Inside This Issue:

Merchant Cash Advances Open Doors

A hot trend in auxiliary products in the financial services industry and a hotly debated topic among ISOs and merchant level salespeople (MLSs) on GS Online's MLS Forum, is the concept of offering merchants cash advances based on their future credit card sales.

The merchant cash advance industry is growing at an astonishing clip. Some critics say this growth is because traditional banks are not meeting the needs of small businesses that might have few material assets but healthy receivables, mostly pledged through credit card debt.

But understanding this adolescent industry can be something of a quagmire. Merchants want to know how it works and what it will mean for them. Each cash provider offers its own terms, both to merchants and to ISOs and MLSs selling its program to merchants.

The industry is not regulated. There isn't even consensus on what to call the product, except that it is most definitely *not* a loan.

"This product is unique," said Glenn Goldman, Chief Executive Officer of AdvanceMe Inc. "It's a purchase and sale, not a loan, so we have to use specific language consistent with a purchase and sale, like retrieval rate and discount rate instead of interest rate. It is more like factoring but of a sale that has not yet happened."

A cash advance provider gives merchants the money up front. In exchange, merchants agree to pay back the principal, and usually a rather hefty fee, by giving the company an agreed percentage of their credit card sales until their balance is zero.

Merchants must use the providers' credit card processor because the advance is paid back automatically as a percentage of each batch's proceeds.

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

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Produced and Printed in the U.S.

NotableQuote

"I spend a lot of hours preparing for large merchants: RFPs, spreadsheets, presentations. I like nothing better than to meet some hard-nosed CPA sitting across from me who thinks I am a dumb blonde. Let the battle begin!"

Inside This Issue:
CONTINUED

NewProducts

CompanyProfile

IDology Group LLC

Inspiration

Departments

Miscellaneous

The Green Sheet

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

President and CEO
Paul H. Green..paul@greensheet.com

CFO/Vice President Human Resources & Accounting:
Brandee Cummins ....brandee@greensheet.com

General Manager and Chief Operating Officer:
Kate Gillespie ....kate@greensheet.com

Editor:
Karen Converse ....karen@greensheet.com

Feature Editor:
Juliette Campeau.. juliec@greensheet.com

Contributing Editor:
Patti Murphy ....patti@greensheet.com

Staff Writers:
Sue Luse... sue@greensheet.com
Lisa Mann ....lisa@greensheet.com

Jr. Staff Writer:
Josh Sisco..joshs@greensheet.com

Art Director:
Troy Vera .... troy@greensheet.com

Advertising Sales:
Danielle Thorpe, Advertising Sales Director ....danielle@greensheet.com
Rita Francis, Account Executive .... rita@greensheet.com
Sarah Zisman, Sales Support...................................sarah@greensheet.com

Production:
Lewis Kimble, Production Assistant............................ lewisk@greensheet.com
Kelly Stewart, Production Support............................... kelly@greensheet.com

Correspondence:
The Green Sheet, Inc.
800-757-4441 • Fax: 707-586-4747
6145 State Farm Drive, Rohnert Park, CA 94928
Send your Questions,
Comments and Feedback to.............................. greensheet@greensheet.com

Send Press Releases to .... press@greensheet.com
NOTE – Please do not send PDF versions of press releases.

Print Production:
Hudson Printing Company

Contributing Writers:
Patty Colby...patty_colby@verifone.com
Nancy Drexler and Sam Neuman .... nancyd@cynergydata.com
Michael Nardy .... mike@elecpayments.com
David H. Press ....dhp@integritybankcard.com
Peter Scharnell ....peter.scharnell@exsprocessing.com

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Sarcasm Sells

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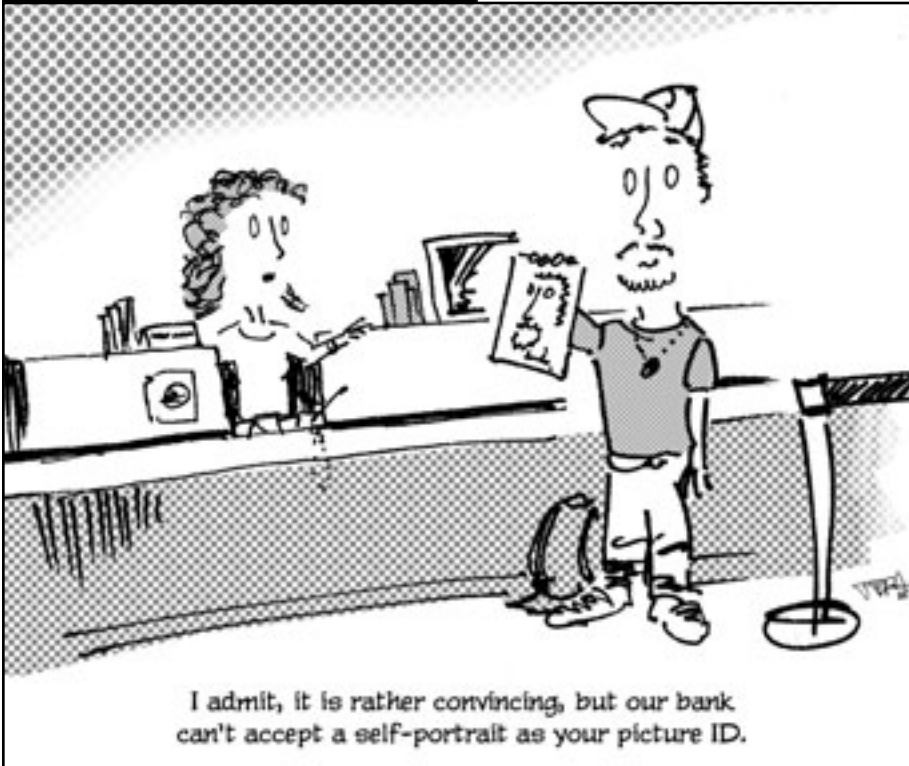
The Word "Secure"

The Green Sheet is a well-known and respected publication serving the financial industry; consequently, I believe, you need to be careful when using words like "secure" when describing products and services ["Merchants Draw a Card for Fast, Secure Transactions," New Products, The Green Sheet, July 25, 2005, issue 05:07:02].

The card Associations have clearly defined what is required of vendors to deliver a "secure" application or provide a "secure" service. These definitions are available on the Associations' Web sites and from security vendors.

The standard for service providers is now called Payment Card Industry (PCI) [Data Security Standard] and the standard for software products is called Payment Application Best Practices (PABP).

TPI Software takes security very seriously and has gone to great expense in terms of time and money to ensure that our products meet the card Associations' rigorous security requirements.

In fact, TPI's SmartPayments software products were one of the first software products to be PABP-certified. The Green Sheet describes the "new product" as "secure" in the title, yet this product is not listed

as a certified application, and no mention of the card Association security standards are made in the article.

Given the importance of security in our industry and the fact that the Associations have now clearly defined what is expected from vendors serving this industry, I think publications like The Green Sheet should establish industry standards when describing products and services.

They should, when applicable, indicate if the product or service has been certified, and should only say a product is "secure" if it has been "certified" according to the Association requirements.

I would even go so far as to say that the statement "we are in the process of getting certification" should be treated as NO, they are not certified, since some companies have been "in the process of getting certified" for as long as they have been in existence.

Bill Pittman, President
TPI Software LLC

Where to Turn?

I have a client that recently changed over to us from another company. He had seven months left on his three-year contract. My client called the company before he was set up (or signed paperwork) and asked what the buyout would be, and he was told it was $250; instead they took $7,000. Of course, the company never contacted my client; it just took the money and said he can get it back by signing another three-year agreement! Where can we go with this?

D. P.
Heartland Payment Systems Inc.

D.P.:

I suggest that your client contact an attorney. Otherwise, his choices are to file a complaint with the Attorney General, the Federal Trade Commission and/or the Better Business Bureau.

Editor

FREE!

Premium Solution
OMNI 3750
Dual comm & Smart Card
ready terminal

Plus FREE PIN PAD!

FREE!

Check Solution
OMNI 3750 w/cr1000i
Includes stacker and cables
Dual comm & Smart Card ready

Plus FREE PIN PAD!

FREE!

Wireless Solution
Way System
Hand Held, Wireless, Smart
Card enabled terminal

QSGS

YOUR NEWS IN A HURRY ||||||||||||||||||||||||||||||||||||||||

Short on time? This section of The Green Sheet provides a quick summary of nearly all the articles in this issue to help keep you up to date on the latest news and hot topics in the payments industry.

Cover Story

Merchant Cash Advances Open Doors

A hot trend in auxiliary products in the financial services industry and a hotly debated topic among ISOs and merchant level salespeople (MLSs) on GS Online's MLS Forum, is the concept of offering merchants cash advances based on their future credit card sales.

● **Page 1**

Feature

AgenTalk℠: Cynthia Maiorano – Selling With a Full Arsenal

Cynthia Maiorano of Cherry Hill, N.J. is an MLS for Business Payment Systems. In an interview with The Green Sheet, Maiorano discusses the importance of doing one's homework, setting goals and being prepared to offer anything a merchant may need.

● **Page 24**

Feature

As Processors Merge, the Industry Holds Its Breath

From ATMmarketplace.com . Over the past couple decades, mergers and acquisitions have rocked the U.S. business landscape. In the ATM space, those deals have involved more than just financial institutions, ISOs and manufacturers; they also have involved third-party transaction processors.

● **Page 34**

News

Trade Groups Sue Visa, MasterCard and Banks Over Interchange; Merchant Lawsuits May Consolidate

Four trade groups filed an antitrust class action lawsuit against Visa U.S.A., MasterCard Inc. and member banks. Their complaint is that the card Associations engage in price fixing and other practices that stifle competition. The allegation has become a familiar one.

● **Page 38**

News

MasterCard IPO May Raise $2.45 Billion

MasterCard filed a registration statement with the SEC on Sept. 15, 2005. It may raise up to $2.45 billion in an initial public offering (IPO) of its Class A common stock. The stock is expected to trade on the New York Stock Exchange under the symbol MA.

● **Page 40**

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News

Fed Advises on Handling Hurricane-Damaged Checks

Polluted floodwaters resulting from Hurricane Katrina created the potential for contaminated or damaged paper checks stored in ATMs and banks. The Federal Reserve offered guidance on ways to remove contaminated paper checks from the check processing system.

Page 40

Book Review

Forget the Presentation, Deliver a Prime Solution Instead

Making a presentation is as much a part of the selling process as cold calling, following up and closing. Merchants seem interested, so you follow up a few days later but alas, no sale. What's the problem? According to Jeff Thull, author of "The Prime Solution," the problem is the presentation.

Page 56

View

Selling a POS Risk Prevention Solution

Merchants suffer the most from fraudulent use of credit cards. They usually must absorb both the cost of the actual chargebacks along with fees for processing those chargebacks. MLSs have the opportunity to arm merchants with tools to catch this type of fraud before it happens.

Page 52

News

CyberSource to Acquire CardSystems

CyberSource Corp., a provider of electronic payment and risk management solutions to e-commerce merchants, announced on Sept. 23, 2005 plans to acquire all the assets of third-party processor CardSystems Solutions Inc.

Page 62

DOES YOUR BUSINESS NEED A LIFT?

There's no faster way to raise your bottom line than partnering with Innovative Merchant Solutions (IMS), a wholly-owned subsidiary of Intuit. With 2.6 million small businesses running their offices on QuickBooks, your financial growth will soon reach new heights.

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Industry**Update**

NEWS

New $10 Bill Coming in 2006

Following the redesigned $20 and $50 bills, the $10 bill is the next denomination in the new currency series that the **U.S. Treasury** will issue. The redesigned $10 note includes a security thread, watermark and color-shifting ink. The design also includes subtle background colors and symbols of freedom. The agency will issue the note in early 2006.

Triton Resumes ATM Shipments

Nearly two weeks after Hurricane Katrina hit the Mississippi Gulf Coast, ATM manufacturer **Triton** began its first full day open for business at both of its Long Beach, Miss. facilities.

Triton facilities received minor structural damage, and the company has restored working conditions and operations. Triton is now focused on restoring all services to customers.

E-commerce Predicted to Exceed $1 Trillion by 2012

Leadpile.com predicted that e-commerce sales will exceed $1 trillion by 2012. The company states that e-commerce sales have the potential to make up 25% of all sales in the nation by 2012, owing in part to a new "Younger Super Internet Consumer."

Consumers Insist FIs Protect Privacy, Survey Finds

Financial institutions (FIs) will face consumer repercussions if they suffer a security breach, according to the "2005 **EDS** Financial Services Privacy and Customer Relationship Management Survey." The survey indicates that 30% of consumers will close all accounts if their personal information is compromised. When asked how FIs could gain further trust, 83% said banks must obtain customer permission prior to releasing personal information; 67% said banks must inform customers what information they share and with whom; and 59% said banks must provide ongoing information on measures taken to increase security.

Credit Reporting Agencies Coordinate Standards

The three national credit reporting bureaus, **Equifax**, **Experian** and **TransUnion,** announced a cooperative effort to adopt coordinated encryption standards to ensure the protection of sensitive consumer data when transmitted between data furnishers and credit reporting companies. The three also established an ongoing encryption task force to ensure that the adopted standards reflect the continuing progress of technologies and methods.

Visa Launches New Brand

Visa International announced the use of Visa Commercial

BOTTOM LINES
HEADLINES FROM THE RETAIL WORLD

- **Consumer Confidence** dropped nearly 20% in September, according to The Conference Board's Consumer Confidence Index. The decrease is attributed to Hurricane Katrina and record gas prices.

- Consumers are expected to spend $3.29 billion on **Halloween** this year, up 5.4% from $3.12 billion in 2004, The **National Retail Federation's** 2005 Halloween Consumer Intentions and Actions Survey, conducted by BIGresearch, found.

- Seattle-based department store **Nordstrom Inc.** plans to open as many as six new locations in Southern California over the next several years. The new store plans are the result of the **Federated Department Stores Inc.** purchase of **May Department Stores Co**.

as a distinct brand in its portfolio to represent Visa's global payment products and information management services division geared toward businesses and government. As part of the launch of the new brand, Visa developed a new Visa Commercial brand mark for use in all corporate and regional identification and marketing communications.

CFSI Announces Grant Awards; Accepting Applications for Funding

The Center for Financial Services Innovation (CFSI) recently offered grants to three nonprofit organizations: Appleseed Foundation, Central Vermont Community Action Council and Urban Insurance Partners Institute. CFSI is still accepting applications for investment in for-profit companies. For more information on the investment and grant program, visit www.cfsinnovation.com/investment.php .

ANNOUNCEMENTS

CardLogix Joins SCA Leadership Council

Smart card manufacturer **CardLogix** joined the Leadership Council of the **Smart Card Alliance**. A general member since 2003, CardLogix now takes a larger role in shaping alliance policy and activities. CardLogix is also a member of the Alliance's Healthcare Council and its Secure Personal ID Task Force.

CheckFree Achieves SWIFT Accreditation

CheckFree Software has been awarded the SWIFTReady corporate actions label for CheckFree eVent, the company's automated workflow solution for corporate actions. **SWIFT** is an industry-owned cooperative supplying secure, standardized messaging services and interface software to more than 7,800 FIs in over 200 countries.

Critical Watch Approved

Critical Watch's FusionVM Enterprise Vulnerability Management solution successfully completed compliance testing under **MasterCard International**'s Site Data Protection Program. This validates and approves FusionVM as a compliant scanning vendor for organizations seeking compliance under the Payment Card Industry (PCI) Data Security Standard.

ICE Adds ISO Partner

International Card Establishment Inc. (ICE) enrolled an additional ISO in its ISO Rep Program by entering into an exclusive agreement for all the ISO's credit card processing requirements. The agreement with the unnamed California-based ISO represents the fifth new member of its ISO Rep Program. It is

Is The Payment Gateway You Resell All It Can Be?

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Support

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Robustness	+ Automated Recurring Billing + eCheck.Net® + Fraud Detection Suite + Card Present Capabilities	✔	?
Security	+ CISP & SDP Certified + Stable and Solid + Industry Leading Anti-DDoS Solutions	✔	?
Reliability	+ Competitive Buy Rates + Reliable Residual Payments	✔	?
Support	+ Free Merchant and Reseller Support + Extensive Third-Party Support + Dedicated Account Management	✔	?

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the largest ISO that ICE has signed to date. This ISO should immediately increase the company's new merchant account applications by approximately 40% on a monthly basis.

Evacuees Receive Free Bank Accounts and Debit Cards

The company **indiGOCARD** is providing free instant bank accounts and debit cards to Hurricane Katrina evacuees with no application fees or bank service fees attached. IndiGOCARD's services are available to any Katrina evacuee at any location throughout the nation. Hurricane evacuees apply by calling indiGOCARD customer service at 888-463-4469. Once evacuees become established, they can continue banking with indiGOCARD or choose other options.

PARTNERSHIPS

Aliant Selects Morgan Beaumont

Aliant Financial Services Inc. named **Morgan Beaumont Inc.** as its exclusive provider of stored value/debit card retail merchant prospects. Aliant is a registered ISO of JPMorgan Chase Bank. Aliant will be the transaction processing provider to Morgan Beaumont's network

of approved retail merchant customers that selected Aliant as their provider of equipment and services. Each merchant will also receive an initial order of Morgan Beaumont stored value debit cards.

Coinamatic Selects Hypercom

Coinamatic, Canada's largest multihousing laundry route operator, agreed to purchase **Hypercom Corp.'s** new T7Plus credit/debit card terminals for use with its SmartCity smart card platform. SmartCity is Canada's largest reloadable smart card system. The agreement marks the first use of Hypercom's terminals on **Moneris Solutions**' network, Canada's largest debit and credit card transaction processing system. It is also the first time the T7Plus terminal received security certification from the **Interac Association** that governs Canada's national debit service.

Maverick Partners With MagTek

Maverick International partnered with **MagTek Inc.** to offer a series of imaging solutions. Maverick interfaced its Simple Image and OXBO software with MagTek's Excella, a MICR check reader and dual-sided scanner. OXBO allows for check and document scanning, MICR read and repair, cash detail reports, DVD/CD archival, networking, and database administration.

HSBC Offers PayPass

HSBC Bank USA N.A. began issuing new debit cards that feature **MasterCard** PayPass contactless payment technology. The bank expects to issue approximately 1 million cards through the end of 2005. HSBC will be the first bank to completely reissue its debit cards to include PayPass.

Metris to Issue Discover Card

Metris Companies Inc. and **Discover Financial Services LLC** signed an agreement under which Metris will launch a new credit card on the Discover Network. Metris is the 11th-largest bankcard issuer in the United States. Metris subsidiary Direct Merchants Credit Card Bank N.A. will issue the card, which will be available by the end of 2005.

Official Payments to Provide Electronic Payments to Virginia Beach

The city of **Virginia Beach** authorized **Official Payments Corp.** to process electronic credit and debit card payments for personal and real estate property taxes, utilities and parking ticket obligations. Virginia Beach residents may make payments online or via phone.

Paradata Systems Partners With AmbironTrustWave

Paradata Systems Inc. partnered with **AmbironTrustWave**

IndustryUpdate

to offer security advisory services for Internet merchants to ensure that their systems meet PCI Security standards. Paradata now offers AmbironTrustWave security and compliance products and services to merchants of all sizes.

RDM Joins P&H Storefront Program

RDM Corp. joined **P&H Solutions'** Storefront program. P&H Solutions will integrate RDM's Image and Transaction Management System (ITMS) into its Web Cash Manager Suite to provide a check electronification solution that encompasses both accounts receivable and Check 21 capabilities. ITMS is a Web-based check processing service that facilitates the electronic deposit and settlement of payments received by check.

Transmodus Partners With iTransact

Transmodus signed an agreement to provide **iTransact** with automated secondary collections as part of the iTransact Payment Solutions Gateway. The on-demand functionality will provide iTransact clients with the option to use bilingual automated collections processing as a precursor to conventional in-house or out-sourced collections. The service applies to collections for returned checks, past due bills and unpaid balances.

Credit Union Selects Princeton eCom

Space Coast Credit Union chose **Princeton eCom** to provide its PayAnyone solution to process payments for the credit union's online banking service. The costs of handling claims will be reduced through Princeton eCom's Real-time Digital Scanline that validates billing information as the payor enters the data.

VeriFone and McAfee Deliver Antivirus Solution

VeriFone and **McAfee Inc**. released McAfee VirusScan Mobile for Verix virus protection for the POS. McAfee VirusScan Mobile for Verix will provide real-time monitoring and attack pattern update services for VeriFone Internet-connected payment solutions at the POS. The virus protection software is currently offered on the Omni 3750 Ethernet-enabled payment solution. It will be available on all Internet protocol-enabled systems using the Verix and Verix V operating systems in the future.

U.S. Airline Signs Agreement With Western Union

American Airlines signed an agreement with **Western Union Financial Services Inc.,** a subsidiary of First Data Corp., to accept payment for airfare in cash at more than 46,000 United States-based Western Union locations after tickets are reserved online at www.aa.com or by phone with American Airlines reservation representatives. The service is available for a Western Union service fee of $14.95.

ACQUISITIONS

Radiant to Acquire MenuLink

Radiant Systems Inc. plans to acquire **MenuLink Computer Solutions Inc.,** supplier of back-office software for the hospitality industry. The acquisition is expected to close early fourth quarter of 2005.

TNB Buys Credit Card Program

TNB Card Services purchased the credit card portfolio of **Sterlent Credit Union** and will operate the card programs through its agent issuer organization. This latest acquisition brings the number of portfolios that TNB has bought since it began the agent card-issuing program in late 2002 to nearly 70.

APPOINTMENTS

Global Payments Appoints Abruzzio

Global Payments Inc. appointed **Tony Abruzzio** to Vice President of U.S. Merchant Product Solutions. Abruzzio

most recently served as Senior Vice President and General Manager for VeriFone. Previously he spent six years as Executive Vice President and General Manager with GO Software. He currently serves as Chairman of the Technology Committee for the Electronic Transactions Association; he has also been a member of The Green Sheet Advisory Board.

First Data Names CTO

First Data named **David Dibble** its Chief Technology Officer. Prior to joining First Data, Dibble served as Managing Director in the JPMorgan Chase technology organization.

Hypercom Names Handley VP

Hypercom appointed **Diane M. Handley** to Vice President of Global Human Resources. Handley has more than 20 years of business experience in human resource management; she had been serving as Manager of Compensation and Training.

Immediately prior to joining Hypercom, Handley was Manager of Pension Plans at CSX Corp. Prior to this, she served as Compensation Consultant at Pinnacle West Capital Corp.

Abanco Announces New Senior Executive

Abanco International LLC appointed **Marty Skolnick** to Chief Operating Officer and Vice President, Operations. Among his duties is overseeing the ISO/agent team. He brings more than 20 years of operations and client services experience.

Serving most recently as Executive Vice President at Concord Payment Systems, Skolnick directed operations, finance, human resources, client services, IT and the independent sales office. Prior to Concord, he served as Director, POS Services at IGT Services Inc. and held various positions with Global Payment Systems.

Weber Takes Over as Pago CEO

Dr. Markus Weber was named Chief Executive Officer of **Pago eTransaction Services GmbH**. From 2000 until his move to Pago, Weber was a Director for Corporate Development at the Deutsche Bank.

He became Chief Financial Officer of Pago in 2001 and has since been responsible for Finance, Operations, IT and Risk Management Services. Weber takes over as CEO thereby adding Product Management, Customer Care, Sales and Marketing to his responsibilities.

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Selling With a Full Arsenal

Cynthia Maiorano of Cherry Hill, N.J. is a merchant level salesperson (MLS) for Business Payment Systems (BPS). Experience has taught her that preparation makes all the difference, especially for landing the big clients. In the following interview, Maiorano discusses the importance of doing one's homework, setting goals and being prepared to offer anything a merchant may need.

The Green Sheet: What brought you into the merchant services business?

Cynthia Maiorano: I have been doing this for four years. I was looking for something that would keep me active and connected with the business world.

I am a retired accountant; I was burned out [from] long hours and boredom. I woke up one morning, my children were grown, and I could not recall how I lived the dash. The dash is the time when you are born and the time you leave this earth. It's basically how you live your life. My father was a great salesman; he always told me success is how you live the dash.

GS: Was sales a natural transition for you?

CM: [I remember] watching my father who was a food broker. He would close huge accounts: Gerber, Clorox, Procter & Gamble. We were very close, and I was always amazed how well he did. I guess some of that rubbed off on me. My mother was Vice President of Avon Products. I came from a sales household.

GS: What is your experience with agent training?

CM: BPS does such an extensive training program for any new rep that comes with them. I run into people on the street that are selling for other [companies], and they are not trained; they are not educated.

The very first thing that happened was learning how to read [merchant] credit card statements. [BPS] put me through extensive training here by giving me different statements every day. I had to prepare what I thought was a good comparison for this merchant. They would show me what I was doing right and wrong.

After about six to eight months, I had it down pretty pat. The number one thing is reading a statement, being able to understand all the mids and nons and interchange … Once you understand it you can back into almost anything.

Out of my office in Cherry Hill when new people come in, they ride with those of us who are more experienced to get a feel for the industry: what should and shouldn't be said, how to open and close.

This is a very competitive arena, and if [MLSs] are not trained they will not survive the industry. This is not the school of hard knocks. Your company must stand behind you and give you the sales support that you need to be the best.

GS: What criteria should MLSs consider when choosing an ISO/processor?

CM: If I was an independent agent, if I was going out there to find a processor, the very first thing I think I would look for is stability: How long have they been a business? Then I would read about the company and

TOP 10

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4 Portfolio Lending -
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5 Common Sense Underwriting -
Eliminate unnecessary paperwork and procedures- 95% approved same day with a faxed application.

6 Online Systems -
Our proprietary systems allow instant access and technologically advanced sales tools.

7 Guaranteed Leasing -
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8 Marketing Free Leads -
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10 Cash Advance Program -
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talk to other people who have been with the company. You want a solid reputation, someone that will pay you on time.

If you call, there is a live person [and] they give great customer service. There is nothing more frustrating than trying to call and getting a recording.

GS: How do you generate leads?

CM: We have through BPS many people setting appointments. They are strictly on the phone all day long. They are the appointment setters. Not everybody likes that. There are a lot of reps that want to do cold calling and generate their own business.

I particularly don't like to do that. I'm a bit older now and not made for pounding the sidewalks. This way they know I'm coming, so they're prepared for when I walk in the door. I still get surprises, believe me, but it's better than not knowing at all.

GS: What types of clients do you prefer to work with?

CM: I prefer larger corporate clients … Larger accounts for me are a piece of cake. I like nothing better than to

sit across from a Controller, CFO or Chairman of the Board. They approach things from a more business-oriented aspect.

GS: Merchants are savvier now about credit card processing. How does this affect MLSs?

CM: That is the biggest thing that we as reps have to look at. It's a plastic market. There's a large restaurant chain in [my] area that's running 93% credit cards. Plastic is just overall what's paying for the industry. People now have to become somewhat savvy with their credit card processing.

You have to be prepared to answer [questions from] this new type of merchant that's out there. You really need to have [everything] in a row and if not, that merchant is going to move somewhere else, to someone that's more knowledgeable because they've become more knowledgeable.

GS: What special methods do you use to close a sale?

CM: I tell it like it is. If I cannot save clients money, I will tell them. If I can, I will show them how with every tool I have, proposals, spreadsheets, etc. I tailor each

AgenTalk

> **"There are things happening in this market that I have never seen before. A major food supplier, who supplies 80% of the restaurants, now [offers] credit card processing. They make deals that say 'If you buy your food with us and we do your credit card processing, we'll deduct 2% off the total bill for the year.'"**
>
> – Cynthia Maiorano

call to meet with that client's industry and standards. My appointments will keep me in one specific area at a time. Let's say I'm in the South Jersey area. I'll look at my appointments a week earlier, and if I don't see anything big that I am aware of, I will definitely go online.

I may call and ask preliminary questions so that I am more prepared. But with my large clients, those doing over $10 million a year … I spend months preparing. I do spreadsheets; I do analytical work. And when I go for that final appointment, I am very well prepared.

GS: How do you explain interchange rates to prospects?

CM: I deal with large colleges, the hotel industry and large restaurant chains. They are well versed on interchange. If they are not I will sit down with them with the [Electronic Transactions Association] charts, and we look at the rates together. I explain from point A to point Z. It makes your job easier if the merchant understands.

GS: Why is it important to have a full arsenal of products to offer merchants?

CM: Gift cards, ATMs, check programs, prepaid programs, Web design … the list goes on and on. I truly use every product I have available to me to keep the merchant in place and [for] one-stop shopping. If you don't have them, you're not going to hold your customer. If I go out and sell a restaurant credit card processing because I'm saving them $0.10 a transaction, then Mr. X comes along and beats my rates and has the gift card program they need, he will get the deal.

GS: Do you set goals for yourself?

CM: I am a goal achiever, a goal setter, and I look at my credit card processing and sales ability as I set goals for myself. My very first residual check was $1.47, and my residuals now are up in the thousands per month. So I set goals for myself. I started out [with] "maybe

I can write five deals a month, then maybe I can do eight, then maybe 10." Now I am up to my goal of 25 deals a month, but if I fall into the 20 range or the teen range, I'm not upset. I just say "Next month is another month." The beautiful part of this business is that most of the goals are set by yourself, and I feel that people need to be goal oriented. If you don't have goals, then you are not productive.

GS: What is your business philosophy?

CM: Everyone you meet is a potential customer. Having customer service that would knock your socks off and not being greedy. No overkill or you will not keep that merchant for long.

GS: What do you mean by overkill?

CM: There are people, no matter what the ISO, that sell at very high rates. My philosophy is that the person selling at, for example $2.05 – $0.25 on a retail swipe, is going to lose that client within three months. They may sign them, but they will lose them. The reason is that there are people like me out there that will sell for 10 points above buy rate, and I'm not going to kill that client. I use what I call "kindness selling." People will laugh and say what's that?

Kindness selling is if I was that merchant, what would I be willing to pay above and beyond the cost?

GS: What do you think about cardholder data security?

CM: Our job is to set up credit card processing by the terms and conditions set forth by the processor. NPC [BPS' processing partner] has many policies that are in place and must be completed in order to get your merchant up and running. These policies protect the merchant, you and the processor. I feel that every agent should have to [attend] some form of workshop yearly on industry changes and updates.

GS: What is the most noticeable change in the industry since you started?

CM: There are things happening in this market that I have never seen before. A major food supplier, who supplies 80% of the restaurants, now [offers] credit card processing. They make deals that say "If you buy your food with us and we do your credit card processing, we'll deduct 2% off the total bill for the year."

You can't compete with stuff like this. There is no way. I don't have anything to give them. I had already gone rock

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bottom on my interchange rate, and there was nothing left for me to give. At that point I threw my hands up in the air and said, "Good luck, keep me in mind."

GS: Describe a typical day in your life.

CM: I work five days a week. Mondays and Fridays are office days needed to do proposals, updates and general paperwork. I am on the road, booked every hour, Tuesday through Thursday. I try to stop my day at 4:00 p.m. or so, but I am connected to my cell phone if a client needs me.

MapQuest.com is a big part of my life. I spend a lot of hours preparing for large merchants: RFPs, spreadsheets, presentations. I like nothing better than to meet some hard-nosed CPA sitting across from me who thinks I am a dumb blonde. Let the battle begin!

GS: How has The Green Sheet helped you?

CM: It tells you exactly what is going on in our industry. It opens up employment for those in search. It puts new products out. It's the ISO's survival tool.

GS: What are your career goals?

CM: I have some good years left. I love what I do, [although] sometimes it is very frustrating, but I get over that quickly. I want to build my portfolio. It is like a huge chess game, but you reap the monetary rewards.

GS: Are you satisfied with your progress so far?

CM: I still have room for growth, and BPS Worldwide helps me with this growth every day. They have my back. But, yes, I am very happy.

I am somewhat awed that I am even doing this interview. I am happy and content with what I do and who I am.

GS: Would you have done anything differently?

CM: I would have paid more attention to the banking industry. They all need credit card processing. I feel that I am on the right path and would not make many changes.

GS: Any advice for newcomers?

CM: Feel confident, walk before you run, and sell, sell, sell.

Feature

As Processors Merge, the Industry Holds Its Breath

By Tracy Kitten, Editor

ATMmarketplace.com

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Over the past couple decades, perhaps no phenomenon, outside the Internet boom and subsequent bust, has so rocked the U.S. business landscape as the number of company mergers and acquisitions.

The allure of doing more with less, of gaining market presence while cutting costs, did not escape the attention of the ATM industry. Since the mid-1980s, billions to trillions of dollars in corporate value have been rolled up behind an increasingly smaller number of logos. In the ATM space, those deals have involved more than just financial institutions, ISOs and manufacturers; they also have involved third-party transaction processors.

"It's a scale business. It's commoditized," said Madhavi

Mantha, a Senior Analyst for Celent Communications LLC, a Boston-based financial services consultancy. "The bigger your scale, the lower your cost, so scale definitely offers an advantage."

In short, mergers and acquisitions are allowing independent companies to operate ATMs for less than financial institutions. At the same time, processors can process ATM and payment transactions for less than most FIs and ISOs. "Back 20 years ago there used to be about 200 processors in the ATM space," Mantha said. "Today that has been cut tenfold."

Not everyone is saying those marriages between processors were made in heaven, nor are there scores now forever holding their peace, wishing they had spoken up when the preacher gave the invitation.With fewer processors, FIs and ISOs have fewer companies to choose from for service. But as companies have merged, they have combined and added services, allowing FIs and ISOs one-stop access to benefits and services that would otherwise be scattered all over the phonebook, if at all.

More on the Menu

Services available from transaction processors now may include fraud monitoring, dispatch, cash replenishment, first- and second-line maintenance, even administering ATM advertising campaigns.

"The processing world today is extending beyond traditional click processing, where the transaction is simply authorized and settled," said Jan Estep, Manager of Minneapolis-based U.S. Bank's processing business, Elan Processing Services. Elan, typical of the currently dominant processors, expanded its service offerings over the years through acquisitions. In May, Elan's parent company, U.S. Bank, completed its third major acquisition in the processing space when it bought Genpass Technologies (Genpass' sale was no big surprise), increasing the number of ATMs for which it processes transactions to 31,000.

Denver-based First Data Corp., the largest transaction processor in the country, set the precedent for growth through acquisitions. Since it started the STAR Network in 1992, it's built its business and service offerings by absorbing smaller processors.

"I do think FIs are looking to processors for more," Estep said. "In the last few years, with increasing and changing ATM regulations, with money-laundering, they want to be sure security mandates are adhered to. I think financial institutions don't think they have the expertise, and they are looking to processors for more (expertise) than they had in the past."

FIs have been wooed by processors like First Data and U.S. Bank because of the multiple services they provide.

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But Peter Kulik, EFT Product Manager for Cincinnati-based Fifth Third Bank Processing Solutions, sees a drawback when it comes to customized service. "From an end-customer perspective, it might become more difficult with a big organization because you don't have the leverage for unique functionality that you would with a small processor."

That's why some FIs are bringing processing in-house, Mantha said. "What has happened is that the banks have woken up and said payment, and transaction processing, is one of my core businesses," Mantha said. "They now realize that it is something they want to be focused on."

Mantha, however, is quick to point out that not all FIs share that perspective. Size plays a role. Very small and large FIs will be more likely to bring processing and other operations that affect their ATM networks in-house. Banks and credit unions that fall in the mid-sized range, with between 200 and 5,000 ATMs, on the other hand, are more likely to outsource processing and other ATM operations.

Settling Down?

Will the shrinking number of processors force mid-sized FIs and ISOs to settle? Kevin Gregoire, Executive Vice President of Product Development for Brookfield, Wis.-based Fiserv EFT, says no. "We're in a very competitive market," he said. "I don't think we'll have a market so small where pricing (and services) won't be competitive."

Mike Cowart, Director of Operations for Atlanta-based RBS Lynk Inc.'s ATM Services division, said the already-present distinction between banking-focused and merchant-focused processors will become more defined. Cowart also expects service offerings among processors, even if only a few dominate the market, to become more specialized.

RBS Lynk, the second-largest transaction processor in the United States (processing transactions for 36,000 ATMs), has focused its business on the retail side, meeting a different set of processing needs than Fiserv and Elan, for example.

"Processors that focus on the retail segment are going to have functionality like Western Union at the ATM and cell phone top-ups, and those are things that FI processors won't do," Cowart said. "I think there will always be some kind of difference there. Like in any industry, you focus on a particular sector."

Original: www.atmmarketplace.com/news_story_23898.htm

News

Trade Groups Sue Visa, MasterCard and Banks Over Interchange; Merchant Lawsuits May Consolidate

Four trade groups collectively representing 130,000 U.S. merchants filed an antitrust class action lawsuit against Visa U.S.A., MasterCard Inc. and member banks. Their complaint is that the card Associations along with their card issuing banks engage in price fixing and other practices that stifle competition.

The allegation has become a familiar one. Dozens of other interchange-related lawsuits against Visa and MasterCard have also been filed; a September multidistrict litigation (MDL) hearing will determine how to organize them.

The plaintiffs in the newest suit, led by the National Association of Convenience Stores (NACS), also include the National Association of Chain Drug Stores (NACDS), the National Community Pharmacists Association (NCPA) and the National Cooperative Grocers Association (NCGA).

Combined, the four groups are representing 70,000 convenience stores, 60,000 independent and chain pharmacies, and 120 co-op grocery stores that operate in the United States and accept Visa- and MasterCard-branded cards as a form of payment.

"The credit card interchange system serves as a hidden tax, both on merchants and consumers, and raises the costs of all products regardless of the form of tender," said NACS Chief Executive Officer Hank Armour. "These … fees have rapidly increased over the past several years despite efforts by individual convenience stores to control these costs or make the competitive market work," he said.

The trade groups' claim was filed Sept. 23, 2005 in the U.S. District Court for the Eastern District of New York.

Card Associations Respond

In response to this lawsuit, Visa and MasterCard both released statements that maintain the legality of interchange and its necessity to the operation of their networks.

"It is disappointing that plaintiffs' attorneys continue to seek ways to undermine a system that creates enormous value for merchants, through increased sales, guaranteed payment, and faster, easier transactions," Visa Vice President Paul Cohen said.

MasterCard said merchants pay a small price for interchange in relation to "the phenomenal value they get from accepting MasterCard cards" and the lawsuit "is yet another example of merchants wanting the benefits of accepting payment cards without having to pay for the value of the services they receive."

Member banks of Visa and MasterCard, including Bank of America Corp., Citigroup Inc., Bank One, JPMorgan Chase & Co., Fleet Bank, Capital One and many others are also defendants in the suit.

Citigroup, the only bank willing to comment, said in a statement "Citigroup denies that it is engaged in any unlawful conduct as alleged in the complaint and will vigorously defend the lawsuit."

Visa and MasterCard are equally confident in their ability to defend interchange. Both cited the recently dismissed Northern California case of Kendall v. Visa U.S.A. et al. in which a small merchant charged Visa, MasterCard and member banks with violating antitrust rules by setting merchant discount and interchange fees.

In this case the court ruled that merchants, as indirect recipients of interchange, do not have standing under antitrust laws to bring an antitrust claim.

The plaintiffs say this case is insignificant and maintain that the size and scope of the current challenge, NACS et al., add weight and steam to the merchant cause and threaten the established rules. According to NACS, as a class action lawsuit it represents "millions of card-accepting retailers in the United States."

Many Lawsuits, Similar Complaints

A Sept. 26 NACS news article reported that more than 30 interchange-related cases have been filed against Visa, MasterCard and member banks. These cases, including the most recent, will be subject to an MDL hearing on Sept. 29 in Asheville, N.C.

Based on arguments from plaintiffs and defendants, the MDL will determine whether and how to consolidate the cases and where they will be heard.

The law firm Robins, Kaplan, Miller & Ciresi LLP is representing both NACS et al. and 30 Minute Photo et al., a suit filed by a number of merchants in June that also alleges antitrust violations (see "Merchants Bring Interchange Lawsuit," The Green Sheet, July 11, 2005, issue 05:07:01).

Craig Wildfang, counsel for both sets of plaintiffs, feels confident on the merchants' behalf. "I think that the courts will take these concerns seriously, especially with having the strength of the trade associations," he said. The ultimate merchant goal is "a market with reduced prices through competition, not the collusive action [of financial institutions]."

He explained what will most likely happen at the MDL. "There are three types of cases that will be examined in Asheville: class-action interchange suits representing merchants around the country, private interchange suits and cases dealing only with specific rules such as the no-surcharge rule."

He said it is likely that all cases will be sent to a single judge and that the cases will most likely remain separate, but one judge will oversee the grouping.

Wildfang also expects that a similar lawsuit, filed in July by a group of major supermarket and drugstore chains and led by The Kroger Co., corporate parent of Ralph's, will also be combined with the broad interchange class-action suits (see "Retailers File Another Interchange Lawsuit," The Green Sheet, Aug. 8, 2005, issue 05:08:01).

The multibrand supermarket chain could not be reached for comment.

MasterCard IPO May Raise $2.45 Billion

MasterCard Inc. may raise up to $2.45 billion in an initial public offering (IPO) of its Class A common stock, according to the card Association's recent filings with the Securities and Exchange Commission (SEC). MasterCard filed a registration statement with the SEC on Sept. 15, 2005.

The company expects to sell 61.5 million shares. Underwriters have the option to purchase an additional 4.6 million shares from MasterCard at the IPO price (less the underwriting discount). Goldman Sachs & Co. will manage the offering.

The stock is expected to trade on the New York Stock Exchange under the symbol MA.

On Aug. 31, MasterCard announced plans to restructure company ownership through an IPO as well as plans to restructure corporate governance (see "MasterCard Plans IPO," The Green Sheet, Sept. 26, 2005, issue 05:09:02).

Fed Advises on Proper Handling of Hurricane-Damaged Checks

Polluted floodwaters resulting from Hurricane Katrina created the potential for paper checks stored in ATMs, banks, operations centers and retail locations in affected areas to become contaminated or even damaged. The checks might pose a health risk to anyone handling them in the near future, the Federal Reserve Banks warned. They offered guidance on ways to remove contaminated paper checks from the check processing system.

On Sept. 19, 2005 Federal Reserve Check Services published a two-page manual entitled "Contaminated Check Procedures for Depository Financial Institutions (DFIs) Impacted by Hurricane Katrina." Checks "subjected to floodwater … may have come into contact with sewage, chemicals or human matter that makes the items unsuitable for handling and personal contact … and could create health issues for any party involved in the collection process," the guide states.

The manual provides check collection procedures for institutions using the automated clearing house (ACH) system and procedures for those using regular paper check processing channels.

According to ACH rules, destroyed checks may be re-created and collected using the ACH system under the Destroyed Check Entry (XCK) format; however, there are some restrictions. The ACH collection alternative is used for forward items only. In addition, the check usually must be for less than $2,500, but given the extenuating circumstances, through Oct. 31, 2005 NACHA – The Electronic Payments Association will not impose penalties when compliance with XCK restrictions is not practical.

The Federal Reserve advised DFIs using paper check processing channels to use a recordak film machine or a copier to create a copy of the check in lieu of the original. If Check 21 software is available, they should convert the item for electronic collection.

Check 21, which became law in October 2004, modernizes check processing through the facilitation of check truncation by allowing banks to create substitute checks (legal equivalents of original checks) and process check information electronically. The law is a result of what happened in the days following Sept. 11, 2001. Flights were grounded across the country and the check processing system came to a standstill. Check 21, banks are finding, also comes in handy in the event of natural disasters.

Company**Profile**

IDology Group LLC

ISO/MLS contact:
Sheila Darrow, Assistant Vice President
Phone: 866-520-1234 ext 110
Fax: 850-907-0300
E-mail: sdarrow@idology.com

Company address:
2335 Hansen Court
Tallahassee, FL 32301
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Safeguarding Information While Preventing Fraud

The payment card industry has numerous data security standards and compliance requirements. There's MasterCard International's Site Data Protection (SDP) program, Visa U.S.A.'s Cardholder Information Security Program (CISP), Visa Canada's Account Information Security (AIS) program, American Express Co.'s Data Security Standard (DSS), and Discover Financial Services' Information Security and Compliance (DISC) program.

Each program is unique, but they all have the same purpose: protecting merchants and their customers. The goal of these programs is to ensure that customer data and the procedures merchants and processors use are as secure as possible to limit security breaches and compromised cardholder data.

While such programs are vital to our industry and making great strides in protecting consumers, merchants and ISOs, there is more to combating fraud. As we know all too well, security breaches have occurred. Unfortunately, as soon as a new protection or security measure is put in place, hackers work feverishly to defeat it.

Therefore, we don't only need to keep data secure, we also need to stop thieves from using the credit card data they do get their hands on. How do we do that? How do we spot a fraudulent purchase and stop it before the transaction is completed? Who can verify a cardholder's identity in an e-commerce environment? Furthermore, who can we trust to use identify verification information responsibly?

Here's the Answer

One answer is IDology Group LLC.

The company provides fraud prevention through knowledge-based identity verification. Its mission is to provide age and identity verification services that promote accuracy while also advocating for secure, responsible handling of data.

Data aggregation has become a powerful tool for detecting and preventing questionable or unlawful activity. However, the more data a company uses to verify a consumer's identity, the more responsible it must be. That's why IDology believes it is important to use only what is necessary to verify identity, thus limiting the amount of data at risk.

"Responsible use of information is a key deliverable in reducing the identity theft and fraud crisis," said Raye Croghan, IDology Vice President.

IDology's solutions protect consumer privacy and promote legitimate sales of age-restricted merchandise and services while reducing overhead and expense.

Merchants have put the company's solutions to use within age-restricted industries, such as with wine sales on wine.com. Law enforcement agencies and children's advocates have also endorsed IDology.

CompanyProfile

Partners with 20 years in law enforcement, data aggregation, information security and financial services founded IDology in 2003. Today the company employs more than 20 at its headquarters in Tallahassee, Fla. It also operates regional offices in New York, Texas, California, New Jersey and North Carolina.

Since IDology's founding members came from credit card issuers and acquirers, they have long-established relationships with information management and technology companies. These relationships provide them with access to a broad cross section of information to verify age and identity.

"Most of our competitors are software developers or the data aggregators themselves," Croghan said. "We bring something from each space that others don't.

"Through our proprietary methodology and technology, IDology serves business and government more securely, efficiently and cost effectively than any other alternative. And unlike other solutions, consumer privacy and responsible use of data is our only business," she said.

Identity Verification With Privacy Protection
IDology's flagship product is the patent-pending IDlive

solution. It is an age and identity verification platform that bypasses disclosure of sensitive information. "IDlive helps companies implement solutions to increase legitimate revenue opportunities and control costs associated with loss prevention," Croghan said.

IDlive is different from other solutions in that it was designed to insulate consumer data while protecting businesses in consumer-not-present environments. It protects both the merchant and consumer. These days, the value of protecting private information from abuse or misuse cannot be overstated.

"This program has been specifically engineered to protect the privacy of consumer information, a critical issue in this day and age," said IDology Assistant Vice President Sheila Darrow. IDology uses its privately held database tools and its relationship with data aggregators and federal, state and local law enforcement agencies to verify age and identity.

"The resource records we safeguard include information such as driver's license, state issued identification cards, military identification, immigration records, vehicle registrations and professional licenses," Croghan said. When someone enters card information into the IDology

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Web site, the system performs a massive database search of all records.

Using information from the search, the system creates three questions about that person that only he or she could answer. The questions are personal, but not invasive. They include such queries as "What color was your last car?" or "What was your address before your current address?" If the consumer can't answer the three questions, it is three strikes, you're out. He or she is denied the purchase.

Can I See Some ID Please?

An added benefit of IDology's IDlive product is the ability to verify age and location. This is particularly useful for vendors of age-restricted products and services, such as alcohol or age-restricted merchandise and services.

Verifying age and location helps merchants protect children and themselves. By ensuring that minors are not sold restricted items they protect those minors, but they also protect themselves from any liability that might arise from selling such items to a minor.

WineAmerica, the National Association of American Wineries, recently selected IDlive to develop an age and identity verification affinity program for its members. The program enables the association's 800 members to verify the customer's age via the Web or phone. The wineries simply pay a transaction fee. They are not charged any setup or application fees.

The location verification is also important in the wine industry. Many states have different regulations on consumers ordering wine from an out of state Web site. Verifying consumers' location helps wineries operate within the law while still serving customers.

Try Before You Buy

One thing that makes IDology unique is that its solution is specific and customized while still being turnkey. "The customizations and features are so unique in the industry, they have patents pending," Croghan said. "We are so confident in IDlive, we allow merchants to try it free before committing."

One fan of IDlive is jewelry retailer ice.com . "We wanted a solution that is not only consumer friendly but let us know more about a verification and was also cost effective," said Ezzie Scaff, Vice President of ice.com .

Scaff said the company had given up until IDlive launched

Company**Profile**

last year, offering a more comprehensive and flexible product than it had ever encountered and at half the cost of other services.

"Savings start at price points 50% less than competitors," Croghan said. With a transaction fee as low as $0.25, it's hard for many merchants to say no.

'A Pre-made Revenue Opportunity'

IDology sells its products and services through ISOs and merchant level salespeople (MLSs). While the recent security breaches and compromised databases are certainly not good news for anyone, ISOs and MLSs can use these situations to demonstrate to merchants the importance of data security.

"With all the media attention to data breaches, it's an ideal time for independent reps to add identity and fraud prevention services to their features and benefits," Croghan said.

More good news: IDology offers life of contract compensation. ISOs and MLSs receive commissions and residuals via the automated clearing house for the life of the account. "It's a pre-made revenue opportunity," she said. "Revenue sharing and residual programs have been

designed so ISOs/MLSs can capitalize on the media attention to the identity theft crisis with attractive offerings for every level of participation."

IDology provides ISOs and MLSs product training and support and real time reporting and account management. Nearly any merchant who sells items in a non-face-to-face environment is an ideal IDlive merchant. If an ISO or MLS works with merchants who have an e-commerce base or who sell age-restricted commodities, they would benefit from IDology. Any business interested in fraud prevention will find IDology's products helpful.

Data aggregation is a powerful tool for detecting fraud. But, the data must be used responsibly to reduce the possibility of abuse. IDology understands that risk and its responsibility. "We look at how to use data differently," Croghan said. "IDlive leverages the power of data resources, bypassing over exposure, to verify age and identity responsibly and securely."

ISOs now have an opportunity to turn a negative, the recent security breaches, into a positive: revenue. "ISOs … will find IDlive is a significant revenue opportunity that increases their value to their merchant portfolio while reducing exposure for the processor," she said.

A lot can happen in 10 years.

1995

In 1995 the word *Google* didn't mean anything; the first air bag hit the auto market; eBay was launched, and most cars came with a cassette player. That year, John Martillo and Marcelo Paladini decided that selling credit card processing might be a decent way to earn a living, and launched Cynergy Data out of John's small apartment.

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Selling a POS Risk Prevention Solution

By Patty Colby
VeriFone

....

All merchants in this day and age undoubtedly are sensitized to card fraud; however, they should really focus on the larger issue of risk prevention.

Consumers are highly attuned to credit card fraud given the intense spotlight the topic has received in the national media. The June 2005 disclosure that hackers had penetrated CardSystems Solutions Inc.'s systems, compromising nearly 40 million cardholder accounts, pushed card fraud to the front page of everybody's newspaper.

However, what most concerns consumers is the threat of identity theft and the trauma involved in trying to repair a credit history. Government regulation and banking practices financially protect consumers when it comes to misuse of their cards, but the damage caused by identity fraud is painful, time-consuming and costly.

Merchants suffer the most from fraudulent use of credit cards. They usually must absorb both the cost of the actual chargebacks along with fees for processing those chargebacks. A June 21 article in "BusinessWeek" reported that illegal credit card purchases represent "just 4.7 cents for $100 worth of purchases, well down from a high of 15.7 cents in 1992."

This may ease consumer fears somewhat, but the data belie the fact that the volume of card charges has increased dramatically over that same period along with an increase in chargeback penalties.

When consumers make purchases, the first line of defense is the clerk comparing the signature on the back of the card to the signature on the receipt. This defense is about as effective as the Maginot Line was in preventing the invasion of France during Word War II.

First, it requires clerks to compare signatures, which any shopper knows is hit or miss at best. Second, it requires that signatures be legible. I don't know the last time you looked at the backs of your cards, but my signatures are fading by the day. This step presumes that a clerk can make a legitimate comparison, another dubious proposition.

Although holders of signed bankcards technically aren't required to submit personal information, clerks might ask to check a photo ID, such as a driver's license. If somebody has gone to the trouble of obtaining fraudulent credit cards, odds are they will also have some type of fake ID to back it up.

Merchants selling large ticket items, such as jewelry, cars, carpeting, high-definition televisions and any good that readily can be resold "on the street," face substantial liability from card fraud even if the percentage of total sales as related by "BusinessWeek" is relatively low.

If not covered by insurance, chargeback fees and lost merchandise will come right out of merchants' often razor thin profit margins. As a merchant level salesperson you have the opportunity to arm merchants with tools to catch this type of fraud before it happens. VeriFone works with Intelli-Check Inc. to provide merchants with POS applications that validate that the person presenting a credit card for payment is the person whose name is on the card.

Intelli-Check developed a patented technology to verify the validity of all currently encoded state and provincial driver licenses, state-issued ID cards and military IDs.

This offline application resides in the terminal and requires the clerk to simply swipe the license. It reads, analyzes and verifies information encoded in the bar codes and magnetic stripes on state and provincial driver's licenses, ID

View

cards, military and government IDs, including those that conform to the standards of the American Association of Motor Vehicle Administrators, American National Standards Institute and International Organization for Standardization.

This type of application is also valuable to restaurants and bars selling liquor (and to stores selling liquor, tobacco and lotteries) where age validation is a key liability. The solution will determine if a presented ID meets the minimum age requirement for alcohol and tobacco purchases and if it has been tampered with or has expired. These days fraudsters reproduce driver's licenses almost as easily as they forge signatures, but it's not as easy to create validated magnetic stripe information.

There are other opportunities to sell merchants a risk prevention value-added application or suite of applications. Quick service restaurants, for example, with extremely high staff turnover rates, are ideally suited for a solution that validates employment application information. Automated Verification Systems Inc. offers VerifyPOS, which verifies a potential employee's Social Security number and runs a national criminal and motor vehicle background check.

Employers minimize exposure to liability and other claims by conducting thorough reference and background investigations of job applicants. POS background screening solutions help reduce liability, employee turnover, internal theft and turnaround times for hiring decisions.

Another example of a risk prevention application is The Return Exchange's Verify-1 retail merchandise return authorization system. With Verify-1 merchants enforce a consistent return policy while monitoring consumer return transaction patterns to identify fraudulent and abusive customers.

This eliminates inconsistencies and errors in merchandise return policy enforcement, reduces merchant losses, and helps to identify fraudulent and excessive merchandise returns, which result in billions of dollars of losses annually.

Risk prevention applications are well suited for dealing with increasing problems of fraud that merchants have to deal with today. To sell such solutions, understand the pain points of customers and work with a full portfolio of value-added applications that will help relieve that pain.

Patty Colby is Senior Director of VeriFone's North America Corporate Strategy Development. She manages the company's strategy regarding all Value Add Program initiatives. E-mail her at patty_colby@verifone.com .

Book Review

The Prime Solution

By Jeff Thull
Copyright 2005, Dearborn
Trade Publishing, Chicago
Hardback, 215 pages
ISBN 0-7931-9522-5

Forget the Presentation, Deliver a Prime Solution Instead

Making a presentation is as much a part of the selling process as cold calling, following up and closing. It's the time when merchants agree to surrender their full attention for at least a half hour, maybe more. You sit them down, open PowerPoint and deliver a solid talk on all the benefits and features of your products and services. The merchants seem interested, so you follow up a few days later but alas, no sale.

What's the problem? According to Jeff Thull, author of "The Prime Solution: Close the Value Gap, Increase Margins and Win the Complex Sale," the problem is the presentation. He says it is an "exercise in futility," a waste of time, and it decreases your chances of making a sale.

Thull serves as an advisor for executive teams of global companies, including 3M, Citicorp, IBM, Intel and Microsoft Corp. He wrote "The Prime Solution" for people selling complex products in highly competitive, enterprise-wide business-to-business environments.

Merchant level salespeople in the payment processing industry may feel detached from the organizations that Thull had in mind when writing the book (Global 2000 companies with large IT organizations), but there is still insight to garner from its pages.

He says presentations are lectures in which you spend precious time with a prospect "answering unasked questions." The prospect may not yet understand his own pain, so how could he apply your solution to his situation?

Rather than educating prospects, presentations create a value gap: a misalignment between buyers and sellers and of the value promised and the value achieved. This gap occurs because of a disconnect in the relevancy of the material presented, how well the prospect comprehends

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Your focus should be on providing customers with a prime solution. To do this, take a diagnostic approach. Do more research into the prospect's business. What ails it? From your program of value-added products and services, determine the best ones for that business, if there are any. Show the prospect the cost of his problem, and then show him the cost of the solution.

it and how much you inflate the product's benefits and features. The gap also hinders a prospect's ability to trust you.

"If we build it, they may not come," is the focus of one chapter. It's not about you as a salesperson; it's about the customer. It's not about closing; it's about making quality decisions.

Your focus should be on providing customers with a prime solution. To do this, take a diagnostic approach. Do more research into the prospect's business. What ails it? From your program of value-added products and services, determine the best ones for that business, if there are any. Show the prospect the cost of his problem, and then show him the cost of the solution.

"Prime solutions emerge from a holistic approach capable of overcoming cross-functional dysfunction, isolationism and adversarial selling practices as well as the incomplete value accountability that so often separates businesses from their customers," Thull writes.

The book explains the different aspects of delivering a prime solution, from research to marketing, selling, implementing and support.

Selling this enables you to find and engage customers who really need your products, diagnose and quantify their problems, design solutions that maximize return on investment, and deliver on the promises you make.

Thull is President and Chief Executive Officer of Prime Resource Group LLC. He is also the author of "Mastering the Complex Sale: How to Compete and Win When the Stakes are High!" (2003, Wiley).

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CyberSource to Acquire CardSystems

CyberSource Corp., a provider of electronic payment and risk management solutions to e-commerce merchants, announced on Sept. 23, 2005 plans to acquire all the assets of third-party processor CardSystems Solutions Inc.

The acquisition will " … allow current CardSystems' customers and partners to continue processing without interruption," said Bill McKiernan, CyberSource Chairman and Chief Executive Officer.

CardSystems came under fire this summer when a widely publicized breach of its systems resulted in compromised data for an estimated 40 million credit and debit card accounts. The company was also found noncompliant with the card Associations' Payment Card Industry (PCI) Data Security Standard.

Subsequently, both Visa U.S.A. and American Express Co. (AmEx) said that after Oct. 31, they would no longer authorize CardSystems to process transactions on their networks.

Despite CardSystems' recent announcement of achieving PCI compliance, Visa and AmEx maintained their original position. CyberSource acknowledged CardSystems' current standing with these card companies and said it is working with card Associations and banks to provide uninterrupted processing for CardSystems merchants and ISO channel partners. In light of the pending acquisition will Visa and AmEx retract their policy against CardSystems? It remains to be seen.

"Changing the minds [of Visa and AmEx] is very important to providing uninterrupted [processing] service," said Bruce Frymire, CyberSource Director of Corporate Communications and Investor Relations.

Although Visa has not released any official comment, a Visa spokesman speculated that if CardSystems no longer exists, and its purchasing company is 100% compliant, theoretically there would be nothing to ban (Frymire said "everything is on track" for CyberSource to achieve full compliance). AmEx could not be reached for comment.

CyberSource plans to acquire all assets of CardSystems: its processing platform with direct connection to card Association network and banks; contracts with more than 120,000 merchants; and access to the company's network of ISO partners.

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Advance From Page 1

"Cash advances are very different from traditional funding programs," said Stephen Sheinbaum, CEO of Merchant Cash & Capital. "In essence, we purchase a percentage of future MasterCard and Visa revenues, and the merchant repays this as a daily percentage of those revenues."

Getting cash from traditional financing institutions can be difficult for some businesses, particularly retail, restaurant, franchisees or seasonal businesses. These merchants most heavily use credit card processing, so cash advance programs offer a number of benefits.

> ▶ **... A typical cash advance provider may advance merchants $0.74 on a dollar; if merchants are advanced $74,000, they pay back $100,000 from future credit card sales.**
>
> **If merchants paid back that $100,000 in a year, the cost of the money would roughly equal a 35% annual interest rate. Since there is no time limit on paying back the loan, the effective annual rate decreases as the payments are extended over time ...**

Why Merchants Like It

The cash is usually available more quickly than it is with traditional loans. Marc Gardner, CEO of North American Bancard, said these programs appeal especially to retail and restaurant merchants not only because these types of businesses can rarely get traditional funding but also because of the immediate liquidity.

North American Bancard usually funds within 72 hours of approval. Most cash advance providers advertise that the cash can be available in less than 10 days.

Unlike a loan with a fixed rate of interest, amount due and set due date each month, with credit card advances the money is paid back as credit card receivables come in.

"We ebb and flow with the business, so it is cash flow friendly, especially during seasonally slow periods," Goldman said. "Traditional loans and leases require a set payment every month, whether the business has made a sale or not."

"Because payments are calculated as a percentage of sales, if sales are growing, the amortization could be quicker," said Woochae Chung, Managing Director of American Microloan. "But if the proprietor experiences some interruption or downturn in business, the payments will be lower."

In most cases, business owners put up no personal collateral and make no personal guarantee.

The drawback? The cost of money through these programs is high, considerably higher than it is with traditional loans. Gardner said a 35% premium is common.

How Providers Make Money

According to Chung, financing charges can vary widely, not just from one provider to another, but from one advance to another. "As a thumbnail example, the range of financing on a $10,000 advance could be as low as $700 or as high as $4,000. That's a 60% difference," he said.

There is no fixed interest rate; the effective interest rate varies depending on the business. If the merchant's business is doing well and sales are up, the advance provider collects the money sooner and the interest rate is

rather high. If sales are sluggish, the payback period is over a much longer period and the effective interest rate goes down.

For example, a typical cash advance provider may advance merchants $0.74 on a dollar; if merchants are advanced $74,000, they pay back $100,000 from future credit card sales.

If merchants paid back that $100,000 in a year, the cost of the money would roughly equal a 35% annual interest rate. Since there is no time limit on paying back the loan, the effective annual rate decreases as the payments are extended over time, although the cash provider typically forecasts a fairly short period for payback, usually less than a year.

"There's no question that the merchant's cost for this kind of financing is going to come in more than a conventional loan," Chung said. "But it's pretty much a foregone conclusion that a conventional bank will reject this merchant for their much needed loan.

"The merchants interested in a program like this may have a sketchy or distressed credit history. They'll have things like past tax issues, a list of delinquencies, collection matters, liens or judgments that would be an automatic red flag for a conventional bank."

Because the cash advance industry caters to businesses that can't get traditional funding, it has got a reputation for being a sort of corporate loan shark, the funding of last resort for desperate merchants in their last gasp before bankruptcy. This simply isn't the case, industry spokespeople insist.

'A Risk Worth Taking'

There is a risk to cash advance providers and a fairly high risk (hence the high cost to the merchant for the money), but they use sophisticated models to determine the future likely credit card purchases. They also offer the cash with relatively short payback periods to help mitigate risk.

Although approval isn't as onerous as it is for most bank loans, few cash advance providers will approve new merchants without a history of credit card transactions. Few will approve sums larger than what merchants can reasonably expect to earn from credit card transactions in a year.

"The provider of the cash advance takes all of the risk," Sheinbaum said. "The risk is high, but since it is paid out of projected future sales, it is typically a risk worth taking."

Seasonal businesses that need cash to carry them through

lean seasons or merchants who have an unexpected downturn in business (say because of road construction, building repairs or extended illness) might find a need for a cash advance until business picks up again. However, merchant cash advance companies say that ailing businesses are not the only merchants interested in this kind of program.

Many types of businesses are often underserved by traditional funding institutions. "Take for example a restaurant," Gardner said. "It could be a very successful business, but a traditional bank wants to see tangible assets. Perishable foods or used restaurant equipment just won't make the cut, even if that restaurant is packed every night."

There are many examples of times when owners of healthy small businesses could use cash to help build their businesses but can't get the traditional funding necessary. These include franchisees who have exhausted their savings to purchase their first franchise and want to open a second one; merchants whose competitors have closed and have the chance to buy their competitor's old inventory or move into a new location; expansions; buyouts; or simply the desire to move quickly on a perceived new opportunity.

A Way to Open Doors

For ISOs and MLSs selling cash advance programs, a merchant's need for cash creates a great point of entry for new business as well as an additional revenue stream.

"Standalone processing has become something of a commodity," Goldman said. "Providing working capital to businesses gives ISOs a way to differentiate themselves. It's a service that every business needs at one time or another, and providing it can build a loyalty that is hard to achieve with processing alone."

"The playing field for ISOs has become more intense and difficult," Chung said. "The profit margin continues to drop, so the ability for ISOs and credit card processors to earn income based on credit card processing alone has been limited.

"And many merchants already have their Visa/MasterCard relationships in place, so it gets tougher to identify businesses that may have an interest in changing over. That's why the ability of ISOs and credit card processors to offer financing to their customers is evolving into a lucrative opportunity."

Gardner called it an unbelievable door opener for ISOs.

"Think of it like this: If you offer a business a free terminal or lower processing fees or $100,000 in working capital, which door will open first, faster and wider? Getting credit card processing isn't difficult for these business owners, but getting financing can be," he said.

As more and more processors begin offering cash advance programs the sales differentiation aspect might diminish, but as the industry matures more standardization may occur. This creates more clarity and requires less explanation on the part of cash providers or ISOs and MLSs selling their programs.

"Because every agent can offer processing but very few are offering cash, the cash advance program has become a wonderful acquisition tool," Sheinbaum said. "Merchants who are anxious to receive a cash advance are less interested in their discount rates, giving sales offices a good bit of pricing power.

"We have also found that when merchants participate in a cash advance program, attrition decreases dramatically. And last but certainly not least, commissions on cash advances are extremely high, significantly higher than commissions on processing," he said.

How ISOs and MLSs Get Paid

Commission structures vary, of course. As an example, American Microloan offers a 2% – 4% referral commission on the loan amount up front and 1% – 2% on a residual income when the loan is completed. Gardner said an ISO's commission at North American Bancard usually runs "around seven points" and that the average commission is about $2,100 up front, with a residual of $33. "It's much more lucrative from the onset than credit card processing," he said.

"As a model, say it is a $25,000 loan for six months," Chung said. "The ISO stands to earn about $1,000 up front and $150 – $300 residual, which continues during the account relationship.

"Let's say that the ISO generates one such lending transaction a week of $25,000. The extra income here could easily exceed $50,000 a year. And this payment process to the ISO takes the form of an ongoing annuity for the life of the borrowing relationship," he said.

The life of the relationship can be surprisingly long. According to Gardner, more than 80% of all merchants renew their future receivables purchase agreement, thus continuing the incremental revenues for ISOs and MLSs and ensuring low attrition. The industry is in its infancy," he said. "In 2003 you could count on one hand the number of companies offering something like this. But as merchants learn about it, I think it will only get more and more popular."

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Phishing-related ATM and POS Debit Fraud:
A Growing Concern?

We've heard about e-mail phishing scams that aim to takeover accounts and steal identities: Fraudsters posing as banks send e-mail that "phishes" for account and personal information and hope that unsuspecting consumers will provide it. But to what extent are these scams contributing to ATM and debit-based fraud at the POS?

In 2004, losses from overall ATM and PIN-based POS debit fraud in the United States totaled $990 million, according to research and consulting firm TowerGroup. ATM/POS fraud directly connected to phishing resulted in about 75,000 transactions in 2004. Direct losses from these attacks totaled $39.6 million that year; 2005 losses may reach $100 million.

To commit ATM or POS PIN-based fraud, someone needs a consumer's account number and PIN. They also "need to know how to write a track 2," Jerry Silva, TowerGroup's Service Director, Retail Banking and Delivery Channels said in a recent Webinar, "Turning Phishing Into Cash: Criminal Convenience at the ATM."

Track 2 data are stored on a card's magnetic stripe and contain cardholder number, expiration date, PIN offset and service code. Due to the complexity of these data, "much of this type of fraud is committed by insiders, folks who have been in the industry," he said. Fraudsters steal the information to create counterfeit plastic cards. They use the cards for cash withdrawals or to make purchases at the POS. ATM losses are 30 to 40 times more likely to occur than POS losses because obtaining cash is a bigger priority for fraudsters than say, a television set.

Most large financial institutions (more than 90%) check for counterfeit cards when authorizing ATM and POS transactions. To do this, they use card value code (CVC) and card verification value (CVV) data. Smaller card issuers, however, are 30 times more likely to be victims of this fraud because they tend not to check these data. The good news: The speed at which technology solutions for fighting this are advancing and "should keep the gap narrow and limit the extent of the phishing problem," Silva said.

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Interchange Insights – Part I

By Michael Nardy
National Association of Payment Professionals (NAOPP)

O n GS Online's MLS Forum, NAOPP asked merchant level salespeople (MLSs) to pose questions they had about interchange. Forum members inquired about interchange issues such as qualifying Level-II Data, tracking down paperwork for the card Associations' special programs and clarifying Emerging Market interchange categories, all of which this article will address.

Qualifying All Transactions?

Visa U.S.A. and MasterCard International set up a series of interchange reimbursement categories that "pay back"

to card issuers every time a card is swiped. To better understand these categories, think of them as qualified transactions. There are no mids, nons, downgrades or other billing schemes; rather, there is only each category and its rules and interchange rate.

What does this mean? Simply put, on every transaction qualification rules will dictate at which rate and category that card will qualify. For example, when a cardholder swipes a Visa-branded check card at the POS, the magnetic stripe data are sent, and the merchant obtains a signature. That transaction may qualify at the CPS/Retail Check interchange category and rate (1.03% + $0.15).

What happens if that card is, for example, a Visa Business card? It won't qualify at the CPS/Retail Check interchange category. Instead, it will qualify at a Commercial Standard or Commercial Electronic category. Does this mean that the transaction is inferior to the check card sale described earlier? No. However, because that card is a business card the qualification rules will place it in a different category.

On the processor's side of the business, when reconciling interchange and setting mid and non buckets, a typical statement using three- , four- or five-tier pricing is generated for the merchant. Imagine a statement that removes all processor-defined buckets. This leaves you with an interchange pass-through program, which "passes through" each qualified interchange category and corresponding pricing directly to merchants.

Level-II Data

MLS Forum user Imsrick inquired about Level-II Data. Imsrick wanted to know how collecting these data affects the qualification of these transactions. I illustrated how processors define the qualification buckets. My way of explaining interchange is that all transactions qualify; however, they may qualify in different interchange cat-

egories based on data transmitted through the authorization record.

Because Level-II Data is not widely used this is an oft-misunderstood part of the interchange guidelines. We know that all transactions qualify into a certain interchange category. A certain transaction may qualify at an interchange category with a lower rate if additional data are sent through with the authorization record.

If four items (magnetic stripe data, card present indicator, one unique authorization and a signature) are required to qualify a transaction into the Commercial Standard category, for example, then adding additional data in the authorization record will cause that same transaction to qualify in a different category, a category with more stringent data transfer requirements. This is essentially Level-II Data.

Adding Level-II Data to a merchant's processing solution enables that merchant to process business card transactions that otherwise would have qualified at Commercial Standard or Commercial Electronic in an interchange category of Business Level II, Corporate Level II or Corporate Data Rate II, for example.

What is required for Level-II Data to be effective? Instead of transmitting only the four items of transaction data shown above in the authorization record, a merchant would also transmit the tax amount and customer code. The processor would transfer the tax ID number and merchant type through the authorization record.

The result would be a corporate/ business card sale qualifying at a different (ideally lower) interchange category. Imagine interchange as a system of increasingly better pricing.

As the amount of data transferred increase, the more data exported with an authorization record result in a better (and more accurate) interchange category at which a transaction will qualify.

Special Programs –
Where to Get the Paperwork
MLS Forum member Ccguy inquired about where to obtain paperwork required for several special card Association programs, including supermarket applications, hotel programs and quick service chargeback addendums. Some of these programs include:

- Supermarket Registration
- MasterCard Service Industries Incentive Program (SIIP)
- MasterCard Travel Industries Premier Service Program (TIPP)
- Visa ExpressPay and MasterCard QuickPay
- Utility and Emerging Markets

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StreetSmarts

Registration (based on merchant category code (MCC)/standard industry code)
• MasterCard Repeat Pay Program

When requesting paperwork for these programs from ISO partners, many MLSs have expressed similar complaints: ISOs cannot find the paperwork or they don't have it or don't know about it. Many of the largest ISOs either don't have this information or know little about the various Visa and MasterCard programs and their standard interchange structure. ISOs should provide the paperwork.

Supermarket registration involves two different programs. One is MasterCard's Supermarket Acceptance Development Program; the other is Visa's Supermarket Incentive Program Merchant Certification.

Both require completing a form. Each form must be sent to the acquirer for review and approval of each program. If the ISO does not have paperwork for these programs, MLSs can obtain it by contacting the acquirer. Or, they can search for it on Visa's or MasterCard's Web site.

Emerging Markets

"Visa's Emerging Markets and MasterCard's Public Sector categories seem to be a virtual unknown that could use a lot of explanation," MLS Forum member SCStevens

wrote. "Which industries qualify for these programs and how? Are they permitted to surcharge? Under what specific conditions are they permitted to surcharge or charge a convenience fee? How are MO/TO transactions treated in these categories?" Emerging Markets is certainly a confusing sector of the interchange categories. To qualify as an Emerging Market transaction, the MCC must be one of the following:

• 4899 – Cable
• 4900 – Utilities
• 5960 – Direct marketing/Insurance
• 6300 – Direct marketing/Insurance
• 9211 – Court Costs
• 9222 – Fines
• 9223 – Bail and Bond Payments
• 9311 – Tax Payments
• 9399 – Government Services
• 8211 – Schools/Colleges
• 8220 – Schools/Colleges
• 8299 – Schools/Colleges

Under the Visa interchange rate structure, the Emerging Market interchange rate falls under the CPS/Retail 2 and CPS/Retail 2 Debit categories. MasterCard will only qualify these transactions for check cards under the Debit Emerging Market category. MasterCard has several credit categories but breaks them down as Service Industries for MCCs 4812, 4814, 4899, 4900, 5960 and 6300 (1.15% + $0.05). It also breaks them down as Public Sector for MCCs 9211, 9222, 9223, 9311 or 9399 (1.55% + $0.10).

Under MasterCard's Service Industries emerging market category, the following rules apply:

• The transaction must occur in a non-face-to-face environment, and the magnetic stripe must not be present. In the authorization request, the POS data indicator must be "4 – Cardholder Not Present/Recurring Transaction."

• The card acceptor and acquirer must participate in the MasterCard Repeat Pay program, and the card acceptor must qualify and register with MasterCard to participate in the Service Industries Program.

MasterCard's Public Sector interchange rate category applies to credit transactions; otherwise, the Debit Emerging Market would be hit. Additionally, there is a 10% allowance for these transactions under the MasterCard interchange categories, and the transactions must be settled within three days. ▣

Michael Nardy is Chief Executive Officer of Electronic Payments Inc. (EPI), a private transaction and payment processing company. He is also a founding sponsor of NAOPP. For more information, e-mail him at mike@elecpayments.com or visit www.epiprogram.com .

Marketing 101
Get People Talking About Your New Product

By Nancy Drexler and Sam Neuman
Cynergy Data

People talk; it's a fact of life in this industry. This talk is a bad thing when your company does something wrong that you'd rather not have repeated, rephrased and posted on GS Online's MLS Forum. It can also be a very, very good thing.

People talk, but as a marketer, your job is to give them something to talk about. When launching a new product, the number one way to guarantee success is to generate conversation about the product.

Call it chatter, word of mouth or buzz, this talk is also an extremely important tool to use to get your audience interested in what you're selling.

If You Build Buzz, They Will Come
The strongest product launches work like a pyramid, from the top down. The few people (or businesses) at the very top of the pyramid are the most influential in the industry. They're retailers with household names, corporations with instantly recognizable logos and editors of the news that industry insiders read and trust.

These decision makers are the most significant people to target at the beginning of a launch because they exert the most influence and therefore generate the most buzz. A product launched by the media is a product with a major leg up.

Landing a few top clients at the beginning of a launch is almost always more important to the overall success of the campaign than signing up a hundred unknown users.

Having these people on board also functions as a branding tool for future efforts. A testimonial from a well-known business that raves about your new product is far more convincing advertising copy than your unsubstantiated claims that the product is innovative and superior.

Remember that influential people demand influential campaigning. One-on-one contact is the way to go to reach people in positions of power. Make contact over the phone at the very least, but ideally do it over a meal (your treat). Save the impersonal contact for the masses.

Two Companies Are Better Than One
Many people resist the idea of partnerships because they want full control and often all the profits. Partnering with another company doubles your chances of getting a new product out faster and to the right market.

It also doubles your financial and human resources. If you're fortunate enough to find someone you know and trust, and if both sides recognize how they best complement each other's strengths and weaknesses, you will benefit by having more of the following:

Ideas
Familiar ideas are a great way to sell familiar products; however, when selling something new, having more input is never a bad thing.

One caveat: Make sure to define the limits of the partnership before the first brainstorming meeting. Also, establish yourself as having the final sign-off on all ideas before execution. Nothing is more unpleasant than a partner with a bad idea who won't back down.

WAY $10K Summer Sales Race

We wish to thank all of our resellers for positioning WAY at the front of the pack. To keep up the pace, WAY Systems is introducing a 90-day sales contest with a $10,000 prize at the finish line.

RACING DATES

The starting gun goes off on July 1, 2005 to the finish line on September 30, 2005. Checkpoint updates will be tallied and communicated to participants throughout the race.

ELIGIBILITY

Participants must be sales agents directly responsible for sales to merchants. Participants must be registered with WAY Rewards.

Points will be awarded for terminal orders shipped within the United States only.

REGISTRATION

Resellers of WAY Systems can register at www.waysystems.com/rewards. If you are currently a member of the WAY Rewards program you are already registered and can begin accumulating points on July 1, 2005.

PRIZE AWARDED

At the finish line, a $10K prize winner will be drawn. WAY Systems will announce the winner on October 17, 2005.

Remember to visit our web site at www.waysystems.com for contest updates and additional information.

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WAY Systems, Inc.
200 Unicorn Park,
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800 280 0579

CONTEST DETAILS

Participants "runners" accumulate points for ordering WAY System's Mobile Transaction Terminals (MTT™) in the U.S. throughout the race. The more points you gain, the better your chances at winning a $10,000 dollar cash prize. Here's the WAY to accumulate points when you order products:

MTT 1500 POS Terminal
w/Printer = One point

MTT 1500 POS Terminal
w/o Printer = One point

MTT 1500 Demo Unit = Five points

Education

Potential Clients

The bottom line is selling more product to more buyers and expanding the customer base in the process. A viable partner must deliver a market of customers who are likely to show interest in the new product. If a partnership doesn't significantly increase distribution channels, then its value decreases dramatically.

Manpower

Through the partnership you'll have more feet on the street. You'll also have more hands to stuff envelopes, create ads and give the product wider distribution and greater exposure.

Plan carefully and set clear rules for collaboration. You'll reap the benefits of the partnership while skipping the headaches. When sales are four times higher than what you could have

> **Where else but the Internet can you generate interest and sales without doing anything? By collecting all the information about the product in one convenient location, you'll make it easy for potential customers to learn more.**

generated on your own, you won't mind not keeping 100% of the profits.

Get Information Online Early

Far too many businesspeople ignore this component of buzz-building until it's too late. Get a product-specific Web site, or a page on your main site, up and running and tested before the official launch.

Have materials ready to mail or e-mail. If you're comfortable sharing detailed product information, add it to the site.

Where else but the Internet can you generate interest and sales without doing anything? By collecting all the information about the product in one convenient location, you'll make it easy for potential customers to learn more.

You'll reach people that your sales agents won't be able to contact one on one. Make it as easy as possible for those who read about you to reach you.

Start this part of the process early to spare yourself the frus-

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tration of finding out the week before the product is supposed to launch that a competitor owns www.yourproductname.com .

Also, starting early allows buzz to grow organically. This buzz will generate interest in the product before your other marketing plans take effect.

To keep the specifics of the product quiet until it's time for the official launch, consider a teaser campaign. Create vague but compelling ad copy focused on the benefit the new product will deliver, and tie it in to the launch date.

Think, "A terminal so sophisticated, you'll wonder how you ever did business without it. Launching Nov. 1, 2005. "A well-written, concise teaser tagline will build more buzz than 1,000 words of ad copy.

Make the Product Front-page News

If concerned about the competition stealing your ideas, make sure that at least a few people know the details of the product before the launch date, namely, the journalists who cover our industry.

Send a few of them a product sample along with a detailed fact sheet explaining exactly how the product works and benefits the end user. Strictly limit the date journalists publish any articles about the product by specifying that the materials and information are "embargoed." This will prohibit journalists from giving away the details of your product before a date that you specify.

Ensuring that everyone involved, including journalists, adheres to a timeline will help prevent hassles such as having consumer interest wildly exceed current inventory.

Use these proven techniques for generating new product buzz. Next time your ears are burning you'll know that people are talking about you and, for once, they're saying all the right things.

Nancy Drexler is the Marketing Director and Sam Neuman is the Communications Specialist of Cynergy Data, a payment processor that distinguishes itself by relying on creativity and technology to maximize service. Cynergy offers its ISOs VIMAS, a cutting edge back-office management software; Vimas Tracking, a ticketing system that makes responses to customers fast, accurate and efficient; Brand Central Station, a Web site of free marketing tools; plus state-of-the-art training, products, services and value-added programs all designed to take ISO partners from where they are to where they want to be.

For more information on Cynergy e-mail Nancy Drexler at nancyd@cynergydata.com .

Education

Minimizing Chargebacks for Mail Order Merchants

By David H. Press
Integrity Bankcard Consultants Inc.
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In a recent posting on GS Online's MLS Forum, a merchant level salesperson (MLS) inquired about a mail order merchant receiving chargebacks even though the merchant had signed contracts and proof of delivery. The chargebacks occurred because customers said "I didn't like it." The MLS wanted to know who determines whether merchants should get a chargeback and what they can do to defend themselves.

An MLS Forum member correctly responded that issuing banks initiate chargebacks but have no way of knowing about merchant contracts with customers or proof of delivery. Merchants can always dispute chargebacks by re-presenting them to issuing banks.

The most fundamental way for mail order merchants to reduce chargebacks is to promptly issue refunds or returns to customers when appropriate. In the example on the MLS Forum, the merchant cited was sending out goods with a high average ticket ($1,000 – $1,500). Merchants selling products in this price range are often targets of unscrupulous customers. For them, chargebacks are only half the problem; the other half is getting merchandise back. The last thing merchants need is customers not only keeping the goods but also initiating chargebacks under the Visa U.S.A. and MasterCard International reason code categories "Not as Described" or "Defective Merchandise" or under the "I didn't do it" categories such as "Cardholder Did Not Recognize Transaction" or "Fraudulent Transaction."

As an MLS, learn how chargebacks work and advise merchants of the following ways to help minimize them:

Improve Operations

Operational problems that often lead to chargebacks include failing to send out merchandise; sending the wrong merchandise; taking orders for backlogged items and failing to fulfill those orders; missing promised delivery dates; and double billing. Merchants should also keep customers aware of order status and only charge them once they have shipped the goods.

Properly Disclose the Refund Policy

Many mail order merchants' chargeback problems result from their refund policy. Merchants with a policy that limits refunds must properly disclose it to customers. A proper disclosure must never include a statement that waives a cardholder's right to dispute the transaction with the issuing bank.

Mail order merchants must include a disclosure of their refund policy on the order form, invoice or contract and in any catalogue or advertisement. The return policy may include a requirement that customers return products prior to merchants issuing a refund. If merchants properly disclose to customers that they are required to return products prior to being issued a refund, and chargebacks still occur, merchants should re-present these chargebacks to the issuing bank.

Re-presentments should include proof of delivery to the cardholder and order form documentation that shows the refund policy. The way for merchants to win delivery/return chargeback cases is to show proof that they delivered the product to the customer and proof that the customer returned the product.

Include the 800-Number

Always make sure that the descriptor placed on cardholder statements includes the 800-number that cardholders should contact if there's a problem with their order or if they want a refund. Many of the "I did not do it" and refund issue chargebacks require customers to contact merchants and wait 30 days before initiat-

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ing a chargeback. The "Cardholder Did Not Recognize Transaction" reason code requires issuing banks to work with customers to try to identify the transaction. The easiest way to do this is with a three-way call to the 800-number on the descriptor. Merchants should answer the 800-number promptly.

Use AVS

Mail order merchants should use the address verification service (AVS) and enter all the information into the system. All fields should be completed including the ZIP+4 code.

Inputted information that is complete and accurate helps prevent chargebacks from occurring. This might be the difference between winning and losing a representment. Incomplete fields mean the AVS match is not as complete and provides less protection. Response codes of "Y" (address and five digit ZIP code match) or "U" (address information is unavailable) in the authorization log shifts the liability from merchants to card issuers for certain fraudulent chargebacks.

Partial matches (code "P") might indicate that an incorrect address was inputted. Merchants should investigate this to decrease the number of returned packages or potentially fraudulent transactions. They can verify

an address using a telephone number on the Internet. Merchants should decline some of the transactions when address and ZIP code do not match (code "N") or require that customers provide another form of payment.

Work with merchants to help them understand how chargebacks are occurring, and show them the proper steps to take to prevent and defend chargebacks. This will dramatically affect the total number of chargebacks that they receive. Fewer merchant chargebacks reduces acquirer risk and potential acquirer fines from card Associations. Merchants will be happy with you and will keep your relationship intact, allowing you to continue earning money on the account.

Visa offers "Card Acceptance and Chargeback Management Guide for Visa Merchants," which is a manual that you should read, understand and distribute to merchants with chargeback problems or potential chargeback problems. Download a copy at: http://usa.visa.com/business/accepting_visa/ops_risk_management/chargebacks_dispute_resolution/index.html .

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

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TERMINALS▲DIRECT

Education

Hi-Tech Product Offerings for Merchants

By Peter Scharnell
Electronic Exchange Systems

Technological advancements are occurring so rapidly within the payments industry that it seems like a company announces a new solution every day. With the adoption of Internet connectivity and the evolution of POS terminals and processing technologies, major developments in product offerings are now becoming available to merchants.

With so many new technologies and solutions publicized, how do we avoid selling vaporware (i.e., hi-tech products announced and advertised but not yet available) to customers?

One way is to check with your processor to see if it offers a certification matrix. This will breakdown all products and services it offers and show which ones are certified and ready to sell. Nothing is worse than getting customers excited and sold on solutions that are still several months away from going to market.

Following are some of the latest hi-tech product offerings available and ready to sell to merchants:

Contactless Payments

Many of you are familiar with MasterCard International's PayPass and JPMorgan Chase & Co.'s Blink card marketing campaigns. These programs promote contactless payment technology that uses a radio frequency (RF) ID-enabled credit or debit card and a contactless reader terminal.

Merchants can easily add a low cost contactless payment device to a wide variety of existing POS terminals. Contactless solutions allow consumers to rapidly move through check-out lines by waving their contactless payment cards or even by pointing and clicking their mobile phones. Contactless solutions are gaining popularity; they are ideal for fast food restaurants and casual dining establishments, parking garages, movie theaters, and convenience, grocery, and drug stores.

Contactless solution provider ViVOtech, for example, offers an end-to-end payment platform that enables you to offer merchants cost effective solutions and enhanced loyalty programs accessed with RF-enabled credit and debit cards, key fobs, cell phones and identity cards.

Most contactless programs now on the market, however, have been launched in select areas and only some of the major processors have certified them. Check with your ISO or processor to see if a solution exists for your merchant base.

GPRS Wireless

In the past, spotty connectivity has created issues when trying to sell wireless POS terminals to customers. With General Packet Radio Service (GPRS), which transmits data in packets, connectivity is no longer a major hindrance for making wireless transactions.

GPRS is the next generation wireless technology for merchants. It offers faster transaction times and greater coverage areas. GPRS works with a subscriber identity module, or SIM, chip such as what is in a mobile phone. The technology roams network providers operating GPRS towers. Large carriers support these new networks and ensure coverage almost anywhere.

A credit card sale on a GPRS network often takes as little as three seconds to complete. Wireless terminals are becoming smaller and more powerful, which means new sales opportunities for you. Some great GPRS-enabled terminals are now on the market. Lipman's NURIT 8000 and WAY

Systems' Mobile Transaction Terminal, which uses a mobile phone and card reader, are two examples. These solutions are certified and work with most of the major processors.

Payment Gateways

Using a payment gateway to process transactions over the Internet is a common solution within our industry, yet many people do not understand how far most payment gateways have come. Today's payment gateways offer solutions such as advanced software and POS integration, batch processing, automated clearing house payments, recurring billing, Internet check payments, Level-III processing, fraud detection and prevention, and cardholder authentication.

Most processors offer several gateway solutions from which to choose; some will even provide integration and implementation support services. This support system helps you approach larger and more complex customers who need integrated solutions with their existing software or POS hardware.

Whether setting up small Web-based merchants or large businesses with many card-not-present processing needs, understand the options that each payment gateway provider has available in order to make the best selections for your customers.

IP Processing

In the last few years a lot of anticipation and discussion has occurred over using the power and speed of the Internet to process transactions at brick-and-mortar establishments. We are now seeing Internet protocol (IP)-based processing becoming a reality.

The high cost of bandwidth that was once a limitation to most retail merchants is now becoming a nonissue. IP solutions provide cost savings to merchants because they reduce the need for additional phone lines and other related communication costs.

Standard Internet connections such as digital subscriber lines and cable modems enable merchants to free up essential telephone lines and continue to take calls and send faxes while processing transactions.

Using an IP connection for credit and debit authorizations means that merchants will experience reduced network communication expenses and faster transaction speed because the communication connection remains constantly on.

Because of the need for speed in the marketplace and the cost saving capabilities, more and more networks, POS terminals and software products are certified for IP processing. Equipment manufacturers are

Education

also adding sophisticated security features at the terminal level.

Advanced IP-ready terminals such as VeriFone's Omni 3750 and Lipman's NURIT 8320 feature Visa's and MasterCard's PIN entry devices as well as triple data encryption standard security regulations that help reduce fraud from tactics such as card skimming. They also help to ensure secure software downloads and prevent interapplication data access and tampering at the merchant level.

Integrated Solutions

Use the latest technology for merchants who need to integrate multiple locations or terminals into a single payment and reporting system. Retailers are always looking for ways to integrate their payment processing with a back-end system for data retrieval, reporting and reconciliation.

IP processing is not exclusively about speed. Merchants can now take advantage of the powerful networking capabilities provided by the Internet. Networking all their processing, inventory and accounting systems together in one location will help companies run more efficiently and effectively.

Many acquirers and processors have integration groups that will work with you and your merchants to implement a certified integrated payment solution that meets Payment Card Industry Data Security Standard requirements.

Many other new technologies are on the horizon and in early release. We will see more advances in biometric payments and micropayments, as well as new terminals, payment platforms and integrated solutions. As acquirers, ISOs and merchant level salespeople, we have a responsibility to our customers to sell them technologically advanced solutions that meet their needs and will help them acquire and attract new paying customers. Our duty is to act as merchant consultants. We must also avoid selling them on products not yet officially certified and released.

Peter Scharnell is Vice President of Marketing for Electronic Exchange Systems (EXS), a national provider of merchant processing solutions. Founded in 1991, EXS offers ISO partner programs, innovative pricing, a complete product line, monthly phone/Web training, quarterly seminars and, most of all, credibility. For more information, please visit www.exsprcessing.com, or e-mail Scharnell at peter.scharnell@exsprocessing.com . Electronic Exchange Systems is a registered ISO/MSP for HSBC Bank USA, National Association.

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No, We're Still Not Crazy...

If you have been considering joining United Bank and offering the Free Terminal Program to your merchants, don't waste another second! Take advantage of this program today and you could drive away in the car of your dreams. United Bank Card is offering our ISO partners TWO opportunities to win a 36-month lease on a 2005 Mercedes SL500. We will be awarding one 2005 Mercedes SL500 at our September 2005 Partner Conference in Fort Lauderdale, Florida and one at the April 2006 ETA Meeting and Expo in Las Vegas, Nevada.

Every ISO/MLS Partner Has a Chance!

Entering is as simple as submitting a merchant application to United Bank Card. Each approved application counts as one contest entry; the more merchants you sign, the better your chance of winning!

Bonus Entries!

- All applications approved before June 1st, 2005 result in double entries!
- All United Cash Solutions ATM placements count as 2 entries!
- All United Cash Solutions ATM sales/leases count as 4 entries!

A Car Worthy of Our Partners

With sculpted lines and unprecedented luxury, the Mercedes SL500 is the pinnacle of automotive engineering! The SL500 is sleek, powerful and aggressive; just like our ISO partners. Log on to http://www.mbusa.com/brand/models/SL500R.jsp to learn more about the Mercedes SL500.

Join United Bank Card and you could drive away from United Bank Card's 2005 Partner Conference or the 2006 ETA Meeting and Expo in the car of your dreams!

Contest Rules:

This Contest is administered by United Bank Card, Inc., (the "Contest Sponsor"). All decisions of the Contest Sponsor are final and binding in all matters as they relate to this Contest.

The first contest round opens on April 15, 2005 and closes on September 19, 2005 at midnight EST (the "Contest One Period"). Only eligible entries received during the Contest One Period will be entered in the contest. Must be present to win and ISO/MLS must be an active office with United Bank Card, Inc.

The second contest round opens on April 15, 2005 and closes on April 14, 2006 at midnight EST

(the "Contest Two Period"). Only eligible entries received during the Contest Two Period will be entered in the contest. ISO/MLS must be an active office with United Bank Card, Inc.

Participants in the contest are only eligible to win once. The winner of the first round will not be eligible to win a second time.

Prizes must be accepted as awarded, are non-refundable, non-transferable and not convertible to cash. The Contest Sponsor reserves the right to substitute a prize of equal or greater value if any prize cannot be awarded as described for any reason.

For more information, contact:

Brian Jones, Vice President Sales and Marketing: 800-201-0461 x 136
Jonathan Brandon, National Sales Manager East: 800-201-0461 x 145
Max Sinovoi, National Sales Manager West: 800-201-0461 x 219
or log on to www.isoprogram.com for more details

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In every industry there are leaders and followers: the innovators and those who emulate them for a taste of glory. United Bank Card has revolutionized the payment processing industry with our Free Terminal Program. We pioneered this initiative and we have perfected it. United Bank Card offers the most comprehensive FREE package available and we reinforce it with unbeatable service and support and an opportunity to earn up to $490.00 in weekly bonuses!

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United Bank Card is the only processor that offers your merchants a state-of-the-art Nurit 8320 all-in-one terminal or a Comstar CHARGE ANYwhere® wireless terminal completely free of charge! United Bank Card also has the ability to improve this great offer by supplying a FREE eN Check 2500 check reader and FREE ePad signature capture pad.

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United Bank Card offers the most appealing bonus incentives in the industry! We continue to provide the popular $100.00 up-front bonus** in conjunction with our Free Terminal Program and are complimenting this offer with an additional $40.00 Discover bonus for every approved merchant you sign. We have also developed a Conversion bonus which pays up to $350.00 per merchant based on their present Visa/MasterCard volume! United Bank Card has enhanced these deals even further by adopting a new payment schedule, which enables you to receive up to $490.00 per deal on a weekly basis!

Are You a Leader or a Follower?

United Bank Card has developed the ideal free equipment program for the ISO/MLS. Only our program is dynamic enough to provide you with the options you need to double or even triple the amount of merchants you sign each month! With the power of the United Bank Card Free Terminal Program behind you, you will never lose another account due to price issues and you will dramatically increase your residual streams and reduce portfolio attrition. Partner your office with United Bank Card today and beat the competition with our innovative programs.

*Nurit 8320 terminal, Comstar CHARGE ANYwhere wireless terminal, eN Check 2500 check reader and ePad signature capture pad available for free only when merchant signs for the service.
**Must have a $25.00 monthly minimum and a minimum $5.00 statement fee. The up-front bonus plan does not apply to the Free Comstar Charge ANYwhere wireless terminal.

APS

Visa 2005 Interchange Fees

Visa U.S.A. announced the following changes (shown in bold) to its consumer debit card fees: Rates effective April 1, 2005

Fee Program Name	Old Rate	New Rate
CPS/Retail Debit - Tier I	0.70% + $0.15	**0.62% + $0.13**
CPS/Retail Debit - Tier II	0.83% + $0.15	**0.81% + $0.13**
CPS/Retail Debit - Tier III	0.95% + $0.15	**0.92% + $0.15**
CPS/Retail Debit - Tier IV	1.05% + $0.15	**1.03% + $0.15**
CPS/Supermarket Debit - Tier I	0.70% + $0.15 ($0.35 cap)	**0.62% + $0.13 ($0.35 cap)**
CPS/Supermarket Debit - Tier II	0.83% + $0.15 ($0.35 cap)	**0.81% + $0.13 ($0.35 cap)**
CPS/Supermarket Debit - Tier III	0.95% + $0.15 ($0.35 cap)	**0.92% + $0.15 ($0.35 cap)**
CPS/Supermarket Debit - Tier IV	1.05% + $0.15 ($0.35 cap)	**1.03% + $0.15 ($0.35 cap)**
CPS/Retail 2 Debit	0.80% + $0.25	0.80% + $0.25
CPS/Retail Key Entry Debit	1.60% + $0.15	1.60% + $0.15
CPS/Card Not Present Debit	1.60% + $0.15	1.60% + $0.15
CPS/Automated Fuel Dispenser Debit	0.70% + $0.17	0.70% + $0.17
CPS/Account Funding Debit	1.75% + $0.20	1.75% + $0.20
CPS/e-Commerce - Basic, Debit	1.60% + $0.15	1.60% + $0.15
CPS/e-Commerce - Preferred, Debit	1.55% + $0.15	1.55% + $0.15
CPS/Hotel and Car Rental Card Not Present, Debit	1.36% + $0.15	1.36% + $0.15
CPS/Hotel and Car Rental Card Present, Debit	1.36% + $0.15	1.36% + $0.15
CPS/e-Commerce Preferred - Hotel and Car Rental, Debit	1.36% + $0.15	1.36% + $0.15
CPS/Passenger Transport, Debit	1.60% + $0.15	1.60% + $0.15
CPS/e-Commerce Preferred - Passenger Transport, Debit	1.60% + $0.15	1.60% + $0.15
CPS/Small-Ticket, Debit	1.60% + $0.04	1.60% + $0.04
CPS/Restaurant, Debit	1.19% + $0.10	1.19% + $0.10
CPS/Retail Service Station, Debit	0.70% + $0.17	0.70% + $0.17
Express Payment Service, Debit	1.95% + $0.02	1.95% + $0.02
EIRF, Debit	1.75% + $0.20	1.75% + $0.20
Standard, Debit	1.90% + $0.25	1.90% + $0.25

Visa U.S.A. also announced the following changes (shown in bold) to its consumer credit interchange reimbursement fees: Rates effective April 1, 2005

Interchange Reimbursement Fee	Traditional Fee Amt.	Traditional Rewards Fee Amt.	Signature Fee Amt.
Standard Interchange Reimbursement Fee	**2.70% + $0.10**	**2.70% + $0.10**	**2.70% + $0.10**
Electronic Interchange Reimbursement Fee	**2.30% + $0.10**	**2.30% + $0.10**	**2.30% + $0.10**

CPS/Program Rates

	Traditional Fee Amt.	Traditional Rewards Fee Amt.	Signature Fee Amt.
CPS/Supermarket - Performance Threshold I	1.15% + $0.05	1.15% + $0.05	**1.65% + $0.10**
CPS/Supermarket - Performance Threshold II	1.20% + $0.05	1.20% + $0.05	**1.65% + $0.10**
CPS/Supermarket - Performance Threshold III	1.22% + $0.05	1.22% + $0.05	**1.65% + $0.10**
CPS/Supermarket - All Other	1.24% + $0.05	**1.65% + $0.10**	**1.65% + $0.10**
CPS/Retail - Performance Threshold I	1.43% + $0.10	1.43% + $0.10	**1.65% + $0.10**
CPS/Retail - Performance Threshold II	1.47% + $0.10	1.47% + $0.10	**1.65% + $0.10**
CPS/Retail - Performance Threshold III	1.51% + $0.10	1.51% + $0.10	**1.65% + $0.10**
CPS/Retail - All Other	1.54% + $0.10	**1.65% + $0.10**	**1.65% + $0.10**
CPS/Automated Fuel Dispenser	1.50% + $0.05	**1.65% + $0.10**	**1.65% + $0.10**
CPS/Service Station	1.43% + $0.10	**1.65% + $0.10**	**2.30% + $0.10**
CPS/Card Not Present	1.85% + $0.10	**1.90% + $0.10**	**1.90% + $0.10**
CPS/Retail Key Entry	1.85% + $0.10	**1.90% + $0.10**	**1.90% + $0.10**
CPS/e-Commerce Basic	1.85% + $0.10	**1.90% + $0.10**	**1.90% + $0.10**
CPS/e-Commerce Preferred Hotel and Car Rental	1.58% + $0.10	**1.90% + $0.10**	**2.30% + $0.10**
CPS/e-Commerce Preferred Passenger Transport	1.75% + $0.10	**1.90% + $0.10**	**2.30% + $0.10**
CPS/Hotel & Car Rental Card Present	1.58% + $0.10	**1.90% + $0.10**	**2.30% + $0.10**
CPS/Hotel & Car Rental Card Not Present	1.58% + $0.10	**1.90% + $0.10**	**2.30% + $0.10**
CPS/Passenger Transport	1.75% + $0.10	**1.90% + $0.10**	**2.30% + $0.10**
CPS/Restaurant	1.54% + $0.10	**1.90% + $0.10**	**2.30% + $0.10**

The Special Incentive program fees remain unchanged as:

CPS/Small Ticket	1.65% + $0.04
CPS/Retail 2	1.43% + $0.05
CPS/e-Commerce Preferred Retail	1.80% + $0.10
Express Payment Service	2.00% + $0.02
CPS/Account Funding	2.14% + $0.10

News

MasterCard U.S. Region 2005 - 2006
Interchange Programs and Rates

Fee Program Name	Old Rate	New Rate
Consumer Credit Interchange Rates		
Consumer Standard (75, 85, 95)	2.70% + $0.10	2.70% + $0.10
Convenience Purchases (23)	1.80% + $0.00	**1.90% + $0.00**
Key-Entered (92)	1.90% + $0.10	**1.95% + $0.10**
Merit I (78, 88, 98)	1.90% + $0.10	**1.95% + $0.10**
Merchant Universal Cardholder Authentication Field (UCAF)*	n/a	**1.63% + $0.10**
Full UCAF*	n/a	**1.73% + $0.10**
Merit III Base (70, 80)	1.54% + $0.10	**1.63% + $0.10**
Merit III Tier 1 (10)	1.48% + $0.10	1.48% + $0.10
Passenger Transport (93)	1.75% + $0.10	**1.83% + $0.10**
Public Sector (22)	1.55% + $0.10	1.55% + $0.10
Service Industries (90)	1.15% + $0.05	1.15% + $0.05
Supermarket Base (71, 81)	1.36% + $0.00	**1.43% + $0.05**
Supermarket Tier 1 (13)	1.30% + $0.00	**1.32% + $0.00**
Travel Industries Premier Service (97)	1.58% + $0.10	**1.74% + $0.10**
Warehouse Club Base (91)	1.36% + $0.00	**1.43% + $0.05**
Warehouse Club Tier 1 (16)	1.30% + $0.00	**1.32% + $0.00**
World MasterCard T&E (96)	2.20% + $0.10	n/a
Payment Transaction (20)	0.19% + $0.53	0.19% + $0.53
Corporate Interchange Rates		
Corporate Standard (65)	2.70% + $0.10	2.70% + $0.10
Corporate Data Rate I (68)	2.65% + $0.10	2.65% + $0.10
Corporate Data Rate II (67)	1.95% + $0.00	1.95% + $0.00
Corporate Data Rate III (66)	1.65% + $0.00	**1.75% + $0.00**
Corporate Face-to-Face (60)	1.54% + $0.10	**1.95% + $0.00**
Corporate Large Ticket (62)	1.20% + $40.00	1.20% + $40.00
Corporate T&E I (76, 86)	2.30% + $0.00	**2.35% + $0.00**
Corporate T&E II (69)	2.15% + $0.10	**2.20% + $0.10**
Corporate T&E III (89)	2.05% + $0.10	**2.15% + $0.10**
Payment Transaction (21)	0.19% + $0.53	0.19% + $0.53
World MasterCard Interchange Rates		
World MasterCard Standard (01)	2.70% + $0.10	**2.90% + $0.10**
World MasterCard Convenience Purchases (06)	1.80% + $0.00	**2.00% + $0.00**
World MasterCard Key-Entered (03)	1.90% + $0.10	**2.05% + $0.10**
World MasterCard Merit I (02)	1.90% + $0.10	**2.05% + $0.10**
World MasterCard Merchant Universal Cardholder Authentication Field (UCAF)*	n/a	**1.73% + $0.10**
World MasterCard Full UCAF*	n/a	**1.83% + $0.10**
World MasterCard Merit III Base (04)	1.54% + $0.10	**1.73% + $0.10**
World MasterCard Merit III Tier 1 (05)	1.48% + $0.10	**1.58% + $0.10**
World MasterCard Public Sector (56)	1.55% + $0.10	1.55% + $0.10
World MasterCard Restaurant (58)	n/a	**1.63% + $0.10**
World MasterCard Service Industries (55)	1.15% + $0.05	1.15% + $0.05
World MasterCard Supermarket Base (07)	1.36% + $0.00	**1.53% + $0.05**
World MasterCard Supermarket Tier 1 (08)	1.30% + $0.00	**1.42% + $0.00**
World MasterCard T&E (96)	2.20% + $0.10	**2.30% + $0.10**
World MasterCard Warehouse Club Base (09)	1.36% + $0.00	**1.53% + $0.05**
World MasterCard Warehouse Club Tier 1 (54)	1.30% + $0.00	**1.42% + $0.00**
Payment Transaction (20)	0.19% + $0.53	0.19% + $0.53
Consumer Debit Refund Interchange Rates		
Consumer Debit Refund Group 1 (31)	**1.89% + $0.00**	**1.72% + $0.00**
Consumer Debit Refund Group 2 (32)	1.68% + $0.00	1.68% + $0.00
Consumer Debit Refund Group 3 (33)	1.40% + $0.00	1.40% + $0.00

Rates are effective April 1, 2005, except for UCAF rates, which are marked with an *asterisk. These are effective Oct. 1, 2005. Changes are shown in bold.

Consumer Credit and World MasterCard Refund Interchange Rates

Consumer Credit Refund Group 1 (34)	2.32% + $0.00	**2.42% + $0.00**
Consumer Credit Refund Group 2 (35)	2.02% + $0.00	**2.09% + $0.00**
Consumer Credit Refund Group 3 (36)	1.87% + $0.00	**1.95% + $0.00**
Consumer Credit Refund Group 4 (37)	1.77% + $0.00	**1.82% + $0.00**
Consumer Credit Refund Group 5 (38)	1.69% + $0.00	**1.73% + $0.00**

Corporate Refund Interchange Rates

Corporate Refund Group 1 (39)	2.38% + $0.00	**2.37% + $0.00**
Corporate Refund Group 2 (40)	2.27% + $0.00	**2.30% + $0.00**
Corporate Refund Group 3 (41)	2.15% + $0.00	**2.21% + $0.00**
Corporate Refund Group 4 (42)	2.05% + $0.00	**2.16% + $0.00**

Consumer Debit Interchange Rates

Consumer Standard (75, 85, 95)	1.90% + $0.25	1.90% + $0.25
Emerging Markets (29)	0.80% + $0.25	0.80% + $0.25
Key-Entered (92)	1.64% + $0.16	1.64% + $0.16
Merit I (78, 88, 98)	1.64% + $0.16	1.64% + $0.16
Merchant UCAF*	n/a	**1.05% + $0.15**
Full UCAF*	n/a	**1.15% + $0.15**
Merit III - Tier 1 (10)	0.70% + $0.15	0.70% + $0.15
Merit III - Tier 2 (11)	0.83% + $0.15	0.83% + $0.15
Merit III - Tier 3 (12)	0.95% + $0.15	0.95% + $0.15
Merit III - Base (70, 80)	1.05% + $0.15	1.05% + $0.15
Passenger Transport (93)	1.60% + $0.15	1.60% + $0.15
Petroleum - CAT/AFD (27)	0.70% + $0.17	0.70% + $0.17
Petroleum - Service Stations (28)	0.70% + $0.17	0.70% + $0.17
Restaurant (26)	1.19% + $0.10	1.19% + $0.10
Service Industries (90)	1.15% + $0.05	1.15% + $0.05
Small Ticket (25)	1.60% + $0.04	1.60% + $0.04
Supermarket - Tier 1 (13)	0.70% + $0.15 ($0.35 max)	0.70% + $0.15 ($0.35 max)
Supermarket - Tier 2 (14)	0.83% + $0.15 ($0.35 max)	0.83% + $0.15 ($0.35 max)
Supermarket - Tier 3 (15)	0.95% + $0.15 ($0.35 max)	0.95% + $0.15 ($0.35 max)
Supermarket - Base (71, 81)	1.05% + $0.15 ($0.35 max)	1.05% + $0.15 ($0.35 max)
Travel Industries Premier Service (97)	1.36% + $0.15	1.36% + $0.15
Warehouse Club - Tier 1 (16)	0.70% + $0.15 ($0.35 max)	0.70% + $0.15 ($0.35 max)
Warehouse Club - Tier 2 (17)	0.83% + $0.15 ($0.35 max)	0.83% + $0.15 ($0.35 max)
Warehouse Club - Tier 3 (18)	0.95% + $0.15 ($0.35 max)	0.95% + $0.15 ($0.35 max)
Warehouse Club - Base (91)	1.05% + $0.15 ($0.35 max)	1.05% + $0.15 ($0.35 max)
Payment Transaction (20)	0.19% + $0.53	0.19% + $0.53

Maestro Interchange Rates

Supermarket/Warehouse - Tier 1	$0.16	$0.17
Supermarket/Warehouse - Tier 2	$0.17	$0.19
Supermarket/Warehouse - Base	$0.22	$0.24
Convenience - Tier 1	0.45% + $0.04 ($0.22 max)	**0.45% + $0.08 ($0.28 max)**
Convenience - Tier 2	0.50% + $0.05 ($0.22 max)	**0.50% + $0.10 ($0.32 max)**
Convenience - Base	0.65% + $0.12 ($0.45 max)	**0.75% + $0.15 ($0.50 max)**
All Other - Tier 1	0.45% + $0.04 ($0.22 max)	**0.45% + $0.08 ($0.28 max)**
All Other - Tier 2	0.50% + $0.05 ($0.22 max)	**0.50% + $0.10 ($0.32 max)**
All Other - Base	0.65% + $0.12 ($0.45 max)	**0.75% + $0.15 ($0.50 max)**
Cash-Back at POS	0.00%	0.00%

Slippery Statistics of Digital Popularity

This is the fourth article in a series on developing effective Web sites. The previous article "Creating Web Site Content" appeared in the June 27, 2005 issue (05:06:02) of The Green Sheet.

Web sites have highs and lows in terms of visitor statistics. For instance, traffic might spike around the dates of key industry tradeshows and events. It's natural to have more visitors to your Web site after meetings and personally handing out business cards.

A crucial step in gauging the effectiveness of an advertising or marketing campaign is tracking the interest generated. This is much easier to do with Web sites than with traditional methods such as postcards or other demographic studies.

Most hosting companies compile logs or usage statistics for you. If you host the site on your server, it will generate logs containing the time, date, browser, geographical location and often the site visit "referrer."

A referrer is the source of how visitors came to the site. Search engines are the most likely referrers for new traffic, but eventually visitors will type the URL directly into their browser. Most logs and traffic reporting software compile details to track site traffic. One very important difference in the numbers tracked is hits versus visits. It's a bit of a slippery subject but the breakdown is as follows:

- Someone goes to the Web site and the page fully loads. This is registered as **one visit.**
- If the site has 10 graphics on it (buttons, banners, a page structure that is a placed graphic element) this will register as **10 hits**.

Even though the numbers can increase exponentially, a hit is not a number to discount. As people visit a site and click buttons and graphics to navigate through it, search engines index the length of their stay, the navigation's reliability and the site's overall integrity.

Most statistic tracking services will delineate the hits and visits. Monitor them monthly, rather than weekly or daily. The peaks and valleys that often occur with site visits may provide a false sense of the site's true effectiveness. When developing marketing campaigns, product rollouts or press releases, create specific pages on your site for visitors to seek out.

This will help elucidate the effectiveness of your marketing efforts. If your efforts send everyone to the home page, tracking these statistics will be nearly impossible.

Instead, point people to a specific page within the site. Another way to drive site visits and hits is to have regularly updated interactive forms and polls and then categorize the results based on the nature of the responses.

When reviewing monthly reports, keep an organized file of them in print so you and your team can review a quarter, six-month or one-year period. Most tracking tools provide the site's administrator with a way to plot increases and decreases on a chart or graph. Use these data to improve your site and build on what drives people to it.

Even if traffic numbers are down, share them with your team; use them as a challenge to overcome. A Web site is a powerful tool. If traffic reports show a paltry response, re-evaluate marketing strategies or provide incentives and training to help staff drive traffic to the site. Poor site design also undermines the possibility of return visitors and search engine optimization.

Think of it as a digital popularity contest; some Web sites are widely liked and some go unnoticed. Make sure your site is one people remember and seek out, and your traffic statistics will thrive.

New**Products**

E-Wallets Make Lighter Pockets

Product: ViVOnfc

Company: ViVOtech Inc.

O nce used strictly for making calls, mobile phones have evolved into the ultimate gadget. Many now also include different technology solutions such as MP3 players, personal organizers, bluetooth chips, walkie-talkies, Internet access and digital cameras.

ViVOtech, a leader in contactless payment solutions, bets that the next wave of cell phone technology, electronic wallets, or e-wallets, will soon make their way to the masses. Connected to a consumer's credit card or bank account, e-wallets may soon be available in the rapidly expanding contactless payment arena.

ViVOtech offers an end-to-end mobile phone payment solution called ViVOnfc. The phones are equipped with near field communication (NFC) technology, which provides short-range wireless connectivity over a distance of two to four inches. Since NFC devices do not operate over a carrier's radio spectrum, they can be used anywhere.

Here's how the ViVOnfc phone works: Consumers download virtual payment "cards" on their phone from card issuers over the wireless service provider's radio spectrum. These cards include credit, debit, prepaid, loyalty and gift cards.

Once card information is added to the phone, consumers can pay for goods and services at merchant locations that use a contactless POS system.

The ViVOnfc solution includes an infrastructure that enables downloading of the virtual cards; ViVOwallet software that provides consumers with access to their accounts directly on the NFC phone's screen; and soft-

ware that secures communications between the phone and contactless POS at the merchant location.

ViVOtech is partnering with mobile phone operators and phone manufacturers to develop the infrastructure for implementing the program. The company will roll out several pilots around the world in the next six to nine months.

Interested consumers purchase a service plan and phone with the NFC option. ViVOtech said it is working to factory-equip phones with an "empty wallet" ready to hold cardholder information.

ViVOtech

408-248-7001
www.vivotech.com

Hypercom's T7Plus

Terminal and Web Portal Payment Processing for Healthcare Transactions

Product: MedCom System
Company: MedCom USA Inc. and Abanco International LLC

Medcom USA Inc., a provider of HIPPA-compliant, healthcare transaction solutions, has joined forces with payment processor Abanco International LLC to expand sales coverage of its MedCom System to the ISO network.

The MedCom System is a point of service terminal-based transaction package and compatible Web portal for medical and dental professionals and healthcare

New**Products**

institutions. The system uses Hypercom Corp.'s T7Plus payment device. As part of its partnership with Abanco, MedCom will create a user interface for its Web payment portal to Abanco's secure Internet protocol payment gateway to enable efficient processing for Abanco's healthcare merchants.

MedCom System's processing capabilities include health insurance benefit eligibility verification, electronic referrals, claim status, co-pay management and accounts receivable financing.

The Patient Easy Pay feature allows billers to capture patients' signatures on file and automatically bill them after the proper paperwork is completed. This feature enables patients to make recurring payments for large medical or dental bills.

Payment processing is available for all four major credit card brands and the following nonbank debit cards: American Express Co., Discover Financial Services, Diners Club International Ltd. and JCB. A check reader connected to the terminal supports MedCom's check conversion/guarantee service. The system also generates a wide variety of reports including audit information for each credit card transaction, a summary of all card transactions

for a given period as well as pending and completed Easy Pay payments.

Abanco International LLC

www.abanco.com

MedCom USA Inc.

800-327-6537
www.medcomusa.com

Web Site Seeks Coins to Count ... From the Trusting

Product: www.cashforchange.com
Company: Venture Publishing

For many people, jars, buckets, boxes or other containers holding change are a significant untapped resource of funds. Internet company Venture Publishing estimates that the average American has between $125 and $500 in loose change stored and scattered in various places around the house.

Despite what could be a nice "chunk of change," many people let these coins gather dust simply because they don't want to sort, count, roll and haul them somewhere to redeem for paper bills. For the most trusting consumers, Venture Publishing offers a solution. Its Web site, cashforchange.com, provides an address to which people can send their entire stash of coins via the U.S. mail, UPS or FedEx.

The address is: Cash for Change, 888-A East Robinson, Springdale, AR 72764.

The company said its central processing facility will count the change and within seven to 10 days, mail back a check for the value of the money, less 8.5% ($0.085 per dollar counted) for processing. It's also currently working on easier shipping methods including discounted rates and prepaid shipping labels.

Unfortunately, the Web site does not include a phone number to call for more information nor does it offer a "money back" guarantee. It does, however, provide the following e-mail address for inquiries: info@cashforchange.com .

Venture Publishing

479-756-2584
www.cashforchange.com

Gift Card Program for Small to Mid-sized Merchants

Product: FirstAdvantage

Company: First American Payment Systems LP

A s every pair of "feet on the street" knows, selling bankcard services is one tough business. Even the most confident, knowledgeable and experienced MLS may struggle to close or retain certain deals.

Often the difference between merchant doors opening and closing comes down to the quality and variety of products and services that an MLS offers. One of these products is a gift card program.

First American Payment Systems LP now provides its MLS partners a price-friendly gift card solution called FirstAdvantage for their small and medium-sized merchant customers.

With a small initial investment and the low monthly rates of this gift card program, merchants will benefit from brand recognition and increased customer loyalty.

FirstAdvantage requires no minimum order amounts, so even the smallest "mom and pop" store can reap gift card program rewards. The company also provides online reporting for merchants to manage their accounts and for customers to track their card balances.

First American Payment Systems LP

800-701-2831
www.first-american.net

Inspiration

WaterCoolerWisdom:

"Hard work spotlights the character of people: Some turn up their sleeves, some turn up their noses and some don't turn up at all."
– Sam Ewing

Choosing to Work Hard

Do you consistently work six or seven days a week? Is the idea of a 40-hour work-week foreign to you? If so, you are not alone. It seems that 52 is the new 40.

Small business owners work an average of 52 hours a week, according to the latest Wells Fargo/Gallup Small Business Index. The study found that 57% of small business owners work at least six days a week, and 27% work all seven days.

When was your last vacation? For many merchant level salespeople (MLSs), the idea of a vacation doesn't conjure up images of umbrella drinks and white sand beaches but rather a week or two of lost prospecting time and decreased pay. For those who run their own business, including MLSs, preparing for a vacation is a stressful time of figuring out who will handle everything they normally do. In the end, many opt for no vacation at all.

The Index found that 14% of respondents do not take vacations. Furthermore when they do attempt to get some R&R, 39% of the time it turns into a "working vacation" in which they field phone calls and answer e-mail.

Why Do It?

Why would anyone in their right mind want to start their own business in the financial services industry or become an MLS? The hours are long, the work is hard and the vacation time is minimal.

Add to that the stress and rigors of being a sales professional, and it's not the most enticing recruitment ad. But for many the choice is easy because the benefits far outweigh the challenges. Some of these benefits include:

Control

The most obvious benefit is being your own boss; you have control. You set your hours, determine priorities and choose with whom to work. For example, you decide if troublesome clients are worth the extra effort or if it would be better to decline the business and refer them to someone else.

Flexibility

You also have the power to change anything that isn't effective. Even better, you can implement changes immediately. For example, you can change processes today, right now, rather than waiting for forms to be approved in triplicate.

Freedom

Being independent also allows freedom. The act of branching out on your own is an excellent example of the freedom you enjoy. It was your choice. You chose what industry to enter and which types of clients to serve. You determined what services and products to offer and how to present them to the prospect. You chose

everything, the company's image, mission, goals, everything.

Ownership

Working on your own also allows you to develop something from the ground up. Rather than functioning as a component of a larger organization, without the ability to see or touch a finished product, you are on the front lines.

You visit clients, find prospects and create your own wealth. Looking at your portfolio of clients and residual checks provides you with a sense of ownership because you built that yourself from scratch.

The financial services industry is not for everyone. Being a business owner or an MLS requires special skills and unique personality traits, not the least of which is the ability and desire to work hard.

Fortunately, our industry rewards effort and perseverance. Where else do you get paid to have control, flexibility, freedom and a sense of ownership? For many the decision to be a member of the financial services industry is an easy one.

> **"You can't wait for inspiration. You have to go after it with a club."**
> – Jack London

Tips to Motivate Yourself

Do you sometimes have trouble motivating yourself? If you answered no, stop reading right now.

Ok, now it's only us, those who suffer from a lack of motivation. It's nothing to feel guilty about. We all get a little lazy or put things off now and again, even the people who answered no a minute ago.

While a lack of motivation is nothing to be ashamed of, it is something to be worked on.

Think of all that you could accomplish if you weren't wasting time and energy avoiding the inevitable. Following are some tips to use for self-motivation when having trouble starting, or finishing, a task.

Examine Your Attitude: Be Positive

• Be positive. Practice positive self-talk. Envision yourself winning, being successful and having a positive outcome.

• Look for areas where you excel and give yourself credit for a job well done.

• Examine why you are afraid and face that fear head on. For example, maybe you don't have much experience winning, and the idea of failing again prevents you from putting full effort into projects. So what if you don't "win" this time? You will have tried and that's a success in itself.

Nip Procrastinating in the Bud: It Won't Get Better by Itself

• If you have a history of procrastinating, put whatever you are dreading on the calendar. Schedule time for it, and when that time comes do it. Stalling will only make it worse. As with most things in life, the buildup is usually worse than the actual event.

• Just do it or at least part of it. Tell yourself you will try it for five minutes. Whatever it is, working on a presentation, reading some sales materials or

catching up on sales training, tell yourself you only have to do it for five minutes and then you can stop without feeling guilty. Five or 10 minutes is better than nothing. Chances are you will continue for longer.

- Do you have a tendency to expect failure? Maybe it's difficult to imagine that this will be a success. Instead of investing energy and resources in creating a sense of fear, confusion and doom, take all that energy and put it into visualizing a positive outcome, getting out there and doing it.

Prove Something: To Yourself

- Do it for yourself, not for anyone else.

- Do it even if it scares you. If you are afraid to do something there is no better reason to try. You can't fail because simply by attempting it you have won over the fear. Now that's a motivator.

- Greet challenges with excitement and confidence. This is a chance to overcome something, prove something to yourself and become a better person.

Learn Something: Win or Lose, There Is Opportunity for Growth

- Make the experience a success even if you didn't attain the goal. Examine what happened and identify new skills or knowledge gained as a result. Maybe you now know what not to do.

- Even if you don't succeed this time, learn from the experience. Look at your goal and reevaluate if necessary. Are both the goal and timeframe realistic?

- Regardless of the outcome, you tried. Next time you won't be forging into unknown territory, and it won't seem so overwhelming.

Lack of motivation can be the snowball that gets out of control. It just keeps rolling and rolling, getting larger and larger until it becomes overwhelming and seems impossible to stop.

Or, it crashes and destroys things in the process. Use the tips provided to handle the small snowflakes as they happen, and you won't have to feel sorry about any out of control snowballs.

Good Selling![SM]

Paul H. Green, President & CEO

DateBook

Industry Events

Field Guide Enterprises LLC
Field Guide for ISOs Seminar

Highlights: Held preceding the Western States Acquirers' Association meeting, Mark Dunn's Field Guide for ISOs seminar is filled with hands-on educational sessions designed to increase success as an ISO or agent. Dunn brings leading ISO experts and program managers together to impart their extensive knowledge to the merchant level salesperson community. Topics include effective marketing, value-added products and services and cutting-edge technology.

When: Nov. 2, 2005
Where: San Diego Marriott La Jolla Hotel, La Jolla, Calif.
Registration: Visit www.fieldguideforisos.com
or call 800-919-2915

Regional Associations

Western States Acquirers' Association
Second Annual Conference

Highlights: The meeting, titled "Charting Your Course to Success,"

serves as another great learning opportunity for the feet on the street. Highlights include two keynote speakers, an NAOPP meeting, a Field Guide for ISOs seminar, multiple educational breakout sessions covering hot industry topics and door prizes worth more than $1,000. The conference starts and ends with exhibitor receptions. The meeting will offer plenty of networking opportunities.

When: Nov. 2 – 3, 2005
Where: San Diego Marriott La Jolla Hotel, La Jolla, Calif.
Registration: Visit www.westernstatesacquirers.com
or call 760-243-7990

Trade Associations

National Association of Convenience Stores
NACS Show 2005

Highlights: The NACS Show, previously scheduled for the end of October in New Orleans, has been relocated to Las Vegas. NACS expects at least 25,000 attendees from both the United States and 40 foreign countries. More than 1,400 exhibitors will fill up almost 1 million square feet of exhibition space. The event will include a mix of educational sessions, expositions, receptions, new product reviews and one-on-one and group meetings relating to every facet of the convenience store industry. For exhibitors and attendees not able to attend the rescheduled show, NACS offers a full refund.

When: Nov. 15 – 18, 2005
Where: Las Vegas Convention Center, Las Vegas
Registration: Visit www.nacsonline.com or call 703-684-3600
Refunds: Attendees, fax/e-mail Ashley Burke: 703-836-4564, aburke@nacsonline.com
Exhibitors, fax/e-mail Bob Hughes: 703-836-4564, expo@nacsonline.com

Trade Associations

Bank Administration Institute
28th Annual BAI Retail Delivery Conference & Expo

Highlights: BAI is dedicated to working with retail banking institutions to improve the overall performance of the organization and its employees. For almost 30 years BAI has focused on this objective. The agenda of this year's conference will focus on the question: Do you really put customers at the center of your strategic decisions? Retail banking experts will emphasize creating and improving products, services and corporate cultures to improve brand quality and customer retention. Sessions will include online sales and marketing, ATM outsourcing, payment options and fraud protection. The event will also offer panel discussions and a wide array of speakers.

When: Nov. 15 – 18, 2005
Where: Orange County Convention Center, Orlando, Fla.
Registration: Visit www.bai.org or call 888-284-4076

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Put on your thinking caps, and find all the words listed below ... we've even started it for you.
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1. Publication Title	2. Publication Number	3. Filing Date
The Green Sheet, Inc.	1-549-9421	2005-09-23

4. Issue Frequency	5. Number of Issues Published Annually	6. Annual Subscription Price
Semi-Monthly	24	0

7. Complete Mailing Address of Known Office of Publication (Street, city, county, state, and ZIP+4)
6145 State Farm Drive, Rohnert Park, CA 94928

Contact Person: Kate Gillespie
Telephone: 707-586-4730

8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer)
6145 State Farm Drive, Rohnert Park, CA 94928

9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)

Publisher (Name and complete mailing address)
Paul H. Green
6145 State Farm Drive, Rohnert Park, CA 94928

Editor (Name and complete mailing address)
Karen Converse
6145 State Farm Drive, Rohnert Park, CA 94928

Managing Editor (Name and complete mailing address)
Kate Gillespie
6145 State Farm Drive, Rohnert Park, CA 94928

10. Owner (Do not leave blank. If the publication is owned by a corporation, give the name and address of the corporation immediately followed by the names and addresses of all stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, give the names and addresses of the individual owners. If owned by a partnership or other unincorporated firm, give its name and address as well as those of each individual owner. If the publication is published by a nonprofit organization, give its name and address.)

Full Name	Complete Mailing Address
Paul H. Green	6145 State Farm Drive, Rohnert Park, CA 94928

11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages, or Other Securities. If none, check box. ☒ None

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12. Tax Status (For completion by nonprofit organizations authorized to mail at nonprofit rates) (Check one)
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13. Publication Title	14. Issue Date for Circulation Data Below
The Green Sheet	2005-09-26

15. Extent and Nature of Circulation

		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a.	Total Number of Copies (Net press run)	9250	9200
b. Paid and/or Requested Circulation	(1) Paid/Requested Outside-County Mail Subscriptions Stated on Form 3541 (Include advertiser's proof and exchange copies)	7438	8358
	(2) Paid In-County Subscriptions Stated on Form 3541 (Include advertiser's proof and exchange copies)	0	0
	(3) Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Non-USPS Paid Distribution	0	0
	(4) Other Classes Mailed Through the USPS	0	0
c.	Total Paid and/or Requested Circulation (Sum of 15b. (1), (2), (3), and (4))	7438	8358
d. Free Distribution by Mail (Samples, complimentary, and other free)	(1) Outside-County as Stated on Form 3541	1737	797
	(2) In-County as Stated on Form 3541	0	0
	(3) Other Classes Mailed Through the USPS	0	0
e.	Free Distribution Outside the Mail (Carriers or other means)	0	0
f.	Total Free Distribution (Sum of 15d. and 15e.)	1737	797
g.	Total Distribution (Sum of 15c. and 15f.)	9175	9155
h.	Copies not Distributed	75	45
i.	Total (Sum of 15g. and h.)	9250	9200
j.	Percent Paid and/or Requested Circulation (15c. divided by 15g. times 100)	81-07	91-29

16. Publication of Statement of Ownership
☒ Publication required. Will be printed in the 2005-10-10 issue of this publication. ☐ Publication not required.

17. Signature and Title of Editor, Publisher, Business Manager, or Owner
Date 2005-09-23

I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

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3. Be sure to furnish all circulation information called for in item 15. Free circulation must be shown in items 15d, e, and f.

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5. If the publication had Periodicals authorization as a general or requester publication, this Statement of Ownership, Management, and Circulation must be published; it must be printed in any issue in October or, if the publication is not published during October, the first issue printed after October.

6. In item 16, indicate the date of the issue in which this Statement of Ownership will be published.

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