheck, NCN negative files
7. Drivers License swipe for ID
8. Fast transaction times
9. 100% above buy rate residuals
10. Check images NOT required



222 W. Lins Colinas Blvd., Suite 111
Irving, TX 75039
972-409-9100 972-409-9162 fax

www.echex.net



you should pause to consider whether you are still bound by a surviving non-competition clause in the terminated agreement.

In an effort to avoid being immodest, I try to avoid sending readers to their lawyers, but this particular scenario is one in which I strongly recommend seeking legal advice.

The principle your lawyer will use to advise you is that a party to an agreement may breach the terms of that agreement (such as a non-competition provision), if the other party to the agreement is so grossly in default as to have implicitly terminated the effectiveness of the agreement.

6. Consideration

ISOs should think about what they are giving up when agreeing to a non-competition clause; and they should agree to nothing less than adequate compensation for that forbearance.

7. Clear Drafting

I cannot overemphasize the importance of clear drafting in agreements. Processors should note that a court could strike down a non-competition clause for being too broad and therefore unenforceable.

8. Non-solicitation Clause

A non-solicitation clause is a clause whereby one party promises to not solicit employees or entice employees away from the other.

This clause really deserves a column of its own, but I address it here in order to make a distinction between a non-competition clause and a non-solicitation clause.

Both parties to an ISO agreement stand to benefit from a well-drafted bilateral non-solicitation clause. As many readers know, there are many horror stories of reps being pulled in one direction or another against the wishes of one of the participants in a dying Processor-ISO relationship.

9. Enforceability

Processors beware; it is not easy to enforce a non-competition clause. In addition, if the clause is enforced it could be very difficult to assess the damages that processors may wish to recover from an ISO that is in violation of a non-competition clause.


Realistically, in order to recover damages, the damages would have to be significant enough to hire litigation counsel and keep them paid through the term of litigation.

My recommendation to processors is to create business motivation on the part of ISOs to comply with non-competition clauses so as to avoid, if possible, the cost of litigation to enforce them.

10. Dovetail with New Relationship

When an ISO terminates a relationship with Processor A, for example, the ISO should always verify that its new deal with Processor B is a deal it can implement in light of the wording of the old deal with Processor A.

Often the subtleties in the wording of ISO agreements can mean the difference between an acceptable new deal and one that will put into peril the residual stream from Processor A.

The non-competition clause is only one of many important clauses in an ISO agreement. As always, I advise caution in all your contractual negotiations. 

In publishing The Green Sheet, neither the author nor the publisher is engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought. For further information on this article, please contact Adam Atlas, Attorney at Law: email: atlas@adamatlas.com or phone: 514-842-0886.

FTI Value Added Partners Make More & Sell More

- Generate multiple revenue streams selling a variety of products
 - ATMs
 - Prepaid Cellular Service
 - Multiple Prepaid Long Distance Plans
 - Check Cashing
 - Electronic Check Conversion
 - Guaranteed Payroll Check Cashing
- Residual streams are guaranteed
- Sales leads provided to qualified Value Added Partners

Buy a Triton 9100

\$2799*

www.fti.tv

866.450.9815
Extension 6873



*Monthly fee of \$10.00 per month. To be eligible for this price.

Identity



Step out of the shadows

You're running your own company. You've developed a business model that works. Isn't it time you got the credit you deserve? Now you can.

Gain your own identity - become a Cynergy Data "Executive Partner."

With innovative account database management, corporate branding capabilities and a unique sponsorship program, Cynergy Data can help your business reach heights that were before unattainable. Providing all the tools you need to ensure merchant ownership from start to finish, Cynergy Data remains the back-office operation, while you are the company the merchant knows. Your company, your name, your identity.

As a Cynergy Data Executive Partner, you get:

- Merchant Entry and Monitoring Control
- A Voice in Underwriting and Risk Management Decisions
- Customized Merchant Application
- Dedicated Hierarchy
- Customized Merchant Statements
- Corporate Website Availability

Stop hiding behind the shadow of your acquirer. Call Cynergy Data today at 1-800-933-0064 Ext. 5900 to learn more about our Executive Partner opportunities.

cynergy data
Your Last Acquirer



►► EDUCATION [CONTINUED]

Beyond Bankcard

Commissions, Commissions, Commissions...

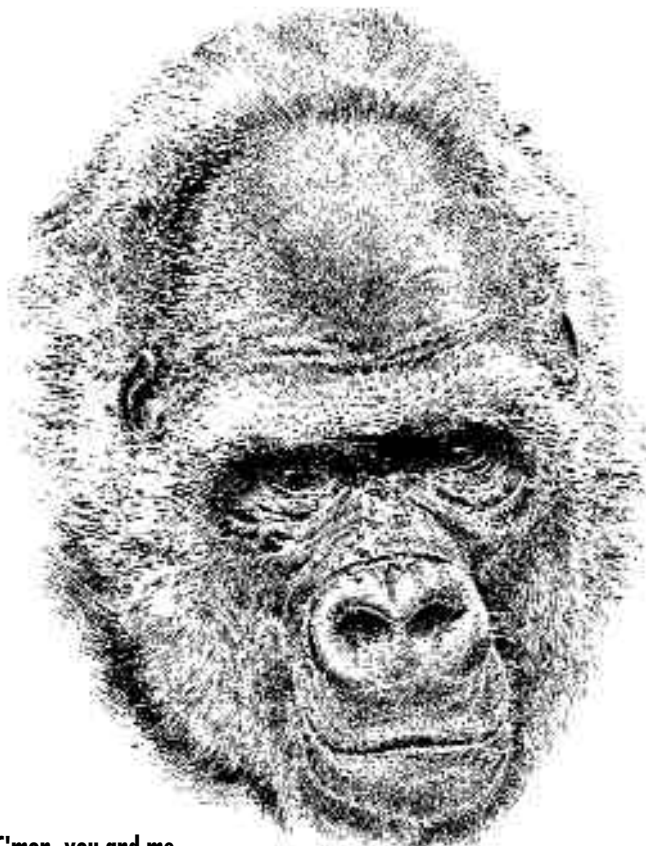
By Lin Fellerman

Secure Payment Systems

Iwould like to tackle a subject that not even an 800 pound gorilla wrestles with. Not to sound like a broken record, but for as long as I can remember, too many ISOs and MLSs have marched in lockstep to the tune of the "buy rate" in the land of check guarantee and conversion.

In the credit card acquiring world, where one size—or one rate—fits all, I suppose it is a given that all of a merchant's volume is run through a system where generally all merchants participate.

The key word is "all," and the result is a pooling of risk in a portfolio that, as in the insurance industry, allows you to intelligently price after taking care of your fixed and



C'mon, you and me...

variable cost structure, inclusive of risk and fraud related chargebacks.

In this environment, the economic simplicity of the buy rate notion may even make sense except for two important caveats:

1. The effectiveness of a buy rate assumes that a salesperson will not be greedy and overprice a given deal in order to gain the largest spread, and therefore the greatest short-term income stream.

The merchant may have had an even bigger spread beforehand and thinks this salesperson is a hero, even if only for a day.

Unfortunately though, if one salesperson can walk in the door at the right moment, then so can any other salesperson on any given day. That account is at risk the

BEE

appreciated.

Bee's Program in addition to residuals. Each approved account processing with BPS receives 1 Bee Credit.

500 Bees = Mini Cooper, VW Bug, or Toyota Corolla or \$20,000 CASH
400 Bees = 10 Day Vacation to the Caribbean or Barga for 2 or \$12,800 CASH
250 Bees = In-Home Theatre or 5-day trip to Money World for 4 or \$5,000 CASH
100 Bees = Laptop or Desktop Computer with flat screen or \$1500 CASH
50 Bees = Home Digital Camera or Sony 15" Flat Screen TV or \$500 CASH

WHAT ELSE IS BUZZING AT BPS?

100% Cash, Unsecured Check Conversion Guarantee Program, Buy Rate 1.12% + \$6.16,
 Interest: 100% online application, no need to provide assets needed • High Risk Department
 • International Sales Leads Program • ATM's • 24H Program • BPS 24/7 Call & Loyalty Program

• Monthly Withdraw Income	<table border="0" style="width: 100%;"> <tr> <td style="font-size: x-x-small;">Yearly Fee: \$16</td> <td style="font-size: x-x-small;">Max Annual Fee: \$16</td> </tr> <tr> <td style="font-size: x-x-small;">1-877-997-9473</td> <td style="font-size: x-x-small;">1-877-997-9473</td> </tr> </table>	Yearly Fee: \$16	Max Annual Fee: \$16	1-877-997-9473	1-877-997-9473	
Yearly Fee: \$16	Max Annual Fee: \$16					
1-877-997-9473	1-877-997-9473					
• Mid/Max-Qualified Income	<p style="font-weight: bold; margin: 0;">*BI-LINGUAL SERVICE/TECH SUPPORT</p>					

• Secretarial Fee Income
 • Transfer Fee Income
 • JUNEBUGS: Jitters Retailer Income
 • No Charge Registration or Installation

1-877-997-9473

VISIT OUR WEBSITE @ WWW.BUSY-AS-A-BEE.COM

If you want to price individual merchants as a pooling, it's only logical that some win and some lose. Those who are losers are re-priced and eventually turn up in that dreaded "attrition" category no one wants to talk about. I don't mind talking about it, though, and I have said before that the average merchant attrition rate exceeds 20% in our industry.

moment it is sold. While that may be true no matter what spread is created, logic dictates that a "reasonable" spread creates a more reasonable likelihood of a long-term relationship.

2. Selling or leasing equipment at prices far above fair market value allows a salesperson to give a prospective client an unusually low discount rate where very little commissionable spread exists.

Unfortunately, the next salesperson through the door might fill the merchant in on equipment pricing realities. That first salesperson will never sell anything to that merchant again—and may not be able to enter the premises without a flak jacket and bulletproof vest.

Saving the client an extra 10 basis points on \$10,000 in monthly volume just doesn't quite offset the \$3,000 paid for the 48-month lease

on that brand spankin' new equipment with pinstripes and white-walls. That relationship (if there ever really was one) will certainly not stand the test of time.

You can probably see that I have strong views on the subject: greed gets me crazy. And the only thing worse than short-term greed is long-term greed.

There is generally an unwritten rule which, simply stated, is this: If merchants say they will guarantee all checks, they don't always do it. If they say they won't guarantee all checks, then they are telling the truth.

How does a check provider price on the basis of a buy rate? Each merchant profit analysis needs to stand on its own, given that the loss ratio varies based on the volume and selection criteria of checks actually

REDEFINING SUCCESS...

... One Strategic Partner at a time

If you are willing to commit to EDR, we'll reward you with the following:

- 90-Day Introductory Rate: 1.35% +\$.17
- Production Bonus: up to \$20,000
- Signing Bonus: up to \$100 per application
- Plus a host of other great benefits for qualified partners

Please call

888.243.0567

For further details



In Association with National City Bank of Kentucky, Louisville, Kentucky



If the buy rate phenomenon is ignored, and the proper retail price is created by the check provider and subsequent sales agent commissions based on the proper "entry" discount rate, then unreasonable price spreads (defined as "price gouging") and ultimately, high attrition rates, would go the way of the dinosaur.

authorized through the system.

Unlike credit card paper, a merchant can simply take his or her checks directly to the bank, bypassing any need for authorization.

Therein lie the costing and pricing dilemmas. The check world does not live with a fixed interchange rate that takes risk into consideration.

How do you give a specific industry client a 1% buy rate when you know from past experience that the loss rate will exceed that number for a third of the clients, that it will be lower for another third of them, and finally, it will equal that for the last

third of merchants?

Don't sell at that price, you say? Don't price that way is more like it!

Those deals priced too low will get increased swiftly, and merchants will correctly assume that they were sold a bill of goods.

What kind of message are we sending when we knowingly price half the merchants for a rate increase? Add to that the additional buy rate "spread," and you add insult to injury.

If you want to price individual merchants as a pooling, it's only logical

that some win and some lose. Those who are losers are re-priced and eventually turn up in that dreaded "attrition" category no one wants to talk about.

I don't mind talking about it, though, and I have said before that the average merchant attrition rate exceeds 20% in our industry.

This is measured in terms of declining volume and rate: volume, when the customer leaves or alters his check authorization policies; rate, when competition rears its ugly head (a beautiful thing!) as it does so often in a "buy rate" environment.

5th Annual ATMIA Conference East 2004 ATMs in the Americas February 17-19, 2004

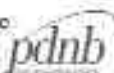
ATMIA
ATM INDUSTRY ASSOCIATION

The ATM Industry Association, the world's only international trade association for the ATM industry, invites you to attend our 5th Annual ATMIA Conference East, "ATMs in the Americas," on Feb. 17-19, 2004 at the Tampa Marriott Waterside in Tampa, Florida. "ATMs in the Americas" will bring together decision makers from throughout the industry such as financial institutions, ATM networks, ISOs, manufacturers and security companies, providing for important industry wide networking. For a complete schedule of events and to register please visit the web site www.atmiaconferences.com and click on the ATMIA Conference East icon, call 605-528-7270 or email Dana@atmiaconferences.com.

The event includes:

- Pre Conference Workshop: "ATM Sec. America," a comprehensive workshop on security issues affecting the Americas such as cash security, identity theft, ATM & POS skimming and new security technology.
- Topics explored during the general sessions include:
 - advanced ATM functionality
 - the advantages of processing paychecks through ATMs
 - prospects for check transactions at ATMs
 - reasons for increasing channel integration
 - a competitive analysis of the unfolding ISO landscape
 - assessments of the new interchange fees
- Sessions on the Latin American and Canadian ATM industries, focusing on security, growth potential for an ISO market and the possibilities for smart cards within those markets

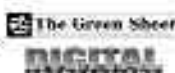
Conference Sponsor:



Regional Sponsor:



Media Sponsors:



Global Sponsors:



Register today at www.atmiaconferences.com

Presumably, the check provider can price by industry and type of check authorization policy.

The use of sophisticated risk management systems and negative files enables merchants to be priced as correctly as possible, notwithstanding variations of losses by geographical regions.

If the buy rate phenomenon is ignored, and the proper retail price is created by the check provider and subsequent sales agent commissions based on the proper "entry" discount rate, then unreasonable price spreads (defined as "price gouging") and ultimately, high attrition rates, would go the way of the dinosaur.

As merchants increasingly adopt electronic check conversion, and the likelihood of authorizing "all checks" all the time becomes more realistic, then the notion of a multi-


tiered buy rate structure for given industry segments could be considered—but hopefully not at the expense of creating inflated prices (defined as "greed" and "avarice").

I would much rather have the sales agent be my partner than my middleman. Middlemen create value-added mark-up along each rung of the price ladder.

Think of merchant association deals in which the check vendor tries to be all things to all people. By creating a "one size fits all" rate, it can't possibly be accurate except for that one moment prior to the first customer transaction.

Not all merchants will authorize the same amounts—some will do a lot, minimum billers will do none at all. Some will even choose to not sign up if the association rate is already higher than their existing rate.

You tell me how one rate creates uniform prosperity for all, given the different risk levels associated with specific industry classes and merchants within each segment.

On the other hand, partners care about whether a deal is profitable from the minute it is signed. Their motivation is long-term value creation, and who can argue with that concept? 

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 a 20-year employee and 10-year President of Telecredit/Equifax Check Services (now Certegy Check Services).

To learn more about SPS look them up at www.securepaymentsystems.com or e-mail Lin at lfellerman@securepaymentsystems.com



FlexGift

TAKING GIFT CARD TO NEW LEVELS

HYPERCOM CERTIFIED GIFT CARD PROGRAM PROVIDER

Our program has been customized to accommodate the merchant's needs and maximize ISO profit. Unlike any other product on the market, our loyalty program was designed to serve as an efficient marketing tool to help you build strong merchant relationships using the latest technology. Our program features a gift card program as well as a points/reward program with the following benefits:

- Low Buy Rates
- Increase Your Residuals – Make Money With Every Transaction
- Secure Your Portfolio
- Merchants Will Have the Ability to Keep Track of their Transactions And Customer Information On-Line - Use it as a Marketing Tool!
- Customized Card Designs
- Low Start Up Cost – Min. Order 100 Cards

We Are Actively Seeking Sales Partners
Contact Us at 800 – 260 – 3388

UNITED Merchant Services
Business Process Outsourcing Company



Wal-Mart Drops MasterCard Signature Debit

The world's largest retailer, Wal-Mart Stores, Inc., announced it will no longer accept MasterCard-branded signature-based debit cards for payment, beginning Feb. 1, 2004. Wal-Mart is the first retailer following the April 2003 class action settlements between Visa and MasterCard and millions of other merchants to choose to accept one signature-based debit card brand over the other.

"The fees charged by MasterCard for its signature debit are simply too high, which led us to eliminate this payment option rather than pass these costs on to our customers," Mike Cook, Wal-Mart's Vice President and Assistant Treasurer said in a statement.

Wal-Mart has negotiated a deal with

Visa where the discount retailer will be charged lower fees for Visa signature debit transactions than it was charged previously. Wal-Mart will still accept Visa- and MasterCard-branded PIN-based debit cards, which are processed through PIN networks such as Interlink, STAR, ACCEL, NYCE and AFFN; and Visa and MasterCard credit cards.

In a statement prepared for the Wall Street Journal, MasterCard complained that Wal-Mart is "putting its hand into its customers' wallets and telling them which form of payment they must use."

Wal-Mart said that MasterCard signature debit transactions account for less than 1% of its total transactions, the Wall Street Journal reported. Wal-Mart posted \$244.5 billion in sales in 2002.

Wal-Mart's decision is a result of its and other retailers' settlements with the two credit card associations. Rather than go to trial in a class action antitrust lawsuit, Visa and MasterCard agreed to pay retailers nearly \$3 billion, lower their debit card transaction fees by a third and eliminate their "honor all cards" policies.

The retailers filed the lawsuit against Visa and MasterCard in 1996 and were seeking up to \$39 billion in damages. They claimed that as part of an "honor all cards" policy, Visa and MasterCard violated antitrust laws by forcing merchants to accept offline debit cards, which require a signature and are most costly to process, rather than less expensive online debit cards, which require a PIN. Visa and MasterCard argued that the policy was in the best interest of consumers. ■



Loyalty Pays. MagiC Offers Unlimited Possibilities.

Loyalty pays in almost any retail environment and Axalto, formerly Schlumberger Smart cards & Terminals, offers the products and services to assist retailers of any size in delivering their loyalty programs. From open platform smart cards and loyalty applications to smartcard-ready POS terminals, we can help retailers grow and retain their customer base. Axalto's multi-application MagiC and our new, more powerful MagiC Evolution terminals offer the benefits of an unparalleled track record implementing credit, debit, private label, affinity and loyalty. Axalto terminals support a variety of user environments including multi-lane, handheld, wireless and infrared. Contact Axalto to learn how our products can make loyalty pay for you.

Axalto MagiC terminals support the leading Visa and MasterCard loyalty applications, a range of TDES compliant and Visa PFD approved PINPacs.

www.axalto.com



axalto
A Schlumberger company

We Guarantee this is the Best ISO/MSP Program!

APS

Advanced Payment Services

**1.51% Buy Rate 100% above
5¢ + Interchange 100% above
Faxed Applications Accepted**

- **AUTOMATIC APPROVAL OF
OVER 300 TYPES OF BUSINESSES**
- **PROGRAMS TAILORED FOR ALL
REGARDLESS OF SIZE**
- **SUPPORT 98% OF TERMINALS**
- **DEPLOYMENT OF PROGRAMMED
POS EQUIPMENT**
- **LIBERAL UNDERWRITING**
- **ONE APPLICATION FOR ALL**
- **NO MINIMUM DISCOUNT**
- **NO ANNUAL FEES**
- **DAILY DETAILED STATUS REPORTS**
- **24/7 LIVE CUSTOMER SERVICE**
- **FREE START UP KITS**
- **CHECK SERVICE PROGRAM**
- **LIFETIME VESTED RESIDUALS**
- **RESIDUAL BUYOUT PROGRAM**
- **LEASING AVAILABLE**
- **KOREAN AND SPANISH SPEAKING
TECH SUPPORT AND HELP DESK**



**Your Bridge
To Success**

Same day live merchant numbers
NO Application Fee
NO Minimum Monthly Fees
NO Liability
Amex, Discover, Diners Club
Commissions \$\$\$

**Call 800-414-4286 or e-mail AgentInfo@AdvancedPayments.net
Contact Myrvin Garnett, VP of Business Development at ext. 104 or
Peter Kim, VP of Korean Division at ext. 113**

You've Got to Crawl Before You Can Walk.

Is your current processor stuck at this level?

At First American Payment Systems, we've spent more than 13 years developing and growing our business. Hundreds of First American sales representatives have found First American's agent program to be a secure path towards long-term income.

Quit taking baby steps—Call today and let us put our knowledge, experience and skills to work for you.

Member Bank: KeyBank National Association, Cleveland, Ohio Member FDIC

Quality Solutions. Predictable Results.

Call Steve Robins, Sr. VP of Sales & Marketing

1-866-Go4-FAPS

(1-866-464-3277)

email: stever@first-american.net

NEW PRODUCTS ◀ ◀ ◀

Be Secure Online with J/Secure

Product: J/Secure e-commerce authentication solution

Company: JCB International

Shopping on the Internet has gained favor with consumers because of the added convenience it brings to buying just about anything. It also raises concerns over the safety of giving personal and financial information to faceless e-commerce merchants.

Faceless consumers can also cause problems for merchants who accept credit card payments for online transactions.

Payment providers throughout the market are racing to develop and implement systems to give their customers peace of mind and increase the integrity of their own programs.

International credit card brand JCB is the largest card issuer/acquirer in Japan with a global network that includes nearly 11 million merchants in 189 countries and territories; its almost 50 million card members live in 18 countries and territories. To help bring them all together, JCB has introduced J/Secure, its new Internet authentication program.

J/Secure technology is easy for merchants to implement and is compliant with 3-D Secure protocol. Several vendors are already on board and can provide J/Secure software; JCB said there are other vendors developing J/Secure solutions that it will carefully test and certify in the near future.

To verify the identity of the person entering the card information, J/Secure adds a password identification step to the traditional online shopping process, an important piece missing in other programs. This gives JCB cardholders and merchants a higher level of security.

JCB said J/Secure will build confidence in credit card payments on the Internet—for its cardholders and the market as a whole. Because merchants and acquirers are

also at risk where online transactions are concerned (for example due to unauthorized use of cards or third-party fraud) the additional information and level of security provided by J/Secure helps reduce losses.

JCB said it expects to support an increase in the volume of Internet sales and transactions with J/Secure, and it strongly encourages its partners to adopt the program. As part of its international growth strategy, JCB has formed alliances with more than 320 banks and financial institutions around the world to increase its merchant coverage and card member base.

JCB International

USA Headquarters
700 South Flower Street, Suite 1000
Los Angeles, Calif. 90017
213-896-3727
www.jcbinternational.com

Building Profits at the POS for Merchants and MLSs

Product: HyperWare 08A

Company: Hypercom Corp.

With all the payment options these days for retailers and their customers to take advantage of, it makes sense for merchants to be able to accept any type of payment.

It also makes sense for merchants to implement state-of-the-art technology when possible to make processing transactions safe and speedy. But who wants separate pieces of POS equipment taking up valuable counter space?

Hypercom Corp. has introduced a transaction software application that packages multiple value-added services demanded by ISOs and their merchant customers into one. It was designed to be easy to use and to help merchants increase their bottom lines.



Merchant gift and loyalty programs can be loaded beside an existing financial application on Hypercom's T7 Plus terminals enabled with the independent applications manager.



The software supports single-location, multi-merchant requirements and up to 16 card types. It is connected with more gift card and loyalty programs and more check companies than any other solution currently available.

For example, merchants who want to incorporate check conversion and authorization can choose from services offered by more than 10 providers. Also, merchant gift and loyalty programs can be loaded beside an existing financial application on Hypercom's T7 Plus or ICE 5500 Plus terminals enabled with the independent applications manager.

HyperWare 08A features a wide range of options and fast transmission speeds and gives retailers the ability to use a single terminal to accept electronic cards including gift/loyalty and pre-paid, cash payroll or government checks; and conduct age and ID verification as well as a range of additional services and applications.

The software is easy to download and integrate into current systems; there are no time-consuming adjustments to operating and terminal management systems, existing application modifications, hardware or software compatibility testing or staff-training to undertake with HyperWare 08A.

HyperWare 08A supports merchants in the retail, restaurant and electronic benefits transfer (EBT) market segments, delivering new levels of profit-building features to countertops everywhere—and to the reps who serve those merchants. ■

Hypercom Corp.

2851 W. Kathleen Road
Phoenix, Ariz. 85053
602-504-5000
www.hypercom.com

Painless...



Smooth, no hassle funding.

How Does .02699 Sound?
(Unbelievable? It's the real deal.)

Split Funding
(We guarantee payment to suppliers.)

Fastest Turn-around

Great Personal Service

Most Flexible Lease Programs



INTEGRATED
LEASING

Call Integrated Leasing for details

800-398-9701



Best
Payment Solutions

Best
Payment Solutions

Best Payment Solutions

*Your partner for
better merchant
processing*

Our focus is on your success

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.

Voted
**Best
ISO
of the
Year**

by Boston Street Magazine

npc
An NPC Company

CAREERS AREN'T BUILT BY CHANCE...

SNAP YOUR DREAMS INTO REALITY.



Comerica Merchant Services offers you a whole series of new bonus opportunities to help you earn extra money up front. You can earn up to \$6,600 in bonus dollars per year and up to \$5,000 for every major merchant you bring in.

In addition, Comerica Merchant Services also offers you many other benefits you just won't find anywhere else. For example:

- Overnight approval process
- Web-based application submission, processing, and tracking
- Guaranteed Lease Program with a 48-month factor as low as .0285
- Interchange as your Buy Rate
- 100% vested residuals from day one
- American Express® sign-up commission
- Full debit processing with 12 debit networks
- EBT processing
- Web-based merchant reporting
- An affiliation with one of the nation's leading business banks
- A dedicated relationship manager providing unparalleled agent support to help you make more money
- A 33-year history of continuous residual payments to all our sales partners! Comerica provides a safe and stable sales environment for you.

If you are looking for an exceptional, long term relationship with a rock solid Merchant Processor, call Comerica Merchant Services today and find out how you can become part of the Comerica family of sales agents.

Call Ken Stewart at 1-800-790-2670 and get started right now!

WATER COOLER WISDOM

"One resolution I have made, and try always to keep, is this: 'To rise above little things.'"

— John Burroughs



Let Your Resolutions Guide You all Year Long

The end of the year usually brings with it the urge to reflect on the events of the prior twelve months and change those things that aren't working. But most of us make outrageous promises to ourselves, often trying to change things we can't possibly hope to control. When we see that we're failing to meet our own expectations, we throw those promises out the window, usually about January 14.

Here is a list of things you can act on and change to bring positive results:

- Resolve to keep the following in mind: Yes, merchants can be annoying and demanding, but they're your merchants. Treat them consistently with respect and you will begin to see less churn in your business. Remember, they are the reason you are in business.
- Resolve to take charge of your destiny and protect

INSPIRATION ◀ ◀ ◀

your own interests. Don't sign a contract without thoroughly reading it and making sure you understand each section. Although advice from an attorney might seem expensive up front, it could end up saving you thousands of dollars and a lot of stress. Don't ever assume that all contracts are the same. You need to read each section carefully. This is your livelihood; protect it.

- Remember that the sale does not end with the signing of the contract. Make the effort to check in with your merchants and let them know you feel lucky to be working with them. If they do switch providers later on, and the customer service they receive from the new company is not on a par with the service you gave them, they will come back to you.
- Make every customer service contact an opportunity

Introducing...
Terminal Super Store
COM

The nation's leading distributor of name brand credit card terminals, accessories and supplies at discounted prices.

Our tremendous buying power allows us to pass these savings on to you, our customer. Whether you are a large office, or a small office, you will not find better prices anywhere!

Designed exclusively for the payment processing industry...

Visit our website and register for specials

www.terminalsuperstore.com

VeriFone



Institute for Payment Professionals (IPP) Seminars

Highlights: The Institute for Payment Professionals offers a series of seminars in cities around the country to disseminate critical information about the industry and provide insights that will dramatically increase your revenue potential. Additionally, a variety of industry vendors will provide both information and hands-on experience with leading-edge technologies and services. The seminars are the cornerstone of the ongoing IPP training regimen and are recommended for all members. For complete information on seminar agendas and locations, please contact IPP at www.i4pp.org

When & Where: January 14, 2004 Fort Lauderdale, Fla.
February, 2004 Los Angeles, Calif.

Registration: Visit www.i4pp.org; send e-mail to martaus@i4pp.org

National Association of Payment Professionals (NAOPP) Meeting

Highlights: The NAOPP strives to be the voice of the Merchant Level Salesperson, who knows what it's like to sell and service payment products. While existing associations are geared to product vendors and manufacturers, NAOPP was formed by MLSs for their own benefit. The meeting agenda is still in development, but is set to take place prior to the Northeast Acquirers' Association Winter Seminar and Outing. A free buffet lunch will be served.

When: February 3, 2004

Where: Grand Summit Lodge, Mt. Snow, Vt.

Registration: Visit www.naopp.com

Northeast Acquirers' Association (NEAA)

Winter Seminar and Outing

Highlights: Attendance at the NEAA meetings has grown tremendously, and this year's Winter Seminar has been expanded to include two full days. NEAA will continue to provide networking and educational opportunities for participants, including seminars and presentations on relevant industry topics, expo and cocktail reception; instead of playing in a golf tournament, go snow tubing, skiing or snowmobiling.

When: February 3 - 5, 2004

Where: Grand Summit Hotel and Conference Center, Mt. Snow, Vt.

Registration: Visit www.northeastacquirers.com; phone 603-692-2408.

to strengthen the relationships with merchants. Even though the overwhelming majority of these calls are complaints, you can use them to your advantage. By taking time to listen to the merchant, you may be able to strengthen the loyalty of that client. When you understand the problem, act on it. Follow-up to make sure that the problem is fixed and check back occasionally to make sure the merchant is not experiencing any other problems.

- Love the work you do. If you're not enjoying what you do for a living, you may be in the wrong field. No one should wake up every morning dreading the day ahead.
- Keep your sense of humor. It's easier—and better overall—to laugh about your mistakes than it is to be angry about them. You're only human, after all.
- Make a list of some of the humorous things merchants have said or done. When one of them is really upsetting you, take out your list and read it, and remind yourself that merchants are people, too.
- Keep current on the events in the financial services field. Read The Green Sheet. Read breaking news on our Web site, www.greensheet.com. Your merchants will appreciate it when you can fill them in on changes in the industry and offer them the most up-to-date equipment.

These are just a few ideas to improve the way you work—and live—over the course of the year to come.

If you haven't been introduced to the Paradoxical Commandments by Kent M. Keith, visit www.paradoxicalcommandments.com. Sometimes you have to take action, even when it seems hopeless. Sometimes the result is creating change in your own life and making a difference in the lives of everyone you come in contact with.

The Green Sheet staff wishes all of our readers a happy holiday season and a safe and prosperous New Year.

Good Selling!

Paul H. Green

SUBMIT YOUR TALES OF SALES SUCCESS

If we publish your story, we'll give you **\$100**

E-mail to: greensheet@greensheet.com

As The Competition Gets Tough- What Team Do You Want To Be On?

**Retriever's Management:
Over 100 Years of Combined Industry Experience**



Bill Higgins	President/CEO	18 yrs
Joseph Natoli	Executive VP/Director	14 yrs
Jim Oberman	Director	18 yrs
Eric Turille	COO	27 yrs
Allen Berryman	CFO	16 yrs
Russ Goebel	VP of Sales	10 yrs
Lincoln Kokaram	AVP of Sales	14 yrs
Dennis Buxbaum	AVP Leasing	12 yrs

Retriever pays \$4 Million in on time residuals and lease payouts EVERY month to our Sales Organizations.



Lease program funded by Lease Finance Group, a division of CIT.

**Call today to become a part of the leading
sales driven organization in the industry.**

800-376-3399



RESOURCE GUIDE

The Resource Guide has grown to accommodate increased interest! To add your company to our expanding listing, call 800-757-4441 today.

ATM/SCRIP ISOs LOOKING FOR AGENTS

Access ATM

(866) 874-0384

Access to Money

(888) 501-5246

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

First American Pymt Sys

(866) G04 FAPS

Group ISO

(800) 960-0135

Humboldt Merchant Services, L.P.

(877) 635-3570

Integrity Payment Systems

(888) 477-4500

National Processing Co.

(800) 672-1964 x 7684

Redwood Merchant Services

(800) 528-6661

Retriever Payment Systems

(800) 376-3399

CHECK DRAFTING SER- VICES

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

Red Check Investments

(877) 238-0415

Secur-Chex

(866) 464-3272

COMPLIANCE/PIN ENCRYPTION

INFORMATION EXCHANGE, INC.

(888) GO-INFOX

CONSULTING AND ADVISORY SERVICES

Adam Atlas Attorney at Law

(514) 842-0886

First Annapolis Consulting

(410) 855-8500

Integrity Bankcard Consultants, Inc.

(800) 816-4224

Service Dimensions, Inc.

(800) 578-3800

Strategic Mgt. Partners, LLC

(800) 886-4465

CREDIT CARD CASH ADVANCE

POS Payment Systems

(718) 548-4630

DEBIT TRANSACTION PROCESSING

Cashlane

(800) 325-2862

Global Payments, Inc.

(800) 801-9552

EFT-ACH SETTLEMENT SERVICES

Intercept Corporation

(800) 378-3328

Universal Payment Solutions

(877) 889-7500

EQUIPMENT

Abanco Intl., LLC

(866) 231-2030 x2347

BANCNET

(713) 629-0906

Bartlett Info Tech Svcs, LLC

(901) 384-6151

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

POSBUY.com

(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 Sys., Inc.

(800) 947-3156

GIFT/LOYALTY CARD PROGRAMS

POS Payment Systems

(718) 548-4630

TENDERCARD

(800) 383-8280 x202

ISO RELATIONSHIPS AVAILABLE

Abanco Intl., LLC

(866) 231-2030 x2347

AmericaOne Payment Sys

(888) 502-6374

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) G04 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.

(866) MSP-LYNK

MSI-MerchantServices, Inc.

(800) 351-2591 x9-23

NOVA Information Systems

(800) 226-9332

WELCOME TO 1-800-BANKCARD.

1-800 BankCard
powered by MSI

Instant Approvals

No Original Application or Pictures Needed

Online & Faxed Applications

Same Day Merchant Approvals

Direct 24 Hour Lease Funding via ACH

Multiple Guaranteed Leasing Programs Available

Faxed Leases No Originals Needed

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


Plus these other great features

- 1.49% 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

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 Leasing Finance Group, Provident Bank of Cincinnati, Ohio

**Partner-America.com**

(800) 366-1388

Total Merchant Services

(888) 84-TOTAL x 315

United Bank Card (UBC)

(800) 201-0461

ISOS/BANKS PURCHASING ATM PORTFOLIOS**FTI**

(866) 450-9815 x22

Nationwide Automated**Systems, Inc.**

(818) 716-6790

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.

(416) 847-4477

NOVA Information Systems

(800) 226-9332

PaySystems Corporation

(514) 227-6894 x407

Southwest Financial Services, Inc.

(800) 841-0090

Total Merchant Services

(888) 84-TOTAL x 315

ISOs LOOKING FOR AGENTS**Abanco Intl., LLC**

(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

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) 604-FAPS

First Card Merchant Services

(800) 404-9118

FMBS

(800) 966-5641

Innovative Merchant**Solutions**

(800) 397-0707

Merchant Processing Inc.

(800) 605-5581 x7791

MSI-MerchantServices, Inc.

(800) 537-8741 x9-12

National Processing Co.

(800) 672-1964 x7655

Netcom Data Southern Corp.

(800) 875-6680

Preferred Card Services, Inc.

(800) 656-0077 x16

Signature Card Services

(888) 334-2284

Total Merchant Services

(888) 84-TOTAL x 315

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

LEADS GENERATORS**Hot Leads Xpress**

(866) 244-2593

LEASING**Abanco Intl., LLC**

(866) 231-2030 x2347

ABCLeasing

(877) 222-9929

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

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

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

NOVA Information Systems

(800) 226-9332

Paymentech

(888) 849-8980

REAL-TIME CHECK / CREDIT CARD PROCESSING**E-Commerce Exchange**

(800) 748-6318

eProcessingNetwork.com

(800) 971-0997

USAePay.com

(866) USAePay (872-3729)



Jimmy couldn't handle
the residuals from
PaySystems
can you ???

Become a PaySystems Agent Today!

**Helping You Grow Your Business With Payment Processing Solutions
for POS, Internet and MOTO Merchants:**

- Unlimited signing bonuses*
- Guaranteed lowest buy rates & highest payouts
- Liberal underwriting criteria
(high risk and offshore merchants welcome)
- Same day account setup and activation
- Real-time residuals reporting
- Dedicated, professional agent support
- Marketing programs
- Credit and debit card processing
- Gift & loyalty cards
- Check conversion & guarantee
- Leasing & equipment sales
- Dedicated relationship manager
- Business development initiatives

***Call now for more details!**

PaySystems is a premier payment processor that offers complete and innovative payment solutions to merchants worldwide. With over 200 employees and offices in the US, Canada, Germany and the UK, we are committed to ensuring the ongoing success and profitability of our agents.

**Call Patrick Huynh, Director of Agent/ISO Program, today
to learn more:**

1.866.467.2688





INDEX TO ADVERTISERS:

ABANCO International	63
ACCPA	46
Advanced Payment Services	73
AmericaOne Payment Systems	9
ATMIA	70
Authorize.net	20
Axalto	72
Bancnet Corporation	30
Barclay Square Leasing	8
Best Payment Solutions	77
BUDGET Terminals & Repair	12
Business Payment Systems	68
Central Bancard	64
Charge Card Systems	42
Comerica Bank	78
Comstar Interactive	52
CrossCheck	43
Cynergy Data	67
E-Chex	65
Electronic Data Resources	69
Electronic Payment Systems	55
Electronic Payment Systems II	14
EVO Payment Systems	40, 41
EZCheck	33
First American Payment Systems	74
Frontline Processing	35
FTI	66
General Credit Forms	22
Global Electronic Technology	11
Global eTelecom	56
Hypercom	88
Humboldt Merchant Services	58
Integrated Leasing	76
IRN/PartnerAmerica	51
Institute for Payment Professionals	39
JR's P.O.S. Depot	10
Lipman USA	15
Lynk Systems, Inc.	59
Lynk Systems Inc. II	53
Merchant Processing Incorporated	28
MSI-NJ	26
MSI-NJ 1-800-BankCard	83
Nationwide Check Services	47
Nationwide Payment Solutions	25
North American Bancard	7
Northern Leasing	49
NOVA Information Systems	31
NPC	13
Payment Option Solutions	18
Paysystems Corp.	85
Plug 'n' Pay	60
POSBUY.COM	37
Retriever Payment Systems	81
Secure Payment Systems	61
Signature Card Services	36
Star Systems	57
TASQ Technology	87
Terminal Superstore	79
Thales e-Transactions	2
The Phoenix Group	19, 21, 23
Total Merchant Services	44, 45
United Bank Card	24
United Merchant Services	71
Vision Payment Solutions	32
Vital Merchant Services	29

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



- Have You Moved?
- Do You Have a Correction to our Database?

Visit www.greensheet.com and complete the convenient form.

GSQ BACK ISSUES ONLY \$1.45*



order at greensheet.com/gsq

* Subject to availability, plus shipping

TO DO LIST

TASQ	YOU
✓ FORECAST SUPPLY DEMAND	✓ CASH REVENUE SHARE CHECK
✓ CARRY INVENTORY	
✓ TAKE CALL	
✓ SEND OFFER	
✓ PROVIDE REPORTING	
✓ COLLECT FROM MERCHANT	
✓ SEND REVENUE SHARE CHECK	



**All you do is profit;
we do everything else!**

They're your customers so why not get more of every transaction? Get their supply sale and a stake in every receipt.

We operate a full-service merchant supply desk with fast and courteous service, cost-effective pricing, simple billing and easy order tracking. You determine what you want to charge your merchants and you keep the difference.*

**Make sure their paper
trail leads to you!**

(800) 827-8297

TASQ[®]

1 8 0 0 8 2 7 8 2 9 7

© 2003 TASQ Technology, Inc.

*Minimum merchant sales required. Call to see if you qualify for income share model.

SCORE A BULLS-EYE EVERY TIME.

Never miss your target customers with TASQ's Discounted Equipment Rental Program.

All you have to do is get a merchant ID, and we will **GUARANTEE** the rental. It's that easy!

Now merchants who can't qualify for a lease or afford to purchase point-of-sale equipment can rent on a monthly basis.

You score \$30 - \$60 per merchant approved!

- ✓ fast and easy application
- ✓ no lease agreement or approvals
- ✓ little or no credit, no problem*
- ✓ merchants set up fast with little investment
- ✓ monthly rentals as low as \$10
- ✓ 6 to 18 month rental options available

Limited time offer so call today
for rates and details!

(800) 827-8297

*Acceptance of a merchant account will require a Merchant ID from your processor.



TASQ[®]
TECHNOLOGY

© 2003 TASQ Technology, Inc.



HyperWare®

The payment industry's
most powerful, full-featured,
terminal software applications

MULTI-FUNCTION FEATURES

Multi-function Applications Support:

- Retail
 - Restaurant
 - Healthcare
 - Lodging
 - C-Store/Petro
 - QSR
 - EBT
- Handles up to 16 different merchants simultaneously
 - Split dial up to 8 different hosts with 16 supported card types
 - Meets requirements for secure, PIN-based debit transactions
 - American Express PIP functionality

\$ PROVIDE REVENUE GENERATING OPPORTUNITIES \$

Check Conversion/Authorization:

- Certegy
- Cross Check
- Global e-Telecom
- NCN
- Secure Payment Systems
- CheckCare
- Electrocheck
- Nationwide
- Payment Options Solutions
- Telecheck ECA

Gift and Loyalty:

- Datamark
- Stored Value Systems
- Smart Transaction Systems
- Transaction Payment Systems
- Tendercard
- ValueLink
- Valutec

Certified by:

- Bank of America
- Fifth/Third Bank
- Global Payments
- NOVA
- Paymentech
- ConcordEFS
- First Data
- Lynk
- NPC
- Vital

...and other major processors



www.hypercom.com

innovation. results. leadership.