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September 14, 2009 • Issue 09:09:01

Industry evolution demands adaptation

Historians credit Charles Darwin with positing that a species' survival depends not on strength or intelligence, but on the ability to respond and adapt to changes in its environment. For ISOs and merchant level salespeople (MLSs), adapting to the ever-changing economic, regulatory and technological landscape is critical to maintaining portfolio and revenue stream growth.

"You have to remember that this year and in 2008 new historical precedents are being set because this country has never seen economic conditions like this in the electronic payment age," said Paul Martaus, President of payment consultancy Martaus & Associates. "But the good news is that I see ISOs and MLSs across the spectrum saying things may be down and, yes, stuff happens, but the people I talk to don't complain. This is a vibrant industry. I've counted out the payments business five times in my career – and five times it has bounced back."

Monitor markets, spending trends

Many industry professionals also believe adapting to market and consumer spending trends and transforming business models to take advantage of them is the only way payment professionals can reach their full potential.

Ed Medeiros, Chief Executive Officer of payment solutions firm East Commerce Solutions Inc., believes the best first step financial services organizations can take to deal with changes in the market is to evaluate sales, marketing, administration, underwriting, risk management and information technology (IT) strategies to determine if those divisions are operating in a manner conducive to optimal success.

"You always have to take stock of where your organization is going and, if necessary, reinvent yourself or return to that personal formula that worked for you in the past," Medeiros said. "And obviously, you have to enjoy what you're doing, but it's important to remember that ISOs must continue to work with their MLSs to examine their sales techniques and their IT expertise to help them form a growth plan.

"Self-analysis and self-examination enable management to ask if they are giving their sales teams, IT experts and all other staff members the appropriate tools they need to adapt to and compete in the marketplace and, more importantly, if they are personally invested in their people.

"But in the end it really comes down to the individual and what he or she is willing to do, willing to learn and willing to achieve."

Indicators determine sales direction

Summertime is traditionally a season for healthy consumer spending, though many professionals agree that summer sales volumes have been adversely impacted in the Great Recession of 2009.

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- » Scott Wagner—GO Direct Merchant Services Inc.
- » Matt Whitaker—Smart Payment Solutions
- » Dan D. Wolfe—Teledraft Inc.
- » Sam Zeitz—American Bancard LLC

NotableQuote

The problem with most agreements is that they're 15 pages long, written in 6-point font, and it's just absurd. They're certainly not user-friendly and don't really even serve the ultimate purpose of what I think most of my clients and the industry itself is looking for - full, clear and accurate disclosure about fees, rules and requirements.

From page 49



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Forum

The word on truncation

Do merchants need to truncate credit card numbers on the merchant-retained copy of a receipt?

Fred Burnhart
Southern Oregon Processing

Fred,

We referred your question to Ross Federgreen, founder of CSRSI, The Payment Advisors. Federgreen, who is also a member of The Green Sheet's advisory board, provided the following response.

This is a very active component of credit card law currently despite federal regulation through Public Law 108 to 159 under Title I, Section 113.

This complex question requires both an understanding of federal law and specific state law. Since 1999, 42 states have either introduced or enacted legislation to deal with this topic. Six states have passed legislation that requires merchants to truncate both cardholder and merchant receipts.

States requiring full (cardholder and merchant) receipt truncation include Colorado, Tennessee, California, Alaska, Nevada and Washington. In addition, Kentucky enacted legislation in 2004 that has been interpreted to include both the receipt for the cardholder and the merchant.

Through the Fair and Accurate Credit Transactions Act of 2003, Public Law 108 to 159, the U.S. Congress preempted the states on credit and debit card truncation to set a national standard. Under Title I, Section 113 of the act, only the last five digits of the card account number can be printed on electronically printed receipts provided to the customer. The truncation requirement does not apply to handwritten receipts or receipts imprinted with a copy of the credit card.

Various states have enacted rules that are more stringent than the federal statute. These include Nevada and Washington. The Nevada legislation, AB 389, Chapter 161, signed by the governor on May 22, 2009, prohibits a business from printing more than the last five digits of the account number of the card on any copies of the receipt retained by the business that accepted the card.

The state of Washington enacted into law on May 7, 2009, HB 1127, Chapter 382, which provides that a person who accepts credit cards or debit cards for the transaction of business may not print more than the last five numbers of an account number or print the expiration date on an electronic receipt that is retained by the person or is provided to the cardholder. This

restriction does not apply if the means of recording the number is by imprint or handwriting.

California enacted into law on Sept. 26, 2006, SB 682. It prohibits printing more than the last five digits of the credit card account number or the expiration date upon any receipt retained by the person, firm, partnership, association, corporation or limited liability company that is printed at the time of the purchase, exchange, refund or return and signed by the cardholder. This also applies to any receipt retained by the entities listed above that is printed at the time of the purchase, exchange, refund or return but is not signed by the cardholder because the cardholder used a PIN to complete the transaction.

Kentucky enacted legislation relating to credit and debit cards on April 27, 2004, which created Kentucky Revised Statutes sections 434.550 to 434.730. The law requires that electronic cash registers and similar machines print not more than the last five digits of the credit or debit card number and not print the card expiration date on credit and debit card receipts. The act does not apply to handwritten receipts or to nonelectronic imprints of credit and debit cards.

Bottom line: Depending on your state of operation and in certain instances the residence of the consumer, different rules may apply. It is strongly recommended that merchants truncate both consumer and retained receipts.

When asked whether the phrase "electronically printed receipts provided to the customer" in the federal legislation pertains only to receipts cardholders keep or whether it pertains to both merchant and cardholder copies of receipts because both are typically presented to cardholders for signature, Federgreen said that is a matter for the courts to decide because they are the ones charged with interpreting legislative intent.

I hope this clarifies the issues for you. Please do not hesitate to get back in touch if you have further questions.

Editor

Correction

In "Discover Zip payment devices accepted at Home Depot," an announcement that appeared in Industry Update in *The Green Sheet*, Aug. 24, 2009, issue 09:08:02, Farhan Ahmad's company of employment was given as Home Depot. He is Discover Financial Services' General Manager, Prepaid and Director of Emerging Markets. *The Green Sheet* regrets the error.



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QSGS

A quick summary of key articles in this issue to help keep you up-to-date on the latest news and hot topics in the payments industry.

Cover Story

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Industry evolution demands adaptation

For ISOs and merchant level salespeople (MLSs), adapting to the ever-changing economic, regulatory and technological landscape is critical to maintaining portfolio and revenue stream growth. This article discusses the ways in which payment professionals can acclimate to a changing industry and thereby thrive under today's challenging economic conditions.

Feature

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Payment companies get ink on Inc. 5000

Congratulations are in order. Despite the colossal, global economic nose dive that has touched people in all walks of life, the number of payments industry organizations included in the 2009 Inc. 5000 more than doubled over 2008. Here are those that made this year's cut.

View

28

A path for success when stakes are highest

For MLSs, every conversation with a prospect is critical, and it is paramount that you make the atmosphere safe to talk about virtually anything. That means first asking a current or prospective customer, Is this a good time for you and I to talk? With permission, all else is possible.

Feature

41

Prepaid cards reduce balance inquiry blues

The ability to make noncash payments is an essential tool for survival in the modern financial world. Yet approximately 106 million adult residents of the United States can't obtain checking accounts at traditional banks. For the unbanked and underbanked, what is the solution?

Feature

32

Shaping a well-rounded payment company

In an interview with *The Green Sheet*, Don Apgar, Vice President at Payment Alliance International, explains the importance of good underwriting, why he thinks lowering interchange rates would be disastrous for the payments industry and why the card brands might begin fining smaller retailers under the Payment Card Industry (PCI) Data Security Standard (DSS).

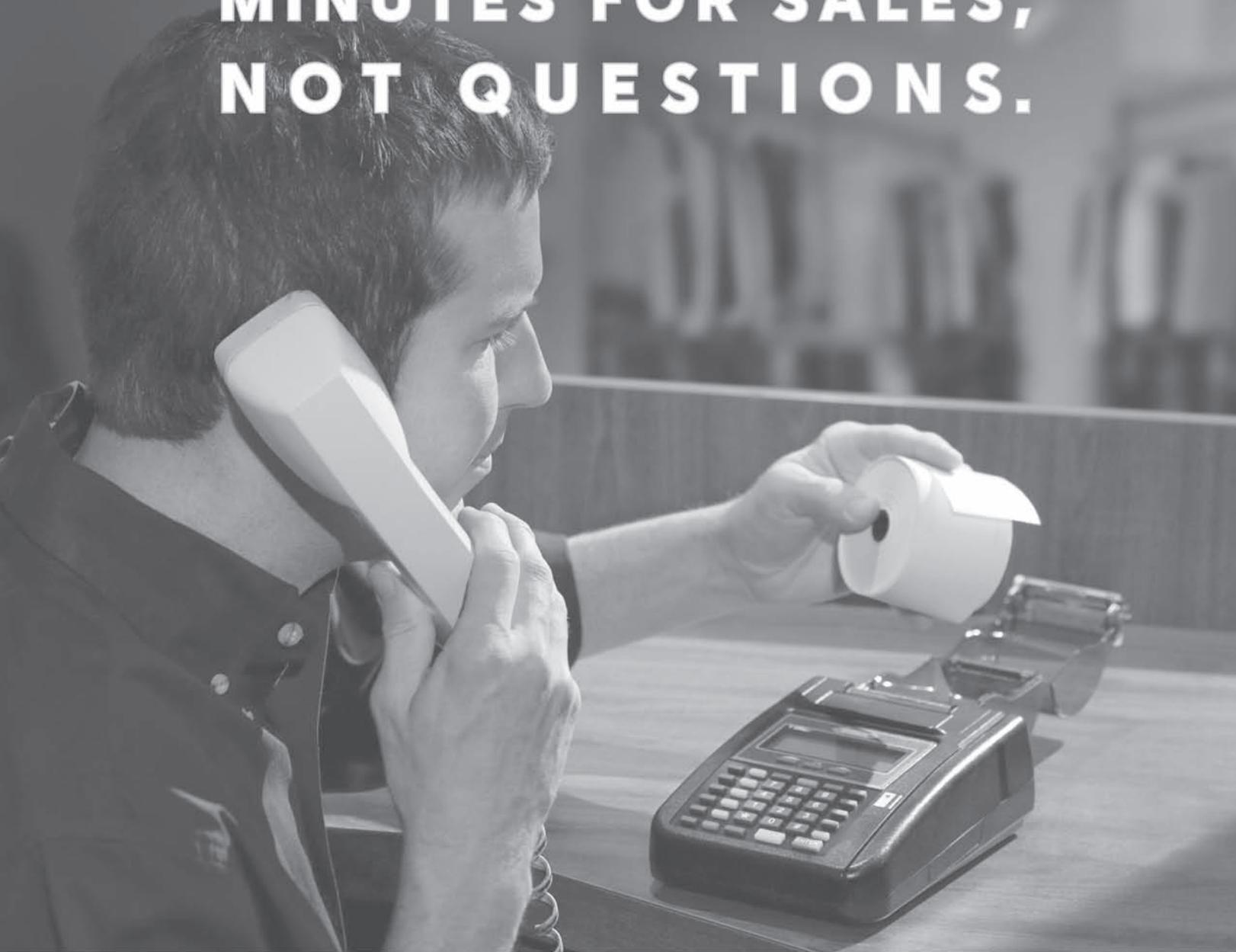
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A new chapter in Cynergy's story

On Sept. 1, 2009, payment processor Cynergy Data LLC began proceedings under Chapter 11 of the U.S. Bankruptcy Code and entered into an asset purchase agreement with a ComVest Group affiliate. According to Cynergy and ComVest, this move will strengthen the company, and business (including residual payments) will continue as normal.

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News

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PCI SSC combats skimming with new merchant resource

The PCI Security Standards Council (PCI SSC) issued a new supplement designed to educate merchants on how to defend against skimming attacks. The supplement, authored by the PCI SSC PIN Transaction Security Working Group, focuses on defining for merchants what skimming entails and how merchants can protect against it.

Education

66

Street SmartsSM: Strategic elements in business and blackjack

Constant turnover of businesses happens in many industries, including merchant services. It's not the particular industry or business that is important, but rather how you do business that counts. Why do some businesses succeed and others fail? Strategies successfully applied to blackjack can provide some answers.

News

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WSAA welcomes feet on the street

The Western States Acquirers Association will hold its sixth annual conference from Oct. 14 to 15, 2009, at the Sheraton Park Hotel at the Anaheim Resort, located directly across the street from Disneyland. What's on the docket for this year's event?

Education

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MLSs without borders

The new frontier in the bankcard business is international processing, and the new buzz word is multicurrency conversion. We cannot view ourselves as the center of the financial universe anymore. We have to think globally – actually, do more than just think it. We have to expand our payment vernacular and successfully apply it.

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Education

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Digging into PCI - Part 2: Securing the network

In the second installment of a multipart series, this article drills down on the very complicated Requirement 2 of the PCI DSS. It discusses what issues merchants and their partners face and what can be done about them.

Education

82

Negotiating agreements in the Great Recession

The recession is hitting the payments industry. Nonetheless, a number of ISOs and MLSs are finding opportunities in this downturn that involve negotiating new relationships with processors and acquiring banks. Here are some tips about what to have in mind when negotiating ISO and agent agreements.

Education

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Do's and don'ts of merchant mining

Many ISOs pay for warm leads. And a cottage industry has developed from this need, one that earns revenue for lead generators when warm leads are produced. However, with all the concern and energy spent in finding leads, the best sources for leads are often ignored and overlooked.

Inspiration

92

Your beliefs about money matter

What were you told about money when you were growing up? What did adults who were important to you say about the topic? And how does that affect you now? It's important to explore these questions to root out potentially self-defeating beliefs and identify ones that will help you attain your goals.



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The executive management team at EVO would like to congratulate Ray Sidhom, founder and Chief Executive Officer of EVO Merchant Services, on receiving the Ernst & Young Entrepreneur Of The Year[®] 2009 Award. This award recognizes outstanding entrepreneurs who are building and leading dynamic, growing businesses.

"Ray Sidhom is an out of the box thinker who believes anything is possible when you control your own destiny. Ray started by selling credit card machines to retailers. By 1994, he was convinced of his prospects. He formed EVO Merchant Services with a goal of building an in-house infrastructure to process credit cards throughout the entire transaction cycle. Fourteen years later, the tools he developed serve \$20 billion in transaction volume for the nearly 200,000 merchants he processes for every day.

Ray is a champion to the independent sales organizations he works with, which he calls partners. Currently, EVO is investing in the growth of its partners that have helped it achieve its own phenomenal expansion. For Ray, controlling his own destiny has been a winning strategy."

—Ernst & Young LLP.



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NEWS

Breach of the day: Radisson

Minneapolis-based **Radisson Hotels and Resorts** revealed in August 2009 that the computer systems of certain Radisson hotels in the United States and Canada were accessed without authorization between November 2008 and May 2009, a violation of both criminal and civil laws. Radisson is a division of Carlson Hotels Worldwide, which has more than 400 locations in 68 countries.

Fredrik Korallus, Radisson's Executive Vice President and Chief Operating Officer and the letter's author, said the hotel chain has been coordinating with federal law enforcement authorities to assist in the breach investigation.

According to Korallus, the number of hotels involved is limited, but the data accessed may have included cardholder names from credit and debit cards, as well as card numbers and expiration dates. The data reportedly did not include Social Security numbers.

The hotel chain was informed of the unauthorized access by Visa Inc., MasterCard Worldwide and Radisson's payment processor, which was not identified.

"Radisson values guest privacy and deeply regrets this incident occurred," Korallus said. "Working with law enforcement and forensic investigators, Radisson is conducting a thorough review of the potentially affected computer systems and has implemented additional security measures designed to prevent a recurrence of such an attack. We are also working closely with major credit card suppliers and law enforcement to ensure this issue is properly addressed."

Citi goes virtual

With an emphasis on greater security, flexibility and control, **Citi Merchant Services'** new Virtual Card Account service provides virtual card numbers for transactions. Administrators can control particular functions of each account. According to Citi, this solution is ideal for better managing recurring business purchases and improving control of one-off strategic purchases. Citi has integrated MasterCard's inControl virtual card platform into its core commercial cards solutions. This new global solution features local currency issuance and settlement in almost 50 countries.

Paul Simpson, Citi's Global Head of Treasury and Trade Solutions, said the new Virtual Card Account "provides our clients with real-time virtual card capabilities and strong controls over their transactions to help them further safeguard against risk, improve processes, and maximize their working capital."

Aite throws hat into health insurance ring

Aite Group LLC launched a health insurance practice to complement its banking, securities and investments services. It intends to offer financial institutions, technology vendors and business process outsourcing providers insight into the health care and health insurance spheres.

Kunal Pandya, who joined Aite as a Senior Analyst in April 2009, is the lead analyst driving the new practice's development. According to the company, the practice's research will cover the following:

- Health insurance business, regulatory and technology trends
- Health care business, regulatory and technology trends
- Health insurance payments such as payment provider models and patient-to-provider models

BOTTOM
LINES

HEADLINES
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RETAIL
WORLD

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- A study by **comScore Inc.** found that online retail spending in the United States totaled \$30.2 billion for the second quarter 2009, down only 1 percent over the same period in 2008. However, sales volumes increased in three categories: toys and hobbies (21 percent) books and magazines (17 percent) and video games, consoles and accessories (15 percent).
- According to The Sporting Goods Market in 2008, a report released in August 2009 by the **National Sporting Goods Association**, U.S. sporting goods and apparel sales for 2008 totaled \$79.6 billion, down 13 percent from a record \$91.4 billion in 2007.
- The **U.S. Census Bureau** reported that U.S. retail and food services sales for July 2009 were \$342.3 billion, a decrease of 0.1 percent from the previous month and 8.3 percent below July 2008. Total sales for the May through July 2009 period were down 9 percent from the same period a year ago.

- Consumer-defined health care
- Individual insurance
- Electronic medical records
- Claim processing
- Health insurers' and health care providers' information technology (IT) spending
- IT services and business process outsourcing in the health insurance and health care verticals

"Aite Group is very excited to bring its high-quality and high-touch research model to the health insurance and health care industries," Aite Partner Gwenn Bézard said.

"With the addition of the Health Insurance practice, Aite Group will leverage an already strong expertise in the payments business as well as new expertise Aite Group is bringing on board to create this new practice."

ANNOUNCEMENTS

ACH Direct honored as Tech Titan

Deloitte Development LLC's Deloitte 2009 Titan Fast Tech award finalists named by the Metroplex Technology Business Council include **ACH Direct Inc.** As a Fast

Tech five-year revenue growth finalist, the company is eligible for Deloitte's National Fast 500 Program.

ACH Direct was also listed on *Inc.*'s 5000 list of fastest growing private companies in America.

AdvanceMe addresses business owners

AdvanceMe Inc. released a white paper in August 2009 entitled Merchant Cash Advance: Not for Every Business. Is it Right for Yours? The paper, aimed at business owners, is the third in a series.

The paper urges business owners to make informed decisions regarding merchant cash advance or any working capital solution through education, investigation, preparation and planning.

Approva attracts \$14 million

Approva Corp., a continuous controls monitoring software provider, received \$14 million in financing to accelerate investments and to take the company to the next growth level. "These additional funds provide operating capital that we will use to launch our next generation of products, expand our sales channel and enhance our marketing programs," said John Becker, Chief Executive Officer, Approva.

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Doin' it right

Atlanta-based cash advance company AdvanceMe Inc. was a finalist for the 2009 American Business Awards in three categories: Executive of the Year – Financial Services, Best Overall Company and Marketing Campaign of the Year for a Service. The awards were presented from June 22 to 25, 2009, at the Marriot Marquis Hotel in New York.

Additionally, Glenn Goldman, President and Chief Executive Officer of Capital Access Network Inc., AdvanceMe's parent company, received the Ernst & Young 2009 Entrepreneur of the Year Award in the Financial Services category for the New York metropolitan area. Goldman will attend the national Entrepreneur of the Year awards in Palm Desert, Calif., in November 2009.

"Winning the award was tremendous, but I can't get recognized flying solo," Goldman said. "These awards are really more about the employees at AdvanceMe. Their unwavering commitment during incredibly difficult times has really made my job much easier."

Country's cornerstone

Since its inception in 1998, AdvanceMe has provided nearly \$1.5 billion in working capital to more than 25,000 businesses nationwide, encompassing more than 500 standard industrial classification codes. "We built this company on the premise that more small businesses deserved working capital," Goldman said. "Those companies are the cornerstone of this country, and we are dedicated to their success."

More than 2,600 entries in over 40 categories from companies representing all sectors of financial services were submitted. And while AdvanceMe did not win top honors in any category, Goldman feels the nominations were more than enough to validate the company's mission, direction and achievements.

"The dedication of our employees continues to rise to a level that attracts and acknowledges excellence," Goldman said. "There are enough things going on in this economy to diminish people's intensity and inspiration. The fact that our folks are able to rise above that and deliver at a level that warrants recognition has created an enormous amount of pride within the company."

Cultivating communication

Goldman believes that what makes AdvanceMe unique is having data and reporting information that is "transparent and immediately actionable." Additionally, Goldman fosters a corporate culture that encourages communication and contrarian points of view.

"We want to hear all the news, good or bad," Goldman said. "I mean, there are companies that have analytics departments bigger than our entire organization, but they don't promote a culture that allows information to be disseminated up through the middle and senior management ranks – and that's what differentiates us." Goldman is especially proud of AdvanceMe's nomination for the Marketing Campaign of the Year for a Service award for Predictifund, a subsidiary of the company that provides equip-

ment leasing for small and mid-sized businesses challenged by what Goldman refers to as traditional leasing criteria.

"Some of these leasing companies may look to FICO [Fair Isaac Corp.] scores to qualify a small business owner," Goldman said. "But with Predictifund, we came up with a more appropriate use of evaluating the financial well-being and worthiness of a potential customer."

"Predictifund is not in the business of declining applications for small-ticket equipment leasing. That merchant on the surface may have a low FICO score, but we look at the fact that he has been in business for 20 years, which means more than likely he's a very good customer."

Capital commitment

The judges for both the Stevie Awards and Entrepreneur of the Year look closely at the products and services companies offer, their history in terms of growth as well as the ability to overcome obstacles and find success.

"The fact that we have overcome the challenges of growth and creativity and grew in excess of 30 percent in 2008 is rewarding and very special," Goldman said. "In our organization people truly feel that they are doing a social good by providing capital to small businesses that have a difficult time accessing capital to grow. That gives us not only an enormous sense of pride, but it also reminds our folks that you can have the greatest marketing campaigns, the best MIS [management information systems] and IT [information technology] systems and the most entrepreneurial CEO and executive team – but without the customer, none of that matters." 

BancTec to file for IPO

BancTec Inc. will be filing a registration statement with the U.S. Securities and Exchange Commission for a proposed initial public offering of up to \$50 million of its common stock. The company intends to use proceeds for general corporate purposes which include exploring growth opportunities.

Blue Ridge down on malware

To help businesses stave off attacks from cyber thieves, **Blue Ridge Networks Inc.** now offers its AppGuard

Enterprise, which protects against malware attacks whether they come via e-mails, Web site links, universal serial bus devices or legitimate, yet compromised Web sites. In addition, its drive-by-download protection blocks viruses or spyware before they enter a PC or laptop, and its privacy protection feature protects users' private data from Web browsers.

Bluepoint takes consumer RDC to the cloud

Bluepoint Solutions Inc. now offers its RDC Consumer product in a hosted, software as a service (SaaS) model for remote deposit capture. The new solution reportedly



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Industry Update

allows participating bank and credit union customers to deposit checks from any location – even from home.

Eliot Management Group hiring nationwide

Eliot Management Group has focused on recruitment and training for its branches nationwide since opening its 25th office in February 2009. In July 2009, it hired 84 sales representatives and plans to continue adding talent to its team through the end of the year.

Payments safe through hurricane

First Atlantic Commerce Ltd., an online multicurrency payment gateway headquartered in Bermuda, was undeterred by Hurricane Bill, which passed 166 nautical miles west-southwest of Bermuda in August 2009. In spite of the extensive power outages across the island, its cable and wireless facility, which runs on an independent power supply, remained up and running.

NCR achieves PA DSS acceptance

NCR Corp.'s NCR Advanced Store version 5.4 POS solution received Payment Application (PA) Data Security Standard (DSS) certification from the PCI Security Standards Council. This solution, intended for major general merchandise retailers, features such functions

as pricing and promotions, multichannel support and customer relationship management, returns, and mobile retailing.

NMI offers enhanced processing

Network Merchants Inc. rolled out Level III Enhanced Data Processing, which is used for business-to-business and business-to-government purchases. "Not only will merchants appreciate better discount rates but the powerful Network Merchants data engine gives them the ability to retrieve this extensive data about their transactions any time in the future," said Matthew Schmidgall, Chief Technology Officer, NMI.

Paymetric has record quarter

Paymetric Inc., a provider of integrated payment acceptance solutions, reported a record quarter. In the second quarter of 2009, it launched new SaaS solutions, and the company experienced 175 percent growth in year-over-year deferred revenue.

New findings from Reportlinker

Reportlinker added a new market report to its catalog. Available for purchase at www.reportlinker.com, North American Market for Third Party Payroll, Payment and Healthcare Transaction Processing, 3rd Edition, authored by Marigny Research Group Inc., focuses on three crucial elements: electronic payment, payroll and health care transaction processing.

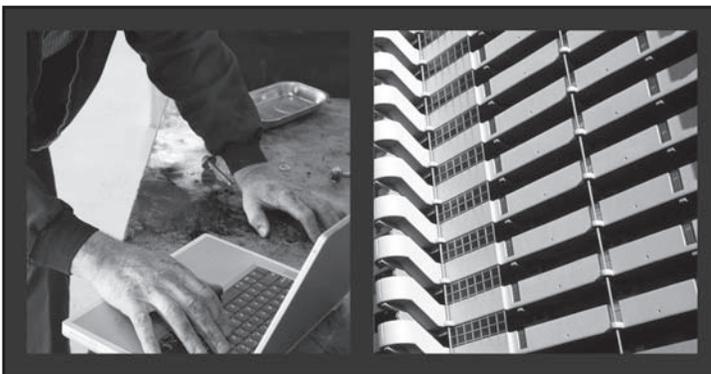
Maligny's research found that third-party processing services can expect 9 to 10 percent average annual gains through 2013, based on 2008 sales of \$62 billion. Factors such as the expansion of Internet processing applications, economic conditions, technology adoption rates and regulatory changes are also covered in the report.

TMG adds to roster

The Members Group brought three new West Coast credit unions into its fold. Spokane Teachers Credit Union, operating in Washington State; Mission Federal Credit Union of San Diego; and St. Helen's Community Federal Credit Union of St. Helens, Ore., will be using TMG credit card processing solutions. TMG also extended its agreement with the Premier America Credit Union, which serves Chatsworth, Calif.

UMS offers VeriFone ECR option

United Merchant Services Inc. added the VeriFone payment module to its electronic cash register (ECR) program. "With VeriFone terminals in our lineup, our sales partners will have a choice to work with the terminals they are most comfortable with," said Bryan Daughtry, Vice President of Sales and Marketing, UMS. The company's free ECR Program can now be



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Industry Update

integrated with VeriFone's VX 510 and VX570, as well as Ingenico I5100.

United Payment Services receives award

United Payment Services has been awarded the 2009 Best of Westlake Village Award in the credit card services category. The award, administered by the U.S. Commerce Association, recognizes businesses that have achieved exceptional marketing success in their communities and categories.

VeriFone upgrades PAYware

VeriFone released PAYware CMS 8.0, a card management enterprise software for banks, financial institutions, processors and retailers. The new version features improved performance and a new intuitive graphical interface, according to Gustavo Jimenez, Vice President and General Manager, Integrated Systems Groups of VeriFone Latin America and the Caribbean.

VIP launches rewards app

After years of implementations for multiple Fortune 500 clients, VIP LLC is set to launch VIPGift, its Employee Appreciation Recognition and Nomination (EARN) 2.0 rewards application. It is designed to enable managers to recognize employees with incentives for their achievements and includes the option to set up

recurring rewards for anniversaries and birthdays.

ViVOTech goes mobile

Taking its near field communication (NFC) infrastructure software to the next phase, ViVOTech Inc. has launched ViVONfc Suite 2.8 on the Solaris 10 operating system and Sun Microsystems Inc. hardware. This NFC solution is available for large-scale, commercial deployments for mobile payments and promotions. Users can manage payment cards, coupons and tickets on NFC-enabled handsets.

PARTNERSHIPS

Accertify, Rapleaf focus on fraud

Accertify Inc. added Rapleaf's e-mail reputation services for transaction processing markets to its Interceptas platform. "Fraud schemes are constantly evolving in order to evade merchant defenses," said Michael Long, Accertify's Chief Product Strategist. "Accertify makes it easy for online merchants to build a customized anti-fraud arsenal and keep it up to date."

Veracity welcomes new partner

BluePearl Veterinary Partners has joined Veracity Payment Solutions Inc.'s Bequest affinity program.

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Industry Update

The patent-pending product will provide veterinarians access to on-demand grants for families who need their pet care subsidized right from the POS terminal.

Danversbank loyal to Metavante

Danversbank, a wholly owned banking subsidiary of Danvers Bancorp Inc., chose to employ Metavante Technology Inc.'s loyalty and rewards program, Points2U Plus. Metavante's solution combines issuer- and merchant-funded rewards.

GET selects Merrick

Payment processor Global Electronic Technology Inc. extended its contract with Merrick Bank in a multi-year agreement. "Global Electronic Technology Inc. has played a key role in growing Merrick's acquiring business for the past five years and we look forward to continuing and extending our long-running relationship," said Fred Horn, Senior Vice President, Merrick Bank Merchant Services.

Imagine choosing Jagged Peaks

Imagine International Corp., a consumer electronics manufacturer, has chosen Jagged Peak Inc. as its e-commerce solution and supply chain software provider. Jagged Peak's TotalCommerce and associated services are part of Imagine's plans to expand its product distribution channels.

MiraTel aims for secure lottery

MiraTel Solutions Inc. selected Fusepoint Managed Services, a provider of outsourced information technology services and infrastructure, to manage and host MiraTel's new online lottery ticket sales application in a Payment Card Industry (PCI) DSS-compliant manner. MiraTel needed a PCI-compliant solution that could be ready in less than one month.

RBS signs with IRS

The Internal Revenue Service has selected RBS WorldPay Inc. to provide electronic payment solutions for individual and business taxes. In partnership with Value Payment Systems LLC, RBS will offer this solution at www.payUSAtax.com and by phone at 888-972-9829 beginning Jan. 1, 2010. The site will accept various credit, debit and emerging payment methods.

Palmetto adds VSoft ATM capture

Palmetto Cooperative Services LLC equipped its credit union locations with VSoft Corp.'s Centrum Gateway – ATM solution. Now, when a credit union member deposits a check the check image and related data is captured, and members can see the captured image on their receipts.

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risk management tools and experience, **SafeCharge International**, a payment service provider, entered into a partnership with London-based **William Hill PLC**, an online gambling and betting site. SafeCharge will provide the payment solution for the site.

Hypercom, TASQ expand partnership

TASQ Technology Inc. added Hypercom Corp.'s Optimum multilane terminal family to its product offerings. "TASQ's reseller community has moved quickly to embrace the Optimum product line, and we are particularly excited by the host of new channel partnerships formed as a result of our joint multilane sales efforts," said Lloyd Baylard, Vice President, Multilane Products, Hypercom.

VeriFone kiosks go south of the border

VeriFone released MX ATM, a retail payment kiosk with cash dispensing and deposit capability designed for the Latin America market. This solution was delivered in partnership with **PROSA**, a Mexican enterprise that plans to deploy the kiosks in retail locations throughout Mexico.

PayPass a hit with Whataburger

Texas-based quick service restaurant chain **Whatabur-**

ger will now accept **MasterCard's** Master Card PayPass contactless cards or devices using newly deployed **ViVOTech Inc.'s** ViVOPay 4500M and ViVOPay DTc readers at more than 500 of its southern United States restaurants.

ACQUISITIONS

Monitise gains Monilink

Monitise PLC bought out joint venture partner **VocaLink** to take full ownership of **Monilink LTD**, a mobile banking and payments network in the United Kingdom.

Over a three-year period, Monitise will pay VocaLink 1.5 million British pounds in cash to buy out VocaLink's 50 percent stake in Monilink.

APPOINTMENTS

Trilogy hires Dzurilla

Trilogy Payment Solutions, a Fort Worth-based payment solution provider, welcomed **Ed Dzurilla** as its new Director of Marketing and Sales. Dzurilla has held executive positions in marketing with consumer packaged goods and health care firms.

Henigman off to Brazil

Desktop scanner and remote deposit capture technology provider **Digital Check Corp.** hired **Adrian Henigman** to establish the company's presence in Brazil. "This is the right time to invest in Brazil's financial services industry because the need for scanning technology for distributed check processing will only increase," said Alex Trombetta, Managing Director for International Markets, Digital Check.

Visa gains global strategist

To manage corporate strategy spanning 170 countries, Visa named **Oliver Jenkyn** to Global Head of Strategy and Corporate Development.

"Oliver has been a trusted advisor to Visa for several years, including important contributions to our global restructuring and IPO," said Joseph W. Saunders, Chairman and CEO of Visa.

VersaPay names new board members

VersaPay Corp., an independently owned Canadian payment processor, has added three new members to its board of directors: **David Peterson**, Senior Partner and Chairman at the law firm of Cassels Brock & Blackwell LLP and Knight of the Order of Legion of Honor of France (and now Ontario); **Brian Kyle**, Executive Vice President of Davis and Henderson; and **Wendy Porter**, founder of Moneris Solutions Inc. 

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- United Bank Card CEO Jared Isaacman has personally written a rate and service guarantee stating that rates and fees will not be raised in order to fund this contest and that UBC's high level of service will not be compromised due to this influx of merchant accounts.
- An outside law firm, The Lustigman Firm, has been enlisted to help ensure that the promotion has been structured in a legally compliant manner.
- The contest drawing will be observed by Weiser LLP, an independent accounting firm.

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A path for success when stakes are highest

By Biff Matthews

CardWare International

I recently read *Crucial Conversations: Tools for Talking When Stakes are High* by Kerry Patterson, Joseph Grenny, Ron McMillan and Al Switzler. The book addresses how to communicate more effectively in our business and personal lives – specifically, how to prepare for high-stakes situations, transfer anger and hurt into dialogue, be persuasive rather than abrasive, and perhaps most notably, make the atmosphere safe for people to talk about virtually anything.

From a sales standpoint, of course, every conversation with a prospect is critical. And "safety" is paramount. That means first asking a current or prospective customer, Is this a good time for you and I to talk?

With permission, all else is possible.

Safety first, then listening

The second tenet is the most effective tool we have: effective listening. This is defined as listening to the views of others, clearly understanding and stating your objective (remember Stephen Covey's Habit No. 2: Begin with the end in mind) and being respectful.

With mutual respect and an agreed-upon goal – such as to determine if a given solution is worth exploring – you're off to the races. However, when the environment becomes "unsafe," the result is tense silence or even a verbal altercation. At that point, participants either withdraw or verbally pounce. Providing tools for managing such unfortunate but common developments is part of the book's mission.

Unfortunately, humans are hardwired to compete and, at best, cooperate primarily with fellow tribe members – sometimes to the exclusion of others. Evolution has not served our 21st century selves very well when it comes to creating harmony. We have to work at it, but those who master it truly have power. So the first idea is to clarify the objectives – starting with your own. The idea the authors advocate is to "start with heart." Ask yourself the following:

- Is what I'm proposing truly right for this situation?
- What do I really want out of this?
- How will this impact the other person?

As a salesperson, the right reason for engaging in dialogue is to benefit your prospective customer.

Crucial Conversations is a good book. Warning: If you read it fast, you may feel like an anaconda that has just swallowed a large mammal. There's lots of digesting to do and lots of practice required. You need to take what's there, make it personal and practice it.

Observation and communication

With effective listening comes effective observation, which is a bit like being a third party. To do this, you must be distanced from your own point of view, aware of the present and sensitive to the particulars of a situation. Effective observation lets you see when tensions are rising and determine when safety becomes an issue as both you and another person grow increasingly stressed.

Few of us respond optimally when trouble starts to brew. Effective listening and astute observation are acquired skills. Mastering them requires commitment and practice. The alternative is to always be on either the offensive or defensive, both of which are counterproductive.

One major key to the authors' shared philosophy is the idea that we communicate and reach decisions in four essential ways: We command, we consult, we vote or we build a consensus. Everything in life involves decisions. How these are managed determines how successful we will be.

Whether you're dealing with a boss or a child, the fact is you are selling your ideas. You have strong feelings, and in your opinion, there are good reasons for your point of view. But to make your case, large or small, you must first make it safe.

So tell your prospect or customer you'd like to take just five minutes to exchange some ideas. Emphasize that if the prospect would like to explore things further after that time, you will do that together. Establish that your primary task is determining whether there is good reason to move forward.

The underlying idea is that you are there to show your solution because it is right for the prospect, and you won't make money unless your prospect saves money. The purpose behind the conversation is to identify mutual benefits. And if you can't find a common purpose, nothing will happen.

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Mutual benefit and meaning

As sales professionals, we need to take the lead in showing the way to meaningful conversations. In a sales environment, simply state the facts. Start with the easiest ones first: Tell your story.

If prospects resist, let them create another path by way of what the authors call "talking tentatively." Ask them, "If I do *x*, could we do *y*?" Even with a child, it is not about the journey; it's about the destination. That applies here. If two people agree on a conclusion, how they get there is somewhat immaterial.

If a merchant says he or she cannot break a contract for POS equipment, ask whether you'd be able to move forward together if you found a way to take back or program the equipment so the merchant's investment would not be diminished. After all, the goal is getting the processing business – even if you give up the equipment, you both still get to the goal.

Some of the concepts in *Crucial Conversations* reminded me of the Sandler Sales System. Sandler suggests that salespeople state up front: "I have found a process that helps us reach a logical conclusion quickly – a conclusion that's right for you. Do you mind if we go through this

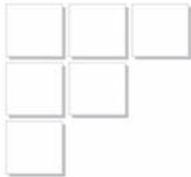
process?" This may seem formulaic, but it's highly effective, and when practiced and personalized it does not sound like a packaged technique.

Crucial Conversations is a good book. Warning: If you read it fast, you may feel like an anaconda that has just swallowed a large mammal. There's lots of digesting to do and lots of practice required. You need to take what's there, make it personal and practice it.

One final thought. There's a chapter in the book called "Yeah, but": Yeah, but my situation is different; yeah, but I made a change just last week; yeah, but, I don't have time for homework. People have come up with dozens of reasons why "crucial conversation" skills won't work in a particular situation. The authors describe 17 such instances, none of which is more compelling than the ones we stare in the face every day.

Remember, when resistance is in the air, good tools are powerful. 

Biff Matthews is President of Thirteen Inc., the parent company of CardWare International, based in Heath, Ohio. He is one of 12 founding members of the Electronic Transactions Association, serving on its board, advisory board and committees. Call him at 740-522-2150, or e-mail him at biff@13-inc.com.



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ISOpinion

Shaping a well-rounded payment company

Don Apgar, Senior Vice President at Payment Alliance International believes PAI is unique because the company's total revenue "is equally split between the bankcard division and the ATM division." In an interview with *The Green Sheet*, Apgar, who was formerly a Vice President at both Citigroup Inc. and First Data Corp., discussed the boon of selling credit card terminals and ATMs together.

He also explained the importance of good underwriting, why he thinks lowering interchange rates would be disastrous for the payments industry and why the card brands might begin fining smaller retailers as part of enforcing the Payment Card Industry (PCI) Data Security Standard (DSS).

The following is excerpted from the conversation:

The Green Sheet: What distinguishes an ISO that a merchant level salesperson (MLS) would want to work for?

Don Apgar: You want to have an ISO that's well-suited to the kind of business you like to do. If you're talking about a sales agent looking for an ISO, if you're a sales agent and you have a buddy that does Web sites and you have a lot of leads on e-commerce, you need to work for a guy that's willing to underwrite, that has good gateway products and knows how to service them.

If you're into larger accounts, let's say high-end retail, a lot of restaurants, you need to have an ISO that's connected to a network that's got a lot of [value added resellers] certified on it. Specifically you need to look at a good business fit, but in general you want to work with a guy that's honest.

GS: Do all MLSs who work for PAI receive the same residual split?

DA: There's a three-tier revenue schedule that says if you're a low producer – maybe you're part time – we'll start you off at a base revenue share; if you're kind of a one-man office and you're doing an OK number of deals, we'll give you a higher revenue share; if you're a high-producing office, which indicates you probably have more than one rep, we'll give you an even higher revenue share to be able to pass that down to your reps.

GS: Has the recession made finding MLSs easier or harder?

DA: It's getting tougher to find direct reps. I don't know if it's gotten any tougher because of the recession, but I think one of the things that's really stirred the marketplace up is this whole situation with [ISOs reportedly struggling to make residual payments].

Everyone's sitting around going, well, gee, if it happened to those guys, could I be next? Everyone's looking at who they're working with, and asking, do I have to pull my contract back out and see what kind of terms I have?

GS: Are salespeople more reluctant to enter into contractual agreements?

DA: I wouldn't say that, just that people are more willing to consider other options than what they already have – more willing to talk to another partner than the ISO that they're working with today.

GS: Has that development benefited your company?

DA: Absolutely. I think we've seen a significant uptick as a result of that. It's because we run a very transparent organization. We have no problem giving people tours around the back office, we show you all the details and financial reporting. There's no man behind the curtain.

GS: Do you think interchange rates for merchants are at the level they should be?

DA: I think the recent calls by the [National Retail Federation] and others for legislation that regulates interchange fees and limits issuers' income are not healthy for the industry and will actually backfire for the retailers. If you go back 20 years when credit cards were first getting out there, one of the huge benefits to accepting a Visa or MasterCard was you'd capture a wider share of the shopping audience.

What's happened over the years now is Visa and MasterCard have become such utility brands that a large majority of shoppers are paying with a credit card, and the merchant says, well, I'm paying all these fees, I need to have lower fees. It's easy to say that, but those interchange fees go back to the issuers – who then write off fraud losses, who write off bad debt losses, who fund rewards points and who have to reissue cards.

When you cut back the income to an issuer, what's an issuer going to do? Reduction in credit lines: I tighten up my credit standard so few people get cards, and I'm more aggressive in charging stuff back for fraud. The issuers are going to contract. I think at the end of the day it's going to have a negative impact on the merchants' business because there won't be a bunch of people running around with credit cards with big credit lines on them. If I save \$1 in interchange, I think somewhere down the road it's

going to end up costing me a \$1.50 in sales. There was this misguided thing in congress that fortunately got defeated. They were going to allow merchants to negotiate their own interchange fees with a three judge panel of arbiters; imagine the chaos at the acquirer level if you have to be able to drive interchange fees by merchant. Who's got a database big enough to hold that?

GS: What about adjusting interchange for small purchases, providing a reduction or a percentage interchange fee rather than a flat fee?

DA: There's already some of that out there today ... parking lots, movie theaters, fast food. I think it's a good idea but, again, you have to balance that with whether it's in the issuers' best interest to accept lower income.

GS: Do most ISOs have a direct stake in merchants' PCI compliance?

DA: Fortunately, we've been pretty insulated because most ISOs deal with level 4 guys, the mom-and-pop shops. But I think we're getting ready to see Visa or MasterCard make an example of one of these small merchants. Joe's bike shop gets his terminal stolen or has a rogue clerk ... and PCI comes down through the card brand and says we're going to fine this guy \$10,000.

Well, that charge comes down like a chargeback, from the card company to the acquirer to the processor to the ISO, and I have to go now to collect it from the merchant, and it's very likely that I'm not going get \$10,000 out of Joe's Bike shop.

GS: Has something like that happened yet?

DA: I'm not aware of anybody affected by a small merchant fine. I don't think any small merchants have been fined, but the potential exists.

GS: What makes you think that might change?

DA: We're seeing more and more of these incidents. If you think about the way PCI's been rolled out, it makes logical sense to say, where's the most data? The companies processing the most transactions are most likely to get hacked, hence the tiering of the merchants one through four. So, of course, you're going to go after TGI Fridays and Home Depots and make sure they're all compliant.

But the hackers have been following that and – as it's getting more and more difficult to hack the big guys – they're going after the little guys, the guys with an IP terminal going into a non-password-protected router. There needs to be a wake-up call from a compliance standpoint. The ISO has been made responsible to make sure all these merchants fill out their self-assessment questionnaires, make sure they're all compliant and all their terminal applications are compliant – and there's no support from

the card companies. So the merchants don't really think it's an issue.

GS: I understand your company offers breach insurance.

DA: Yes. We went out and insured every merchant for \$50,000 in data breach insurance with zero deductible.

GS: If no small merchants have been fined, what's the insurance money protecting them from?

DA: Well it's protecting them from potential fines, as well as potential losses. There have been some small lawsuits filed. There was a merchant down in Florida, a high-end hair salon, and the receptionist was getting paid on the side to siphon off card numbers, so these are all wealthy clients with very high credit lines, and she's selling credit numbers out the back door.

By definition, you can't be PCI compliant if you were breached, so there's some uncertainty, and we thought it best to be proactive and protect these guys.

GS: How are you working to meet PCI's "sunset dates" for technology upgrades?

DA: We've got a huge initiative right now. We just went through the whole portfolio and identified those guys that have noncompliant applications or terminals and are in the process of calling them all and saying you need to upgrade. For the most part it's a software issue, not a hardware issue. But come next year, it's gonna be the whole PIN pad thing. Everybody that's got a POS system – we're having to call all these guys and get the specific version number. Typically, you may or may not gather that on the application.

GS: Are you going by PCI Council sunset dates or are you imposing your own deadlines?

DA: We're following the council guidelines.

GS: Is there any new or emerging type of payment technology you're particularly excited about?

DA: Probably the most exciting thing out there now is the remote deposit capture. If you look at it objectively, what RDC is going to do for check deposits is what [electronic data capture] did for credit card deposits back in the late '80s. It's a huge potential savings in cash management fees for larger corporations and in time and convenience for smaller businesses that take a lot of checks. We just rolled out a program with RDM Corp. We'll be reselling their Simply Deposit product, and we're expecting a huge market share on this.

GS: Is that something you're selling?

DA: We just rolled out a program with RDM Corp. We'll

Feature

be reselling their Simply Deposit product and we're expecting a huge, huge market share on this.

GS: Will checks survive long enough for the RDC phenomenon to play out over time?

DA: I think so. The huge majority of checks out there are business-to-business stuff, where the supplier pays the distributor and the distributor pays the manufacture. There's a lot of room in the business to business market in RDC.

GS: PAI has both bankcard and ATM divisions. Why is the company so heavily invested in selling ATMs?

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DA: We're very mindful of making ourselves into a payment company, not just a bankcard ISO. About half the company's revenues come from the bank card business and half from ATMs. The fourth quarter of [2008] was the first quarter ever where we saw total Visa and MasterCard volume at the POS decline. But, coincident to that, we saw an uptick in ATM withdrawals, so having a balanced revenue stream was very fortuitous.

From an MLS's or sales agent's standpoint, one of the things that's key to being successful in today's economy is the ability to offer more than one payment option.

The average merchant gets 13 solicitations a month. If you're just one more guy walking in there saying, hey, let's see if I can save you some money, merchants have gotten jaded to that sales pitch. So the answer is don't just pitch bankcards.

You mentioned whether interchange should be reduced for small tickets. Well, here's another solution, Mr. Merchant: Put an ATM in your store, because an ATM makes money, and you participate in the convenience fee that the consumer pays. You've taken a POS credit or debit transaction that's going to cost you money and turned it into an ATM withdrawal that's going to make you money.

MLSs have always downplayed that because the ATM guys were always different from bankcard guys – we don't want you to have an ATM in here because that's going to kill my credit card business. But if you're the guy that owns the ATM and you're also the guy that services the POS terminal, it doesn't matter what the customer does. You still make money.

GS: Is that a selling point you often use to recruit sales partners?

DA: Absolutely. It's huge. Being able to have a full portfolio of products and services is just critical to the success of the MLS in today's market. ☑

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Feature

Payment companies get ink on Inc. 5000

Congratulations are in order. Despite the colossal, global economic nose dive that has touched people in all walks of life, the number of payments industry organizations included in the 2009 *Inc.* 5000 more than doubled over 2008.

Each year *Inc.* ranks the fastest growing companies in the United States, based on net sales growth.

Aggregate revenue among *Inc.* 5000 companies increased to \$214 billion in 2009, up \$29 billion from a year ago.

Following are payment companies that made this year's cut, seven of which ranked high enough for inclusion in the *Inc.* 500. The list indicates which ones are repeat honorees, the year each business was founded and sales volume growth since 2005.

The logo for the Inc. 5000 list, featuring the word "Inc." in a large, bold, black font above the number "5000" in a large, bold, grey font with a white outline and a slight shadow effect.

Electronic Payments Inc.

- Overall 2009 ranking: 70
- Overall 2008 ranking: 81
- 2008 Financial Services Top 100 ranking: 8
- Founded: 2000
- Growth: 2,208.2 percent

Payscape Advisors

- Overall 2009 ranking: 161
- Founded: 2004
- Growth: 1,161.8 percent

American Bancard LLC

- Overall 2009 ranking: 246
- Overall 2008 ranking: 99
- 2008 Financial Services Top 100 ranking: 11
- Founded: 2001
- Growth: 887.8 percent

Alpha Card Services Inc.

- Overall 2009 ranking: 416
- Overall 2008 ranking: 292
- 2008 Financial Services Top 100 ranking: 18
- Founded: 2000
- Growth: 620 percent

Gravity Payments

- Overall 2009 ranking: 433
- Founded: 2004
- Growth: 599.4 percent

Electronic Check Services Inc.

- Overall 2009 ranking: 449
- Founded: 1997
- Growth: 579.6 percent

Electronic Cash Systems Inc.

- Overall 2009 ranking: 481
- 2008 Financial Services Top 100 ranking: 14

- Founded: 1997
- Growth: 544.1 percent

YapStone Inc.

- Overall 2009 ranking: 662
- 2009 Financial Services Top 100 ranking: 30
- 2008 Financial Services Top 100 ranking: 62
- Founded: 1999
- Growth: 418.4 percent

Spectrum Merchant Services

- Overall 2009 ranking: 669
- Founded: 1998
- Growth: 414.5 percent

Higher One Inc.

- Overall 2009 ranking: 736
- Overall 2008 ranking: 502
- Founded: 2000
- Growth: 390.4 percent

SecurityMetrics Inc.

- Overall 2009 ranking: 754
- Founded: 2002
- Growth: 383.6 percent

Payment Alliance International

- Overall 2009 ranking: 880
- 2008 Financial Services Top 100 ranking: 37
- Founded: 2005
- Growth: 343.1 percent

RewardsNOW Inc.

- Overall 2009 ranking: 934
- 2009 Financial Services Top 100 ranking: 39
- Overall 2008 ranking: 2,459
- Third consecutive year on Inc. 5000 List
- Founded: 1997
- Growth: 326.3 percent

Secure Cash Network Inc.

- Overall 2009 ranking: 965
- Founded: 2003
- Growth: 316.8 percent

ProfitPoint Inc.

- Overall 2009 ranking: 1013
- Overall 2008 ranking: 59
- 2009 Financial Services Top 100 ranking: 43
- Founded: 2004
- Growth: 2,642 percent

Capital Network Leasing

- Overall 2009 ranking: 1,025
- Founded: 1999
- Growth: 299.4 percent

Cynergy Data LLC

- Overall 2009 ranking: 1,066
- Overall 2008 ranking: 609
- Founded: 1995
- Growth: 290.8 percent

PreCash Inc.

- Overall 2009 ranking: 1,145
- Overall 2008 ranking: 997
- 2008 Financial Services Top 100 ranking: 57
- Founded: 1998
- Growth: 277 percent

United Bank Card Inc.

- Overall 2009 ranking: 1,394
- 2008 Top 100 Financial Services ranking: 70
- Overall 2005 ranking: 19
- Fifth consecutive year on Inc. 5000 List
- Founded: 1999
- Growth: 229.5 percent

Paperless Transaction Corp.

- Overall 2009 ranking: 1,411
- Founded: 1998
- Growth: 226.8 percent

VSoft Corp.

- Overall 2009 ranking: 1,494
- Founded: 1996
- Growth: 214.5 percent

eCommLink Inc.

- Overall 2009 ranking: 3,022
- Founded: 2003
- Growth: 91 percent



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Prepaid in brief

NEWS

FTC files against debit card company

The **Federal Trade Commission** filed a complaint and settlement order against debit card company VirtualWorks LLC and its marketing partner for misleading consumers into purchasing prepaid cards. In lieu of the \$5.5 million suspended judgment, the company's owner must pay \$52,000.

Furthermore, the defendants and their principles are barred from misrepresenting the cost of any product or service, the method for charging consumers and any other material fact. In addition, they may not state a product or service is free or a bonus without disclosing all material terms and conditions.

The FTC alleged VirtualWorks, in collusion with Swish Marketing Inc., duped thousands of consumers applying for payday loans online into incurring charges of up to \$54.95 for zero balance prepaid cards.

According to the FTC, the affiliate offers displayed during the application process had small yes and no buttons. The offer for the debit card was the only one defaulted to yes. No other mention of the purchase of the card was made beyond that point to consumers who accidentally chose the highlighted no button. The companies were also accused of leading loan applicants to believe debit cards were a free bonus.

Second Prepaid Press Expo bigger than first

The **Prepaid Press Expo 2009**, which was held in Las Vegas in August, experienced a 35 percent increase in attendance over last year, with more than 1,500 attendees. This year's event featured 50 exhibitors, 12 corporate sponsors and nine media partners.

Professionals from the prepaid calling card, wireless, and gift and debit card industries took advantage of the opportunity to meet with their peers, retailers, distributors and other players in the prepaid industry.

This was only the second year for this event. The show's producer, Robin Tobias, said, "We are thrilled with our recent turnout and are eager to start planning for tppExpo 2010. Our goal is to provide the best possible forum for prepaid service providers, and [we] look forward to adapting and improving our event to meet the needs of the dynamic industry."

ANNOUNCEMENTS

InComm launches new B2B platform

InComm added Smart GiftCard Solutions, a business-to-business (B2B) platform, to its product line. "Now, more than ever, we hear from clients that prepaid products are the most practical and appropriate selection when choosing rewards or gifts for their employees or customers," said Jonathan Price, Vice President, B2B for InComm.

Emida rolls out new products, upgrades

Emida Technologies Inc. released multiple new and enhanced products and services in its Emida Unleashed offering, which includes three new and two enhanced products and services: VeriFone POSA microbrowser access, enhanced PC terminal access, "Prepaid Prepaid," money transfer and M-MONI.

nFinanSe to launch Visa reloadable cards

nFinanSe Inc. will offer Visa prepaid cards as part of its nFinanSe suite of managed card products. The general purpose, reloadable prepaid cards, issued by Palm Desert National Bank, will be available in the fall of 2009 through distributor channels and direct sales.

Ligatt Security introduces anti-cyber-crime card

Ligatt Security International launched what it said is the first and only card that combines numerous anti-cyber-crime services in a prepaid card. The reusable Cyber Crime Defense Card can be obtained for free. Consumers then load the card and use it like any other prepaid card. The company is offering packages of various sizes to help dealers market the cards.

SmartClixx passes 1 billion mark

SmartClixx LLC has now processed over 1 billion transactions with its software products. SmartClixx's statistical analysis estimated the company has saved its e-commerce clients more than \$100 million to date.

SmartClix's closed-loop gift card and stored-value card platform solution has been eliminating the processing middlemen and their associated fees. The company celebrated its ninth anniversary this year.

PARTNERSHIPS

Aentra, edo work together for custom gifting

Aentra LLC and edo Interactive Inc. teamed up to develop and manage a gift-giving Prepaid MasterCard Worldwide program. The edo Interactive Marketing Platform uses consumer behavioral targeting. Aentra offers customized reloadable cards targeted for weddings, baby showers, and bar and bat mitzvahs.

Check City to offer NetSpend cards

NetSpend Corp. entered into a distributor agreement with Check City Inc., a check cashing and payday loan provider. The agreement names NetSpend the 70-location, check-advance chain's exclusive prepaid debit card provider.

In other news, NetSpend will use Orchestra Networks' EBX.Platform software for its master data management needs. "EBX.Platform is a key part of our strategy to build a foundation of capabilities to support our ever growing scale and complexity of customer needs," said James DeVoglaer, Senior Vice President and Chief Information Officer for NetSpend.

PreCash, Galileo partner with Green Dot

To provide more ways for consumers to reload, PreCash Inc. and its processor Galileo Processing Inc. are using Green Dot MoneyPak. Through the partnership with Green Dot, PreCash cardholders can reportedly load cash onto their prepaid debit cards at 50,000 additional retailers nationwide.

ACQUISITIONS

RTGV eyes iPAYU

RTG Ventures Inc. signed a letter of intent to purchase the intellectual property rights for iPAYU, and the right to operate its business, from International Financial Systems Ltd. This will be added to RTGV's existing payment systems, epaypoint and Web-Pay. iPAYU is a mobile payment method used for person-to-person, person-to-business and B2B payments.

APPOINTMENTS

Bennet to help Travelex expand

Travelex Currency Services Inc. tapped Jonathan

Bennett to serve as the company's Head of Corporate Outsourcing for all of North America. One of his primary objectives will be to take Travelex's Corporate Cash Passport, which provides currency in the form of prepaid travel cards to global consumers, to the next level in the global market.

With Corporate Cash Passport, funds can be moved back and forth between cards and company accounts throughout the cards' three-year life span.

HH Ventures welcomes Gray to board

Stephen C. Gray took a seat on the board of directors of HH Ventures LLC (doing business as Ready Wireless LLC). He will also fill a senior advisory role for the company. Dennis Henderson, President and Chief Executive Officer of Ready Wireless, said Gray's "expertise in business development and as an entrepreneur will offer Ready Wireless new vision, problem solving ability and will help provide an overall assurance of good governance." 📱



Features

Experts counter prepaid's 'gotchas'

A recent Consumers Union report portrays prepaid cards as fee-laden instruments that drain cardholders of their money and do not offer financial protections afforded other kinds of payment cards. But industry experts counter that the report's author made blanket statements about prepaid cards without differentiating between various types of cards, their functions and their cost effectiveness in comparison to traditional services.

Michelle Jun, Staff Attorney at Consumers Union, the nonprofit publisher of *Consumer Reports*, said in the report, Prepaid Cards: Second-Tier Bank Account Substitutes, that despite the growing popularity of prepaid cards, consumers face "dangers and traps" when using them.

Based on her research, Jun concluded the main pitfalls of prepaid cards are the "high, multiple and confusing" fees associated with the cards, the lack of proper disclosure by issuers concerning the fees they charge and the lack of safeguards to protect cardholders' money. Among Jun's findings:

- Activation fees can be as high as \$29.95, with the median being \$10.

Selling Prepaid

- Monthly maintenance fees range up to \$10.
- Cash withdrawal fees from ATMs are usually \$2.
- Inactivity fees range from \$1.50 to \$5.95 and can begin after only 60 days of inactivity.
- Overdraft fees from \$14.95 to \$29 can be assessed.

More problems

Additionally, the fees issuers charge are not adequately disclosed, Jun contends. "Consumers can typically find information on only a few of the fees before deciding to sign up, purchase and use prepaid cards," she said. "Retail displays often contain only purchase prices and initial load amounts.

"Consumers who research or purchase cards online will often have to engage in a careful inspection of the prepaid card Web sites to find complete fee information. Access to fee information is often less prominent on prepaid card Web sites than the sign-up pages or registration forms for card purchase."

And when consumers can locate fee information, it is usually displayed in the fine print of cardholder agreements or terms and conditions, she added.

Jun also believes prepaid cardholders are not given the same legal protections as debit card users. She called Visa Inc.'s and MasterCard Worldwide's zero liability policies for prepaid cards "insufficient" and having "significant loopholes."

For example, while debit cardholders have "error resolution rights," which return missing funds to debit accounts within a certain time frame, prepaid card users may not have similar protections and "might be out of all their money due to an unauthorized transaction regardless of how quickly the loss is reported," Jun said.

Finally, Jun takes issue with claims by prepaid card issuers that certain prepaid cards can help consumers build credit histories.

"Although credit-building features may seem attractive to unbanked and underbanked consumers trying to establish credit files or consumers with bad credit trying to rebuild credit, it is not clear whether these nontraditional reporting mechanisms actually help consumers establish good credit and credit scores," she said.

In total, Jun's criticisms of prepaid cards (characterized as "gotchas") make the payment method a "shaky alternative to a bank account with a debit card."

Not so fast

In response to the report, the Center for Financial Services Innovation, an unbanked consumer advocacy organization, said its research has shown that if consumers choose the right prepaid cards for their needs, they represent a

"far better deal" in terms of fees than other payment methods, such as employing check cashers to cash checks.

Louis Hoch, Chairman and Chief Executive Officer at prepaid card issuer and program manager FiCentive Inc., agrees with the CFSI, but goes a step further in his criticism of the Consumers Union report. "The main problem of the report is [Jun] isn't equating value received," he said. He offered several examples to illustrate his point.

Hoch said the bank fees plus ATM fees charged consumers with low-balance bank accounts are higher than the fees on prepaid cards.

Similarly, consumers who cash their paychecks at check cashers are charged 2 percent of the checks' face value plus a fee; in comparison, it is cheaper to "have a prepaid card with direct deposit and use a bank cash advance or ATM withdrawal," he said.

Jun's report doesn't compare the costs of using prepaid cards to the costs of the alternatives. "If I'm doing something today as an individual that is costing me \$100 a month, and I shift whatever that I'm doing to some new process that is costing me \$50 a month, maybe \$50 a month looks too high for you if you look at it just by itself, but I've just saved \$50," Hoch said. "So the whole value argument is not fair at all."

Furthermore, Hoch argued that Jun unfairly lumped prepaid cards into one category. "She is making all prepaid cards sound like they're equal, and they're not," he said. "There are many different uses of prepaid cards. There's payroll card programs that typically have very little fees associated with them. And there's laws associated with payroll cards that allow people to get their pay for free."

On the other hand, gift cards, general spending cards, teen cards and so forth are marketed differently than payroll cards and have different functions as well; therefore, different types of cards have different types of fees, Hoch said.

Additionally, he claimed Jun's contention that prepaid card fees are not properly disclosed is "totally wrong."

"Every respectable bank – Meta Bank, Bankcorp, Key Bank – the big banks that issue prepaid, they make sure that everybody, like FiCentive, properly identifies all the fees," he said. "I can tell you that FiCentive, all of our cards, our fees are printed right with the card carrier. And I think the majority of issuers do that as well."

And to Jun's claim that prepaid cards users do not have the same consumer protections as credit and debit card users, Hoch argued it's not the case. While gift cards and incentive cards are not insured by the Federal Deposit Insurance Corp., payroll cards and general use cards are, he said.

Common ground

However, Hoch agrees with Jun that prepaid cards are not good credit-building mechanisms. "When some people in our industry are saying it improves your credit, I don't know how they get there," he said. "It's a real stretch."

On a positive note, the CFSI is heartened by the Consumers Union report as an "important sign that the prepaid industry is getting traction and gaining momentum." 

Prepaid cards reduce balance inquiry blues

By Cherie M. Fuzzell

FirstView Financial

The ability to make noncash payments using checks or debit cards is an essential tool for survival in the modern financial world. Yet approximately 106 million adult residents of the United States can't obtain checking accounts at traditional banks.

These consumers, often called unbanked or underbanked, are denied checking accounts because they have poor credit histories or have mismanaged their bank accounts.

Forced to live on a cash basis, unbanked consumers pay high transaction fees, waste time and incur personal risk when conducting basic financial transactions at check cashers and payday lenders. Furthermore, they are unable to make purchases online, book hotel or airline reservations, and must purchase money orders to pay bills.

While being unbanked can cost individuals over \$1,000 annually, the solution for many consumers is not traditional bank accounts.

A percentage of consumers will always get into financial trouble by engaging in deliberate misconduct, but many are merely lacking the basic financial literacy skills necessary to manage checking or savings accounts in today's complex financial environment.

Complexities of checking balances

Thirty years ago, people deposited payroll checks at local banks and withdrew funds by cashing checks or making counter withdrawals, generally recording balances in paper ledgers after each transaction.

By comparison, funds held in a checking account today are deducted in numerous ways, including paper checks, electronic checks and automated clearing house (ACH) debits, ATM withdrawals, and PIN or signature debit card purchases.

Such transactions, and the fees associated with them, are reflected in customers' available balances at various times during the day and night, making it difficult for even educated consumers to manage checking accounts.

Online and mobile balance inquiries reflect only the charges that have been authorized and not other expenditures (such as paper checks, ACH debits and signature debit card purchases) that have not yet been deducted from available balances.

Relying on an "available balance" obtained from an ATM, or from an online or mobile banking inquiry, consumers routinely make expenditures that cause account balances to go negative – referred to by banks as an "overdraft or insufficient funds" status.

Banks charge a nonsufficient funds (NSF) fee for each transaction that causes a negative balance on an account and, in certain circumstances, for each day the account remains in a negative status.

These fees can be as high as \$40 per transaction and are charged regardless of the amount of the overdraft or whether the bank honors or returns the item.

Banks will charge an aggregate of \$38.5 billion in overdraft fees this year, representing over 75 percent of all consumer fees charged by banks. For a financially stretched consumer, these fees can easily add up to over \$100 a month – exceeding the costs of being unbanked.

Eliminating NSF fees

Thus, a traditional checking account is not the best solution for most unbanked consumers. Instead, many consumers would benefit from bank account alternatives offered by prepaid card providers.

These accounts offer consumers the ability to receive direct deposit of payroll or benefits and to withdraw funds through an ATM or make purchases online or at the POS.

As transactions are authorized in advance, customers have access to the true "available balance" in the account. The ability to overdraft the account is essentially eliminated as the customer will merely be declined at the ATM or POS if the attempted purchase exceeds the funds available.

While consumers may feel a temporary satisfaction at having credit or debit card purchases approved, the high cost of overdraft fees result in undesirable and costly consequences. 

Cherie M. Fuzzell is the President and Chief Executive Officer at prepaid card processor and program manager FirstView Financial. To find out more about Firstview, go to www.firstviewfinancial.com.

Cheers for card payments at U.K. private school

Wellington College is a private, co-ed boarding and day school in southeast England. It was founded by Queen Victoria and Prime Minister Lord Edward Stanley in 1859. Educating teenagers 14 to 18 years of age, the college has helped shape the lives of notable Brits in the fields of architecture, literature, entertainment, journalism, sports and religion.

According to U.K.-based prepaid card issuer and program manager White Eagle PLC, Wellington is now the first private secondary school in Britain to begin transitioning the campus environment from paper-based to electronic payments. White Eagle is issuing Wellington parents and students the Freedom Eagle Cash Card, a reloadable, MasterCard Worldwide-branded, chip and PIN prepaid card for on- and off-campus purchases.

Warren Hardy, founder and Chief Executive Officer at White Eagle, said POS terminals have been installed in most of the retail outlets on the school grounds, such as the bookstore and cafeteria. The college's administrative offices have also been set up with a terminal to accept payments. This is all in advance of the Michaelmas (fall) term, which begins in September 2009, when the program goes live.

Hardy believes the main benefits of the program are threefold:

1. It presents Wellington students with a pay-as-you-go card that gives them greater freedom than paying with cash and provides them safety and convenience in how they manage and spend money.
2. It gives parents greater control – compared to the traditional mode of furnishing their away-at-school children with money – over how much their children spend and where they spend it.
3. It liberates the school from having to act as an intermediary between students and parents concerning money matters and reduces administrative costs associated with cash and check handling.

Tradition revised

The traditional method that enabled parents to pay for their children's boarding school expenses was inefficient and time consuming. According to White Eagle, parents sent multiple checks to Wellington's housemasters (H/Ms) at the beginning of each school term. Parents

wrote checks to cover their children's general spending needs, checks to pay for uniforms and checks for school trips.

The H/Ms, who manage the school dormitories relayed the checks to the school administration, which deposited the funds into a bank account and doled out cash to the H/Ms. Then, on a routine basis, the H/Ms disbursed payments to individual students based on how much money their parents had given them to spend at the beginning of the term.

But that calculation was not exact. Over the course of the term, the H/Ms were responsible for keeping running tabs on how much money each child under their care had spent. At the end of the term, the H/Ms reconciled the books, invariably revealing that some children had spent more than their parents had allotted for them, sometimes by over 100 British pounds, with no clarity afforded parents as to how or where that money went.

The parents – who already pay up to 9,000 British pounds on school fees each term – would then be required to make up the difference. But White Eagle believes its cash card program will eliminate all that.

Old money, new payments

Parents are given primary cards with which to manage their children's accounts, loading and reloading funds via Web site (www.freedom4schools.co.uk) or mobile phone. Parents can set daily spending caps and monitor their children's transactions in real time. "This kind of visibility should discourage students from making unsuitable purchases," Hardy said.

Since the card is open-loop and network-branded, it can be used online and off campus. But the card is restricted to use at select retailers, eliminating purchases at gaming and adult-oriented sites, for example. Parents and students can see their balances online or via text messages on mobile phones.

As Hardy related, the main feature of the system is that students can spend only as much as their parents give them. "There was a situation where a child – 16 – was in London having spent all the balance on the card and had no money to get a train back to school, the parent was able to instantly SMS [simple message service] funds, allowing the child to buy a train ticket and complete their journey," he said.

As a monarch who had an entire era in Western civilization named after her, Queen Victoria calls to mind notions of tradition and adherence to time-honored mores and values. But Hardy believes the Queen would have approved of Wellington's break with tradition. With nine children of her own, she would have no doubt found the Freedom Eagle Cash Card "very useful," he said. 📱

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ISO/MLS contact:

Malcolm Carnahan
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Phone: 800-822-1352
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Company address:

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- Multiple programs to choose from
- Abundant referral sources

Co-opting the numbers game

The free market rewards hard work. But whose hard work, and who gets the reward? Sometimes merchant level salespeople (MLSs) slave 60-hour work weeks to build up portfolios only for the owners of ISOs to reap the benefits when it comes time to sell.

Rick Pylant, President and Chairman of CoCard Marketing Group LLC, learned that lesson – twice. Pylant was working as a sub-ISO for Bank Card Systems when it was sold. Then he worked in the same capacity for Card Payment Systems when it went the same route. Pylant didn't receive a penny on either sale, even though he had played a vital role in the success of both ISOs.

It turns out Pylant wasn't the only one who lost out on those sales. Malcolm Carnahan, Chief Operating Officer at CoCard, was one of the other sub-ISOs working for the two companies. "We made them rich, and we didn't get anything out of it," he said.

They had had enough and were determined "to tear down that Chinese wall" erected in every ISO that separated the feet on the street from company owners. That figurative wall typically allows "all the benefits and all the entitlements to flow to one person on the backs of all the sales offices," Pylant said.

From many, one

In 2000, Pylant, Carnahan and two others cofounded CoCard as a kind of cooperative, where all ISOs that operate under the CoCard brand own a portion of the overall company. Each ISO owns its own portfolio and therefore its residuals.

"If our company ever sells, each one

of the sales offices, depending on the amount of revenue they're running through the company, will get that portion of the sale," Pylant said. He added that CoCard's strength in numbers concept increases the value of individual portfolios and that as CoCard grows, portfolios gain proportionally in value, which means a higher payout for ISOs if CoCard should sell its business.

Carnahan said they have come close to selling CoCard – meaning its current revenue stream – on a couple of occasions. The latest attempt in the fall of 2008 fell through because of the economic downturn. But Carnahan estimates 25 of its ISOs – some of which bring in annual residuals of \$2.5 million – would have become millionaires in the process; that number represents well over a quarter of CoCard's partners.

That type of golden carrot is undoubtedly one reason why CoCard continues to steadily add new ISOs.

According to Pylant, an average of 1.5 ISOs join CoCard each month, with 84 offices currently in the fold – eight alone having jumped on board since January 2009.

Combining the portfolios from CoCard's sales partners, the company now services 34,000 merchants nationwide, with between 500 to 800 new merchants boarded monthly, Pylant said.

What's mine is ours

When ISOs sign up, CoCard asks from them a minimum of 20 deals a month. In Pylant's mind, 20 deals separate the players from the wannabes. "There are millions of people doing one to 10 that come and go in this business – here this week, gone next week," he said.

Company Profile

CoCard encourages an open, enterprise-wide exchange of ideas and information. The monthly residual statements of all of its ISOs are published for all in the organization to see. If ISO A sees that ISO B is "hangin' the moon" in a particular vertical, ISO B will educate ISO A on how it has been successful.

"But once you do 20 deals a month on a steady basis, you've found your niche, you've found your marketing style, you've found your relationship sources and you're hitting your stride."

Additionally, that 20 deal threshold dovetails with the freedom CoCard allows its ISOs. The company does minimal training for its new sales offices.

Beyond informing ISOs how they can "plug into" CoCard's system and what third-party vendors the company uses, ISOs are given free rein to pursue business as they see fit.

Carnahan said CoCard does not impose a sales model on its ISOs, nor does it force its ISOs to use the third-party vendors CoCard provides. Although CoCard doesn't necessarily recommend it, ISOs can contract with their

own value-added service providers, and even their main processors, if they so choose, Carnahan noted.

CoCard encourages an open, enterprise-wide exchange of ideas and information. The monthly residual statements of all of its ISOs are published for all in the organization to see. If ISO A sees that ISO B is "hangin' the moon" in a particular vertical, ISO B will educate ISO A on how it has been successful.

"If you want to know how I do it, I'll tell ya," Pylant said. "I'll give you my presentation; I'll give you my agreements; I'll give you everything – which is entirely different than every other ISO out there. Every other ISO doesn't even want to know that you exist."

Pylant believes this transparency and spirit of cooperation help CoCard's ISO partners increase sales, which grows the value of CoCard and, in turn, increases the value of each ISO's portfolio.

Although CoCard does not employ a code of conduct among its ISOs, Carnahan said a positive corporate culture has evolved nonetheless. CoCard's ISOs do not see themselves in competition with each other. One CoCard ISO would not try to lure a merchant away from another CoCard ISO.

"If you walk into a merchant and they're already with CoCard, you leave it there," Carnahan said. "We don't steal accounts from one another."

Fundamentally streamlined

While many sales organizations are administratively top-heavy, CoCard keeps management to a minimum. It has all of five people working out of its Nashville headquarters.

Pylant is based in Charleston, S.C., and Elizabeth Carter, CoCard's Chief Financial Officer and Carnahan's daughter, works from Salt Lake City. The company's managers use the Internet and teleconferencing to stay in communication with one another and the company's sales partners.

The company's networked nature minimizes overhead costs. But it also means CoCard outsources payment card processing and customer service – functions that would increase operating costs.

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"Our processors do the underwriting; they do the customer service – basically all the heavy lifting that goes on in merchant processing," Pylant said. That leaves CoCard to do what it does best: sell. "We're a pure sales engine," he said.

CoCard works with multiple third-party vendors, such as National Processing Co. and First Data Corp. for processing, Valutec Card Solutions for gift card programs, Crosscheck Inc. for check processing and AdvanceMe Inc. for cash advance services.

And the company contracts with multiple vendors for the same services as a way to keep prices down.

"Historically in our business it's always been – OK, if you want the really good prices, you have to give me an exclusive deal," Pylant said.

"We say no way. You want the business. You need to make it where we want to do business with you, not that we have to do business with you. So you need to be as competitive as the guy that's bidding against you."

When CoCard contracts out for services, it acts as the parent company on behalf of its ISOs. Pylant is the lead negotiator and is able to deal with vendors from a posi-

tion of strength based on the "sheer scale" of business that CoCard brings in, he said. It doesn't hurt that the company processes through mega-acquirers like NPC and First Data, Carnahan added.

The prices for services CoCard locks in with its vendors are the same prices available to its ISOs, with no mark up. That transparency engenders a "high level of confidence and trust in the way we do business," Carnahan said.

This approach has proven successful. It is why Pylant believes CoCard provides the industry's best buy rates for its ISOs. By keeping pricing down, ISO margins go up. The proof is in what Pylant calls the "cha-ching" factor.

ISOs new to CoCard typically start out hesitant about the company and its philosophy. But that changes after they receive their first monthly residual statement.

"All of a sudden they lay that account that they put down with us beside an account that they put down with their old processor, and that's when the cha-ching comes in," Pylant said.

"They're like, holy mackerel! And then the floodgates

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Referrals to reap

CoCard's ISOs – which specialize in such vertical markets as utilities, petroleum, convenience stores and banks – generate business mainly through referrals, according to Pylant. Referrals have been the lifeline for CoCard, especially given the troublesome state of the economy.

It gets most referrals from banks, accounting firms and industry associations – "places where people in times of need would go for advice," Pylant said.

Indeed, Pylant claims its referral sources are helping CoCard gain business while most ISOs are losing merchants. With over 80 sales offices, word of mouth also brings new customers CoCard's way.

Pylant has found that the recession has spurred people who have lost their jobs to start their own businesses and avoid being vulnerable when it comes to employment.

"So we're seeing just about as many new [merchants] coming in the door from that vantage point as we do losing them on the other side," Pylant said. "Then we get the

uplift from the referral sources where the accountants and the bankers are helping out their customers and sending them our way."

If any other proof is necessary to persuade skeptics of CoCard's success and growing influence in the industry, a 2008 Strawhecker Group report might seal the deal.

In analyzing over 40 emerging ISOs, CoCard ranked at the top as being the fastest growing and having the largest portfolio, greatest transaction count and highest dollar volume.

Given CoCard's increasing prominence in the industry, Carnahan expects CoCard will be sold one day. But a sale would be contingent on the buyer working with CoCard's existing sales offices.

So CoCard wouldn't end. In fact, it would only be the beginning. In two years' time, CoCard would simply "build up another big portfolio and sell it to the same buyer," he said.

Since most of CoCard's ISOs and MLSs are not ready for retirement, Carnahan reasons that they wouldn't necessarily quit after the first sale. "They've got a winning formula," he said. "Why quit?" 

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FIRST LOOK

Providing clarity to contracts

Like many industry professionals, Jay Reeve found his way into the payments sphere by accident. Reeve, founder of Gun Barrel City, Texas-based The Reeve Law Firm, was a corporate attorney working for Jackson Walker LLC out of Dallas when he met a representative of Chase Paymentech LLC.

"I was doing mergers and acquisitions, securities, and general business transaction work, and one of our clients was Chase," Reeve said. "They had a need for an attorney with a corporate and transactional background, so I joined them in early 2000."

In July 2009, after nine years with Chase as Senior Counsel and Associate General Counsel responsible for the legal oversight of the company's strategic partner channel, Reeve struck out on his own.

Legal solutions enhance results

"What I enjoy as a payments lawyer is working with business people, listening to them talk about the new services and products they want to offer, helping them find new ways to market or present those products and services, then translating a contractual and legal framework that is more merchant friendly to help give my clients an advantage," Reeve said. "And protecting my clients – in a way that doesn't sacrifice their business goals – is at the core of what I do."

Reeve believes that merchant accounts can be boarded – or lost – depending on the way contracts are structured. He thinks of himself as a provider of "friendly" legal solutions that streamline his clients' processes and give them an advantage in closing tougher deals.

"In this industry the sales folks generate the money, so it's important to structure documents in a way that achieves the ultimate objective – which is to sign new business – as well as protect the company and give it a chance to flourish," Reeve said. "And I hate litigation, so I work exclusively on the side of the fence that keeps my clients away from court and out of problems."

Plain English facilitates sales

Reeve feels that basic merchant agreements – and, to an extent, ISO and agent agreements – are fairly sound from a legal standpoint but are often convoluted, making

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them difficult to understand. He noted that incomprehensible agreements only inhibit agents' ability to close deals because merchants cannot determine with certainty what their rights, obligations and fees are under such contracts.

"The problem with most agreements is that they're 15 pages long, written in 6-point font, and it's just absurd," Reeve said. "They're certainly not user-friendly and don't really even serve the ultimate purpose of what I think most of my clients and the industry itself is looking for – full, clear and accurate disclosure about fees, rules and requirements. It's in there; you just can't understand it."

He further pointed out that the card brand rules are structured in a way that puts merchants at a disadvantage, so it is critical they understand exactly what they're getting into when signing a processing contract.

Reeve believes he has a distinct ability to "take these ungodly documents, preserve and enhance the protections that are in there, cut out all the fat, and write things in plain English that are more palatable to both the sales agents and the merchants they're trying to board." He added that presenting a merchant "with a simpler version puts the agent in a much better position to make the sale."

Reeve's commitment to clarity is resolute, as is his desire for longevity in his career.

"I want to grow this business and be able to add to my knowledge base with other partners and attorneys," he said. "The new venture is a perfect vehicle for me to build the practice I want to build and serve my clients in a way that I think is rather unique. It's very important to me to give them something, provide a service that they don't always find out there in the industry and be critically involved in that process to give them the best chance for success." 

A new chapter in Cynergy's story

On Sept. 1, 2009, payment processor Cynergy Data LLC began proceedings under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court, District of Delaware.

Under the filing requirements, Cynergy entered into an asset purchase agreement (APA) with bidder Cynergy Holdings LLC, an affiliate of The ComVest Group. ComVest is a private investment firm that provides debt and equity solutions to middle market companies, which in essence means buying all of a company's assets. Sale of assets is accomplished via open auction over a 60 to 90 day period. Auction parameters are determined by the court, which decides what companies are eligible to submit bids, the length of the bidding period and the ceiling on bid amounts.

"The way a Chapter 11 works – in a good case – is that after the petition is filed you have your stalking horse bidder [required in some bankruptcy cases to initiate further bidding proceedings] setting the stage to open up a competitive bidding environment," said Randy McCoy, Operating Partner at ComVest. "When we were identified as that party, in which we were selected by Cynergy as the most viable candidate to acquire its assets, an APA was negotiated.

"A judge has already heard motions to continue operations uninterrupted and keep all the residual payments flowing in conjunction with the APA. Now we look forward to closing as soon as possible so we can start putting all our energy on the future."

Using every advantage

The company is pursuing a sales process under Section 363 of the Bankruptcy Code, which may provide Cynergy a significant advantage: Section 363 allows the company to sell its assets "free and clear" of liens or other third-party claims to Cynergy's assets. The sales procedure is expected to enable the acquisition of Cynergy by ComVest or a more qualified entity offering a higher bid approved by the court. Cynergy Chief Executive Officer Marcelo Paladini hopes that, through this bidding process, the organization selected to acquire the company will enable the formation of a stronger business entity with less debt and greater economies of scale.

"I think the advantage of the 363 sales gives the company selected by the court the ability to not only take our assets free and clear, but it will give the new company – which will still be Cynergy Data – some breathing room to continue operations as we have for almost 15 years," Paladini said. "Given the challenges that we were facing, we felt the 363 was a great vehicle and the best way to come out of the process clean and free."

Misperceptions are unfounded

Rumors abound regarding ISOs, merchant level salespeople and processing partners working with Cynergy: The company will be unable to pay its future residuals; operations will stop; and the Chapter 11 filing will allow Cynergy, as well as its buyer, to invalidate any agreements to pay residuals. Paladini, however, is adamant that such perceptions are misguided.

"We have taken every step to maintain the company's operations as business as usual and are working tirelessly to secure the financing we need to continue the critical relationships we have with our vendors and ISOs," Paladini said. "And we are grateful for the continuing support of our employees, vendors, merchants and ISOs as we undertake our restructuring.

"Nothing has changed. This situation has put Cynergy on the road to greater stability and solvency, and we will continue making our payments on time. And as far as invalidating any agreements, any such action would be contrary to the historical values of Cynergy and to the future goals of the company."

Sigh of relief

McCoy said Cynergy's brand recognition, the loyalty of its ISOs and the support of the company's processing and banking partners was the main attraction for ComVest in purchasing Cynergy's assets. "We just believe that Marcelo has done an outstanding job over the past decade and a half building a business that services and supports sophisticated ISOs better than anybody else," McCoy said. "There's a lot of misinformation out there that ISOs' portfolios are at risk and are being used as collateral, but that is simply not true. Service continues today exactly as it was and will remain uninterrupted through the bankruptcy.

"ComVest values all those ISO relationships, and we expect to continue them all. We feel that we can take Cynergy to new places faster than it could move before. It is our hope to grow the company significantly, make sure ISOs are never impacted and preserve the values of an organization that has always been known for quality service, exceptional technology and great partnerships with ISOs." 

PCI SSC combats skimming with new merchant resource

The PCI Security Standards Council (PCI SSC) issued a new supplement designed to educate merchants on how to defend against skimming attacks. Entitled Skimming Prevention – Best

Practices for Merchants and authored by the PCI SSC PIN Transaction Security Working Group, the supplement focuses on defining what skimming entails and how merchants can protect against it.

The working group defines skimming as the "unauthorized capture and transfer of payment data to another source for fraudulent purchases." This can be accomplished by stealing the data directly off of payment cards or by infiltrating payment networks via POS terminals, terminal locations, wires, communication channels, switches and so forth.

The first type of attack, which the authors said is the most common, usually occurs at the POS and is typically perpetrated by "internal merchant personnel who have both criminal intent and direct access to the consumer payment device (payment card) with little or no observation at the time of payment."

Among the most common of inside jobs are restaurant wait staff who disappear with diners' credit cards and skim the card numbers in private, said Bob Russo, General Manager of the PCI SSC.

The second type involves criminals inserting electronic devices into POS terminals or terminal infrastructures. "The skimming equipment can be very sophisticated, small and difficult to identify," the supplement said. "Often it is hidden within the terminal so neither the merchant nor the cardholder knows that the terminal has been compromised." According to ADT Security Services Inc., skimming nets fraudsters approximately \$350,000 daily in the United States. And payment consultancy Celent LLC estimates skimming drains the global economy of \$1.2 billion annually.

Details

Russo said smaller merchants are particularly vulnerable to skimming attacks. Mom-and-pop merchants are busy running their businesses and might overlook signs that their POS terminals have been compromised, he said. This is why the paper, while useful for larger merchants, is designed especially for the smaller, level 4 merchants.

The supplement provides photographs of how terminals are tampered with and how merchants can detect evidence of such tampering; it recommends that merchants routinely and thoroughly inspect terminals for signs of outward alteration. It is also helpful if merchants know what the actual devices look like. For example, a key logger used to capture the keystrokes of an electronic cash register can be smaller in circumference than a quarter and can be easily mistaken as part of the register's normal cabling.

Similarly, digital cameras can be employed to photograph cardholders entering PIN numbers into terminals. When removed from their housings, the main camera hardware

can be tiny and easily hidden in a ceiling tile above the terminal.

Solutions

Russo said the supplement takes a common sense approach to preventing skimming attacks. It lays out guidelines and best practices, which fall into three main categories: merchant physical location and security, terminals and terminal infrastructure security, and staff and service access to payment devices.

Among the working group's recommendations for securing retail environments are to limit and control customer access to payment locations from floor to ceiling, keep payment areas well lit, and employ surveillance cameras and image storage capabilities in line with PCI SSC guidelines.

In addition, the paper suggests merchants understand and relay to their employees the "entire cable path from the terminal to the point where it leaves your merchant location" because fraudsters can infiltrate and hide devices anywhere within that path.

It is also incumbent on merchants to scrutinize their employees and vendors, which the PCI SSC realizes is a sensitive issue. But that staff and outside contractors are "targets" of fraudsters, either through "bribery or coercion," is an unfortunate fact, the supplement said.

Thorough background checks – if legal – should be employed on potential new hires. And procedures should be implemented to assure that service engineers who arrive on site to conduct terminal checks or provide other related services are who they say they are and have arrived at a previously specified time and date.

How vulnerable are you?

Russo stressed the value to mom-and-pop merchants of the supplement's two appendices. The first one helps merchants quantify what their risk levels are. More than two dozen questions posed to merchants are designed to evaluate whether merchants can be classified as low, medium or high risk to skimming attacks.

The second appendix is basically a checklist that allows merchants to document the details of their POS terminals and systems. "Take a picture of your device," Russo said. "What's the serial number? Where's it located? Where is the label? Is the label on the right side or the left side? So that when periodically somebody goes around and looks at these things to check them, they check them against this list to see if there's anything that looks different from what they had before."

Russo said it is good for business when ISOs and merchant level salespeople educate their merchants on how to protect against skimming attacks. "This [supplement]

News

is certainly something that ISOs should be giving to their customers," he said. "This is a differentiator between a good ISO and somebody out there that is just trying to move equipment that they've got sitting up on the shelf."

The 25-page supplement is free for download at www.pcisecuritystandards.org/education/info_sup.shtml. 

Taking the industry's temperature

The Electronic Transactions Association, in conjunction with consulting and research firm The Strawhecker Group, released the U.S. Economic Indicators Q3 2009 Report on Aug. 19, 2009. The document provides an overview and detailed examination of the financial services industry's recent performance and areas of opportunity.

Mike Strawhecker, Director of Marketing & Strategic Research for TSG and the report's primary author, said it is the most complete compilation and analysis of U.S. economic data available to payment professionals.

Offered free of charge exclusively to ETA members, it

is the third such report published by TSG and the ETA; the first two were released in February and May 2009, respectively.

Inside information

"The other reports contained a lot of similar data, but this time I took economic indicators and combined them to compare the relationships between them," Strawhecker said. "I think it's the best barometer out there of where we stand economically and how to weather this crisis. In one section I combined the foreclosure and unemployment rates, the number of failed banks and the number of banks receiving TARP [Troubled Asset Relief Program] into one ranking.

"Doing this enabled me to use those indicators to show ETA members regions that have been affected by the economy more than others. It's really a one-stop shop of economic data."

Having this data can help payment organizations evaluate risk in geographic and vertical markets as well as assist in determining the best avenues for expansion.

"Understanding regional performance of retail stores is important to any payment company management as far as where to focus new sales avenues based on regional economic health," Strawhecker said. "If an ISO or other financial institution knows that the Midwest is faring better than the rest of the country, or if restaurants and health stores are outperforming other merchants, it might be appropriate to put extra sales efforts in those areas."

Useful insights

The data-rich document identifies challenges merchants are facing that could actually benefit ISOs and merchant level sales people. For example, many large manufacturers are seeking new ways to cut operational costs, and they could do so significantly by switching from paper check batching and processing to automated clearing house (ACH) platforms.

And the report's analysis of consumer spending habits indicates merchants have more incentive now than previously to accept alternative payment forms at the POS.

"When you can save x number of dollars with ACH or contactless and mobile payments, I think it might be time for a company to pull the trigger and make those moves," Strawhecker said. "As larger segments, including young, tech-savvy consumers, start to use contactless and mobile payments, I see a tremendous need for merchants to evolve with that technology and embrace those customers.

"Additionally, this opens significant reseller opportunities, and I believe the data in our report reinforces the potential for those new revenue streams."



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Outside interests

According to Strawhecker, nonpayment companies are beginning to enter the industry through mergers and acquisitions because a certain amount of insulation separates the payments sphere from industries more affected by the recession, which makes it an attractive business sector.

"This industry is different than most because we've never had a reason to retreat," Strawhecker said. "We continue to advance simply from the fact that electronic payment forms continue to gain market share over cash and checks. Overall use of electronic transactions continues to rise even as merchant sales drop. That being said, the greatest obstacle we have to overcome now, today, is the fear that prevents reaction to the changing marketplace." For information about joining the ETA, visit www.electran.org. 

Gucci accuses processor, others of aiding sale of knockoffs

Responding to the alleged sale of imitation products online, fashion giant Gucci America made an unusual move last week: It filed a lawsuit against the processor, acquiring bank and merchant services provider of a retailer it claims broke the law. The lawsuit, filed in the U.S. District Court, Southern District of New York, Manhattan Courthouse, follows Gucci's successful civil case against online retailer TheBagAddition.com.

In December 2008, TheBagAddition.com's owner, Laurette Co. Inc., and other defendants were ordered to pay Gucci (a subsidiary of French luxury goods company PPR Group) \$5.2 million for selling replica Gucci products. But legal experts contacted by *The Green Sheet* believe Gucci will have a more difficult time pursuing its new targets.

Among the accused are Frontline Processing Corp., Woodforest National Bank, Durango Merchant Services LLC and other companies not mentioned by name in the lawsuit. Gucci contends that the companies are liable for what is known in the legal world as "contributory infringement" – in this case, contributing to trademark infringement by allegedly assisting in the sale of fake handbags.

"They're liable because they knowingly assisted in the sale of fake Gucci products," said Gucci's lawyer, Robert Weigel. "These so-called 'replica merchants' could not operate unless they have someone willing to process their

credit card transactions." Weigel said that TheBagAddition.com, which has ceased operating, had been selling inauthentic Gucci handbags that bore the company's label. A representative for Durango Merchant Services declined comment, and representatives for Frontline Processing and Woodforest National Bank were unavailable for comment.

An important precedent

According to Theodore Monroe, an attorney who specializes in electronic payments and credit card processing, there is a potentially crucial precedent for Gucci's lawsuit. He said the case will likely hinge on a 2007 trial in which a pornography magazine publisher sued Visa Inc., MasterCard Worldwide, and other affiliated banks and processing services for processing payments for Web sites that the publisher claimed had stolen its copyrighted images. In that case, *Perfect 10 v. Visa International Service Association*, the United States Court of Appeals for the Ninth Circuit ruled the sued processors were not liable because their payment services did not amount to a "material contribution" to the direct infringement.

"Will [the U.S. District Court] follow the precedent established by the Ninth Circuit?" Monroe said. "Quite possibly, and I expect they will. But note that [the Perfect 10] case was very controversial, and these payment processors aren't out of the woods yet. It's quite possible that this is up in the air and quite possible that, if they don't follow precedent, this case will go to the Supreme Court."

Uphill battle

Payments industry attorney Adam Atlas said Gucci faces an uphill battle, adding that processors aren't generally responsible for the authenticity of merchant products.

"By that logic, every bank in America would have to hire another 300 people to just be snooping around and checking if stuff's real," he said. "And by the way, who decides if something's real? ... The payments industry, in my view, is not equipped to cut the wheat from the chaff in terms of real or fake products. I admire Gucci for their creativity on this one, but I don't think they're going to win."

Yet, Weigel said the companies named in Gucci's lawsuit "knew the merchants were selling fake stuff." Atlas himself conceded that, "in the real world of processors who deal with online, high-risk merchants, it must be said that it's impossible for everyone to be naïve."

Monroe said that, while processors and other parties contracting with merchants are required by law to learn what their merchants do as part of the underwriting agreement, their duties usually end there.

"The way most of these contracts are written, they have the right to [investigate], but they don't have any obligation, and they probably don't do it," he said. 

Trade Association News

WSAA welcomes feet on the street

The Western States Acquirers Association will hold its sixth annual conference from Oct. 14 to 15, 2009, at the Sheraton Park Hotel at the Anaheim Resort, located directly across the street from Disneyland.

This year's conference features Mark Dunn's Field Guide Seminar; payments industry update from industry veteran Paul Martaus; forum panel discussions; breakout sessions on security and compliance; passes to Disneyland; exhibit hall with vendors; networking receptions; and keynote speaker Craig Virgin, a three-time Olympic distance runner.

A straightforward mission

"We're a real simple organization," said Steve Eazell, Director, National Sales and Marketing for San Diego-based Secure Payment Systems Inc. "We look at this event – as we always have – as an MLS [merchant level salesperson] show. We want the feet on the street to feel that this is something that is designed around them. And we guarantee that not a single moment will be lost time. It's really all about helping them get out there and be fresher and more motivated."

An opening night reception – with food and an open bar – will be held for MLSs to network with exhibit hall vendors. The conference will offer open discussion forums on payment gateways and security, the Payment Card Industry Data Security Standard, as well as how to deal with economic ebbs and flows, generate more revenue opportunities, and improve merchant account retention.

An enriching incubator

"This is something very different for us," Eazell said. "We're going to have some well-known industry pundits addressing the questions and concerns associated with surviving in today's economy. And Paul Martaus, as he does every year, will speak on industry updates. He is quite entertaining, but more importantly he knows his stuff and is always well received."

Eazell expects the event will be educational and pleasurable while addressing every facet of what's occurring in the industry today. "It's going to be educational and entertaining," he said. "And there is something special about that face-to-face, press-the-flesh kind of environment that really can't be duplicated. However, we realize that in taking an MLS off the streets for even a couple of days, we know we have to speak to them directly and offer them value or they won't come back," Eazell added.

For more information, visit www.westernstatesacquirers.com/html/register.html. 

Super LINC a Marquis event

Female payments industry professionals from across the United States and Canada will have an opportunity to meet and network at the second annual Super LINC (Local Interest Networking Circle) on Oct. 14, 2009, at the New York Marriot Marquis in the heart of Times Square.

The event is sponsored by Women Networking in Electronic Transactions (W.net), an organization devoted to empowering women in the payments industry, and will begin immediately following The Electronic Transactions Association's 2009 Strategic Leadership Networking Forum.

LINCs provide regional forums for women payment professionals to network and share techniques. The Super LINC provides a national networking platform, bringing women from all 10 LINC regions together.

Michele Jerome, W.net's new Executive Director and an expert in nonprofit organization management, will be attending her first LINC event.

Recognition, inspiration

"Our theme this year, since we are in New York, is the industry that never sleeps," Jerome said. "We hope to provide a balance of networking time as well as an educational component that will give women resources to help further their careers and meet their aspirations."

This year's Super LINC will kick off with a presentation of the second Driving Improvement Via Action (DIVA) Awards, which recognize individuals and companies working to promote women in the industry and further W.net's mission. Jerome added that a speed networking session and closing keynote speaker will follow the awards ceremony.

"Speed networking gives everyone in attendance an opportunity to know everyone there," Jerome said. "And we think that the keynote speaker will enable attendees to take away an educational component that could really help position them for greater personal success."

"Most importantly, we want to make sure that the value of W.net – and what the great ladies of this organization have to offer – shows through." For more information or to register online, visit www.w-net.biz. 

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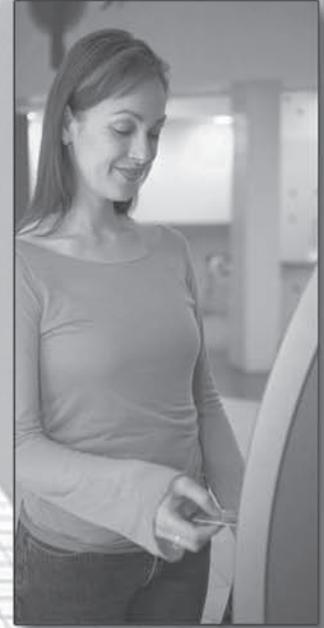
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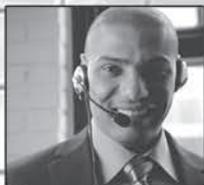
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Adaptation from page 1

The U.S. Economic Indicators Q3 2009 Report, published in August 2009 by The Electronic Transactions Association and research firm The Strawhecker Group, stated that consumer spending for the second quarter of 2009 was 2.02 percent below 2008 second quarter totals.

The report also indicated overall retail and food service sales were 7.96 percent lower in July 2009 than in July 2008. Same-store sales dropped 5.1 percent during that period.

So as consumer spending habits move from a sluggish summer into what is projected to be an even slower fall and winter season, it's important for payment organizations to not only help MLSs stay on top of the latest trends and innovations, but also offer them educational and incentive programs.

"As MLSs come off summer vacation, we try to get everyone jump-started as we move toward Labor Day and beyond," said Jim Fink, Director of ISO Sales for New York-based payment processor EVO Merchant Services Inc. "At EVO, we'll run specific, short-term sales contests and incentives to keep motivation up after what has been an unusually slow summer.

"We're also focusing on more recession-resistant verticals like government, health care, education and utilities companies. And it's important that ISOs not get hung up or bogged down by all the negative economic news."

Medeiros said that to stay ahead of the economic curve, ECS holds a conference every year at the end of summer to introduce new products and services to its MLSs, help them refine their skills with additional training and goal setting, and provide them an opportunity to share ideas, impressions, concerns and needs companywide.

"I think that ISOs' neglecting to invest in their MLSs could come

If not immune, at least resistant

"10 Recession-proof Businesses," an article by Dave Roos published in August 2009 on HowStuffWorks.com, lists 10 business sectors "traditionally defined as those that either thrive during rotten economic times or at least survive unscathed."

Roos' assessments were based on employment growth and sales volume totals between January 2007 and April 2009. He noted that many economists believe recession-proof businesses no longer exist and that the best hope is to be recession-resistant.

For ISOs, MLSs, processors and other businesses in the merchant acquiring sphere, the following contains verticals to consider as populations, economics and legislative mandates change. It is Roos' list of the 10 most recession-proof business sectors – and those with the most profit potential – in descending order, No. 1 being the most recession-proof:

10. Candy, cosmetics and contraceptives
9. Luxury retail
8. Repossessions
7. The U.S. government
6. Education
5. Vices (cigarettes, alcohol, online gambling, alternative online entertainment)
4. Discount retail
3. Information technology
2. Health care
1. Noncyclical businesses including funeral homes, public utility companies, accounting firms, the military, pharmaceutical companies, veterinary services, repair services and religious organizations

Source: HowStuffWorks.com

back to bite them in the behind if the agents don't have the proper technical information and the latest sales techniques when they are out on the street," Medeiros said. "They want the business but many often don't plan properly or have a marketing plan in place to help the agents optimize closing strategies.

"I personally still go out on the street and take people out and sell. It helps me to keep my finger on the pulse of the market and makes me more empathetic to my agents and enables me to offer better feedback."

Using all available tools

Terence Van Horn, CEO of The Van Horn Group, said regardless of the verticals ISOs target, success depends on using all sales, marketing and IT tools at a company's disposal.

"We forget what we have available," Van Horn said. "Many ISOs have an assortment of tools to help bring in more merchant business but aren't using them to the fullest extent. And without the right information, we can't show our merchants how to protect their bottom line."

Van Horn feels that payment professionals by and large tend to stick to areas they are most comfortable with, but by doing so they overlook the greatest potentials for portfolio expansion and higher revenue streams.

"Merchants who want to further reduce fees incurred by the card brands are now considering ATMs for the first time," Van Horn said. "I also think that ISOs should be looking for opportunities in the

The U.S. Economic Indicators study found that overall unemployment dropped from 9.5 percent in June 2009 to 9.4 in July.

e-commerce space, yes, but prepaid has tremendous potential as well.

"Additionally, a lot of agents and ISOs haven't even considered going to banks and trying to offer services there. And I think a lot of these issues are simply due to a lack of training.

"I just don't think ISOs understand the power of the tools they have at their disposal. And it's hard for a merchant to say no to any new system, product or application that's going to save them money."

Exploring adjacent sales channels

Opportunities exist in new market verticals. Many experts agree that it really comes down to due diligence and focusing on what occurs in various markets as seasons change. ISOs and MLSs might also think about sectors that are adjacent to their traditional reseller channels.

"Yes, right now we happen to have an economy that

sucks," Martaus said. "Having said that, what we have to do to fix it is go out and find new businesses. New merchant formation is dead right now – there are no new businesses being formed, so now where do we go? We have to go to those sectors that are adjacent to what we traditionally do.

"If someone specializes in auto parts, maybe they start going to dealerships or perhaps head downstream to junkyards. An ISO with a large shoe business portfolio may go into sporting goods. These guys have to adapt, to look at new segments they would be comfortable with, then look at less comfortable verticals – until finally they're branching out into areas they never even thought of approaching before."

One sector that has remained strong throughout the recession is Internet retail sales. According to the U.S. Census Bureau, e-commerce sales totals declined slightly from \$33.5 million to \$31.7 million between the first quarters of 2008 and 2009; however, during the same period, e-commerce transaction volume grew to 3.5 percent of total retail sales, a 0.2 percent rise.

Never out of style

Payments industry marketing consultant Daniel Wadleigh believes significant investment will be made in providing security services to help merchants meet the Payment Card Industry (PCI) Data Security Standard (DSS).

"There are two attitudes that propel people to act," Wadleigh said. "One is the desire to improve the status quo and the other – which I feel is in place now – is that merchants and consumers want to protect the status quo.

"People will still spend money on things they need, but it will be done cautiously. Consequently, it's up to ISOs and MLSs to continue to offer services that protect the cardholders' personal information."

In addition to security and compliance solutions, many payment professionals see the medical claims field as the big "hot button" item. Also, the transition from summer to fall makes child-related goods and services attractive. Back-to-school supplies, shoes, clothes, cell phones, iPhones and BlackBerry's are expected to sell well this year.

Other verticals with significant revenue potential are gift cards and check conversion products. "ISOs should market gift cards to merchants by the end of October so that they'll have them in November for the start of the holiday season," Medeiros said. "With demand for check imaging

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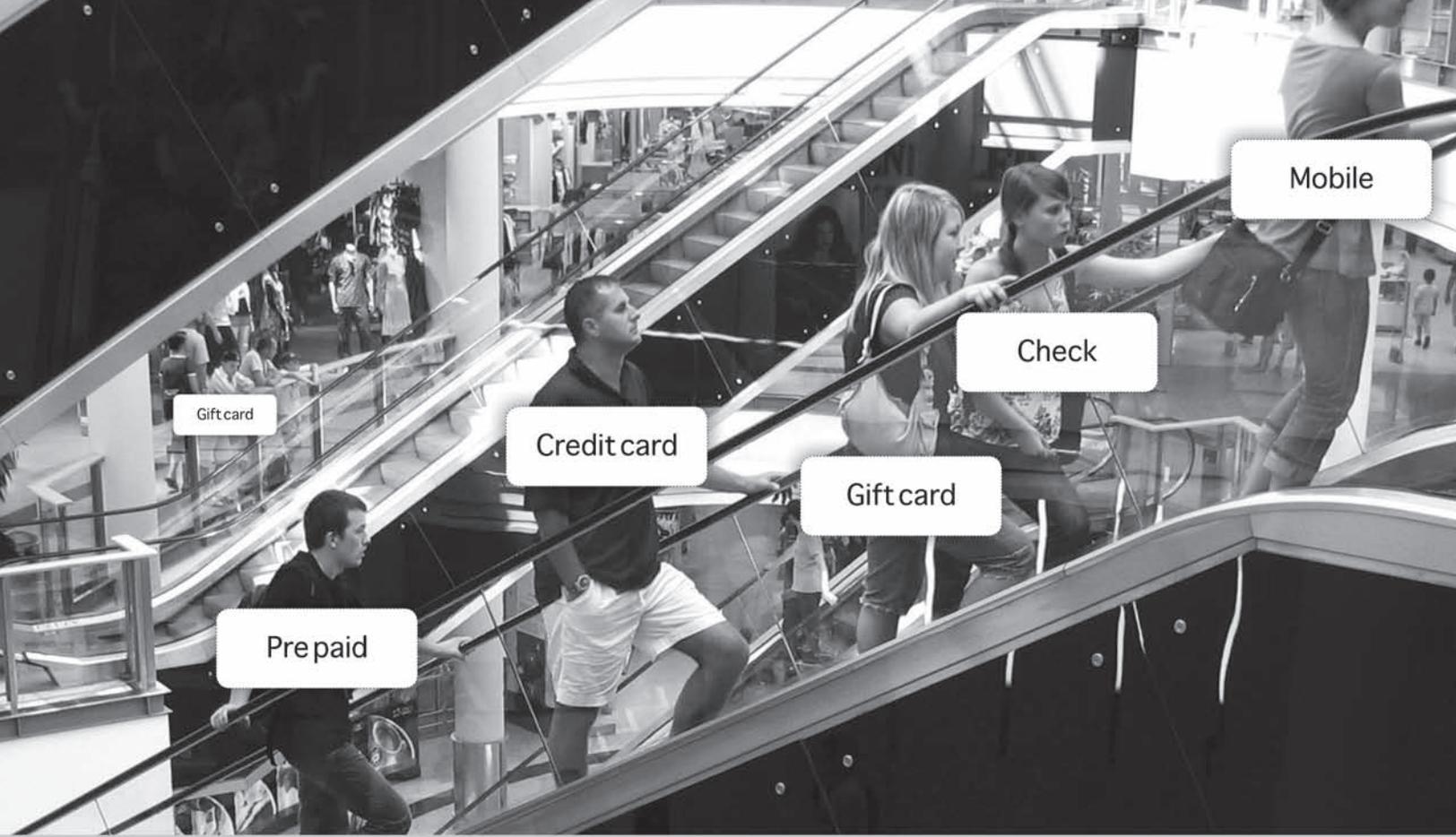
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and conversion processing on the rise, check readers can be an option for ISOs who had not previously considered them," he added. "And by aligning with a POS company, those ISOs can bring in higher volume merchants and generate new equipment sales."

New infusion of MLSs

The U.S. Economic Indicators study found that overall unemployment dropped from 9.5 percent in June 2009 to 9.4 in July. However, the number of long-term unemployed (those jobless for 27 weeks or more) went from 4.4 million to 4.9 million in the same period.

But increased unemployment levels

in the United States due to layoffs and early retirements might actually be a boon for the payments industry – if it is willing to embrace the fallout of a squeezed economy that has put many promising MLS candidates out of work.

Martaus said ISOs and other payments industry organizations should pay attention to newly unemployed sales professionals coming from a wide spectrum of verticals as companies adjust to the economy. He believes this influx of talent will be a significant driver of change in the industry.

"We are seeing the advent of a whole new bevy of MLSs and independent

contractor salespeople coming into payments who have industry-specific knowledge of the businesses they just got canned from," Martaus said. "Now you've got someone who may have been the head of research for a company, knows everything about that vertical, knows all the right contacts – and is highly motivated to sell credit card processing because he's out of money."

Linda Mahy, President and CEO of payment convergence specialist ConnectiveIQ, agrees that this is a shift the payments industry will have to embrace as both a natural evolution of business and a new avenue for growth. "My husband sold his tradition-

Payments industry numbers game

Arguably the number one driver of payment transaction volume is human behavior, and as the population grows, so does demand for goods and services.

The U.S. Department of Labor's Bureau of Labor Statistics 2008 – 2009 Edition reported that the U.S. population increased 24 percent between 1986 and 2006. It is expected to grow another 9 percent by 2016. This growth will spur businesses to expand, which will increase the need for payment products and services – and more ISOs and MLSs to sell them.

Understanding population trends can, in part, help payment professionals determine what in-house fine-tuning is needed to keep their organizations viable.

Following are projections for labor and employment, industry sectors, and occupations between 2006 and 2016 from the U.S. Department of Labor's 2008 – 2009 Occupational Outlook Handbook:

Labor and employment

- The U.S. Hispanic population will grow 29.9 percent; the Hispanic labor force will increase by 16.4 percent.
- Total employment will increase approximately 10 percent, from 150.6 million to 166.2 million.

Industry categories

- Leisure and hospitality industries (hotel, restaurant, recreation, travel and entertainment) will account for approximately 15.7 million new jobs.
- Education and health care services will grow by 18.8 percent and add nearly 5.5 million new jobs.
- More than 3 out of 10 new positions created in the United States will be in the health care, social services, education and training sectors.
- Scientific and technical services will increase approximately 28.8 percent; computer and related services will grow 38.3 percent.

- Construction employment will expand by 10.2 percent.
- Pharmaceutical, medical and health care related occupations will increase 23.8 percent, adding 69,000 new jobs.

Occupations

- Almost three-quarters of the 5 million new jobs in professional occupations will come from three groups: computing and mathematics, health care and technical fields related to health care, and education.
- Service occupation jobs will increase by approximately 4.8 million.
- Management, business and financial jobs in public and private sectors will swell by 1.6 million, or 10.4 percent.
- Sales and related fields will add 1.2 million new jobs, nearly 7.6 percent.
- Office and administrative support occupations are expected to expand 7.2 percent, increasing this workforce by 1.7 million.

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al ISO five years ago and now has a health care ISO," Mahy said. "I clearly think this was the right strategy. It was also smart to do a knowledge-based ISO, hire people from the health care space and then teach them payments."

New business practices

As credit card companies and banks struggle with an increase in defaults, they are lowering credit limits and increasing penalties.

As a result, Fair Isaac Corp. (FICO) scores are dropping, which directly affects even the most robust retailers. "FICO scores across the board have

dropped, but the payments industry is still using 1990s underwriting guidelines that need to be updated," Medeiros said. "Of course FICO scores are important, but so is the applicant's character.

"You need to look at how long the merchant has been in business, whether they own or lease their property, how they have weathered economic ups and downs and what their cash flow and assets are like.

"Only then can you make a proper assessment of a potential client's profit margins."

Many payment experts believe two additional drivers are causing a shift in industry business models. One is merchants going out of business, especially the smaller and mid-sized mom-and-pops. The second is a decrease in state-by-state same-stores sales.

"We track how much volume a retailer does period to period over previous years, and from last year to this, same-store sales in all sectors are down," Martaus said. "You also have to understand there is additional impact because most ISOs and MLSs have a revenue sharing agreement with the portfolio provider.

"The run-and-gun sales agents – what we used to call trunk slammers – who had no stake in any kind of residual payment are a dying breed. And since you are sharing in the revenue stream you have to figure out creative and innovative ways to sell if you're going to continue living your existing lifestyle."

Martaus has said many times that payment professionals are some of the most entrepreneurial and motivated people in business today. And for ours to remain a viable and profitable industry, ISOs, MLSs and all payment organizations must continue to tap into that esprit de corps while traversing the unpredictable payment terrain ahead. 



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Education

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Strategic elements in business and blackjack

By Jon Perry and Vanessa Lang

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In "Blackjack savvy applied to merchant acquiring," *The Green Sheet*, Aug. Aug. 24, 2009, issue 09:08:02, we wrote about Vanessa playing in an upcoming blackjack tournament. We approached the tournament just like we would any new business. As in blackjack, there are winners and losers in business. But why do some businesses succeed and others fail?

With corporations going bankrupt and shedding workforces, new sales representatives enter our industry every day. Some new reps will achieve their goals and gain financial independence. Others will last weeks, maybe months, before throwing in the towel.

But this constant turnover of businesses is not just in the merchant services industry; we see it among insurance companies, financial advisors and restaurants. So it's not the particular industry or business that is important, but rather how you do business that counts.

Hold 'em or fold 'em

As a long-time sponsor of Project New in Fort Worth, we meet hopeful, starry-eyed business owners every week. Project New is part of the city's program to incubate new businesses in conjunction with the nonprofit Business Assistance Center Foundation. Project New was started to help first-time business owners, with no background in business, to build sales and marketing plans.

Many who participate in the program decide not to start a business once they realize all the parts and pieces it takes to make their chosen endeavor successful. But for those who choose to proceed, the business plan is the first building block to success.

Whether you are starting a company as an independent

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contractor or investing your life savings into your dream restaurant, it all begins with a business plan.

The business plan doesn't need to be a dissertation-length proposal. But you do need to consider important variables such as projected income and expenses.

If you are on the hiring side, you owe it to the new sales representative to be honest about the time, effort and skill sets required to be successful. The new sales rep has to do more than fog a mirror.

Count your cards

A term many of you are familiar with is a sales funnel. The funnel has a large opening on top that tapers down to a narrow one at the other end. Let's assume you can, over time, close one out of three merchants you meet. It takes an average of 15 prospects to get those three meetings.

If your goal was three new merchants per week, you would need to find 45 prospects per week. Based on your research, you know what the average merchant means to your top-line revenue. So, what if three new merchants per week were not enough for financial stability? How could you increase your deals per week?

The first way is to meet more contacts per day. If you could meet 30 contacts per day, that would mean 150 con-

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tacts per week or 10 deals per week. That is a lot of cold calling or knocking on doors.

Another way is to improve your sales process. There are a variety of ways to advance your closing ratios. If it only took 10 prospects to get three meetings to close one deal, you could take 150 contacts per week and turn them into 15 deals per week. Key areas of improving your closing ratio include:

- Solution selling: Back away from the rates since we all claim to have the lowest rates.
- Qualifying prospects: Not everyone who accepts credit cards should be considered your prospect.
- Technology: Between the phone, fax, e-mail, scanning and so forth, investing in technology can help you to reach more customers faster and more efficiently.
- Follow up: It amazes me how often I have told someone I am interested in a product or service and never receive a follow-up phone call or communication. Improving your organizational skills regarding follow ups can dramatically increase the number of deals you close.

When starting in this industry, people spout out numbers: You should be able to close one in four (or one in two); if you're not calling on at least 15 to 20 companies a day, you're not going to make your financial goals.

Where do these numbers come from? Most likely they come from the experience of the person or company feeding you those statistics. Your success depends on your willingness to get out there and meet people and the process you use to turn those contacts into lifelong customers.

Budget your chips

It is very easy to lose track of how much we spend. Everything is (fortunately) set up for electronic payments today, so it is easy to spend with payment cards and forget how much things cost.

Also, without sales there is no chance of succeeding, so we focus heavily on sales, which often leads to financial bleeding in an organization if expenses are not properly managed. Having a budget that is tended to daily results in better cash management.

Once you have a budget in place that tracks all expenses and income projected out for the next 12 months (ideally), you can begin to forecast, feed that data into your sales funnel and have a great basis for your business plan. There are also key metrics that should be tracked with regard to expenses and profitability. Some that we track monthly include:

- Average processing volume per merchant

When starting in this industry, people spout out numbers: You should be able to close one in four (or one in two); if you're not calling on at least 15 to 20 companies a day, you're not going to make your financial goals.

- Average processing volume per day
- Average residual income per merchant (take out the outliers)
- Expected bonus or commissions earned (important: keep track of bonuses that are owed and ensure that they are paid)
- Average expenses per month
- Average income per month

And these are just a few. Of course, good accounting software to help you reconcile regularly makes these figures a breeze to review. But beware: Don't get hung up on expenses if it causes your sales funnel to dwindle.

Ante up

Most small businesses start because someone worked at a larger company and woke up one day and said, I'm doing all the heavy lifting. I'm making that company a good part of its income. I am going to start my own business. While these folk are likely good at what they do, they might not have the business background to analyze all the patent and hidden costs associated with running their own businesses.

Take our industry for example. The move from merchant level salesperson to ISO is much more than the initial \$10,000 investment. You have to take phone calls, create applications, perhaps engage in risk management. All of these overhead services meant nothing to you when you worked for others; now they are part of running your company.

For new sales reps, becoming successful in servicing and selling merchant services requires more than simple knowledge of dial-up terminals. There's Internet protocol, POS systems, Payment Card Industry Data Security Standard compliance and so much more.

Sales techniques are changing. Be customer-centric, and avoid pat lines like: What is it going to take to get you into this terminal today? Let's do a side-by-side

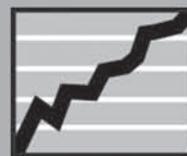
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Ultimately part of your time management should include attending webinars, conventions, spending time reading industry publications like *The Green Sheet* and doing everything necessary to stay involved in the current business sphere.

Blackjack your business

OK, so what does this have to do with Vanessa's blackjack tournament? We think everything.

The rules are simple: Make as much money as you can in 18 hands. Tournament play has players splitting face cards and doubling down on a natural blackjack to increase their pot of chips. Knowing nothing about tournament play, Vanessa studied everything she could find on game theory and combat blackjack.

She studied the probability tables on when to hit, when to stand and when to double down her bet. This was her market analysis and business plan. We set aside a budget and time for this experiment, just like we would set aside resources in a business. We studied other players, their moves and potential outcomes, just like we would study our competition.

There were 96 players at the tribal casino tournament in Oklahoma, six at a table. The numbers would get whittled down, starting with the initial 96, then 48, 24, 12 and the final six. Those were the five rounds. When Vanessa played, I wrote down every bet she placed. I jotted notes about her power moves and when she let an opportunity slip past. After each round we debriefed, just like we'd debrief a project, discussing what worked well and what could be improved.

Getting around luck

We recognized that in blackjack, as in business, luck is involved. That was a variable we couldn't control. But we could control the other environmental variables. One gentleman told Vanessa it was his fourth time trying to make it through the tournament. (Imagine. To qualify for the competition you had to play 20 contact hours. That means this man played a minimum of 80 contact hours. I could lose a lot of money over 80 table hours.)

Albert Einstein is credited as having said, "The definition of insanity is doing the same thing over and over again and expecting different results." The man played Vanessa and lost. It was his fourth time with the same results.

Staying focused on the statistics and probability tables for blackjack, as well as our debriefing after every round, Vanessa ended the day number eight out of 96. Not bad for a novice playing against some very seasoned professionals.

Whether it is in blackjack or business, some variables you can't control. But if you can learn and understand your business better than your competition; if you can debrief when you win or lose a sale; if you have a playbook (sales and marketing plan), you can and will win.

Whether it is in blackjack or business, some variables you can't control. But if you can learn and understand your business better than your competition; if you can debrief when you win or lose a sale; if you have a playbook (sales and marketing plan), you can and will win.

Card sharks on the Forum

On GS Online's MLS Forum we posed a series of questions regarding blackjack that would give insight into how different people approach situations. One question was, If you were sitting at a table playing against professional players in a blackjack tournament, what would be your strategy?

Playing in such a tournament is a balance of risk, reward and basic strategy. This was truly evident in the responses to the question. The risk takers, like beanstream, would bet "all of it. The view never changes if you are not the lead dog." Others calculated what their reward would be. Billpirtle said, "Depending on different factors, I'd either keep my blackjack or double down on the 11."

Everyone who commented had an idea of basic strategy. Thank you to all who contributed to our post. The sharing of ideas enriches us all. Vanessa could not have progressed so far in the tournament without asking for help from other players. Likewise, in business we would not be where we are today without the help of those who have relevant experience to share. 

Jon Perry and Vanessa Lang are the owners of 888QuikRate.com, an ISO based in Ft. Worth, Texas, that was named Small Business of the Year by the local newspaper, The Star Telegram. For more information, tweet them at <http://twitter.com/dfwcard>, comment on their blog at <http://merchantservices.cc> or visit their profile at <http://linkedin.com/in/jonperry> or <http://linkedin.com/in/vanessalang>. Alternatively, you can contact Jon and Vanessa by phone at 817-857-3557 or by e-mail at jon.perry@888quikrate.com or vanessa.lang@888quikrate.com

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Education (continued)

MLSs without borders

By Carrie (Bardeen) Hometh

Payvision

The new frontier in the bankcard business is international processing, and the new buzz word is multicurrency conversion (MCC). To be successful in this evolving international marketplace, sales professionals need to not only recognize the lingo, but also know what it means.

For example, the word "domestic" can no longer be used as it has in the past. To a European or Asian merchant, domestic currency is not the U.S. dollar; it could be the euro, the yen or the ruble.

We cannot view ourselves as the center of the financial universe anymore. We have to think globally – actually, do more than just think it. We have to expand our payment vernacular and successfully apply it.

Currency unbound

What is MCC? In the payments industry context, it is basically the ability to authorize and settle transactions in a number of international currencies. However, MCC

processing is complicated, and my next article will focus entirely on all aspects of this process.

MCC processing offers multiple benefits to merchants. First and foremost, customers can shop and purchase goods online in a currency they are comfortable with, and this translates into a decrease in shopping cart abandonment.

Customers who are confused by unfamiliar currencies often abandon online purchases and seek merchants who offer products in currencies they understand. MCC means more sales.

For global merchants who have expenses in a particular currency, receiving settlement and funding in that currency also helps simplify the exchange process.

For example, e-commerce merchants may have suppliers in Europe or Asia, so they have to pay out to those suppliers in their respective currencies.

That means they have to convert dollars to the appropriate currency. MCC processing eliminates the need for double conversion as well as worries about dollar fluctuations in the marketplace.

From a merchant level salesperson (MLS) standpoint, the benefits of MCC processing are substantial. Revenue from global transactions is considerably higher than domestic transactions – sales partners at one of the leading international payment processors average 60 basis points per merchant.

Then there's the risk of losing a merchant to a competitor who offers MCC. Merchants like keeping things simple. They prefer to aggregate all of their processing under one umbrella.

If they can get international processing with one of your competitors, they'll give that individual their domestic transactions as well. Putting MCC processing in your toolbox will surely increase your merchant retention.

Provider profile

What should you look for in an MCC processing partner? Flexibility tops the list. It is imperative that your partner has the ability to work with multiple sponsor members (banks).

By rule, MasterCard Worldwide and Visa Inc. work with banks. MCC processing providers work with both global proprietary members and sponsor members.

ISOs tend to be sponsored members of MasterCard and Visa and rarely proprietary members because they are not financial institutions. MCC processors rent bank identification numbers (BINs) and become sponsored

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members of the card brands with different banks worldwide.

This is key because ISOs and acquirers have to obtain a sponsor bank to play in the international arena. If a reseller establishes its own BINs worldwide, the costs are enormous. Partnering with providers who have already established BINs eliminates those costs.

Infrastructure costs are equally critical. Picking a reputable partner with a proven track record alleviates the challenges associated with developing an MCC processing system, establishing international BINs with sponsoring members, revising underwriting and risk systems to address merchants from different regions, and incorporating a single, back-end reporting operation that facilitates easy integration, just to name a few.

The list goes on. Mistakes can and are being made in the industry. Perform your due diligence when selecting the right provider.

Challenges

Be aware that other challenges are associated with offering MCC processing, such as doing business with people from different cultures and encountering unfamiliar languages and different business practices.

Establishing trust with international merchants can also be quite difficult. Partnering with a respected and established MCC processor will break down those barriers.

Training is also paramount to selecting a provider. Look for one that offers formal training that covers sales, pricing, international business practices, different applications and underwriting.

These training sessions must teach you which currencies you can authorize and settle in as well as those which can only be authorized but not settled. They should also teach you about currency management and international marketing and treasury concerns.

MCC processing is the next evolution in the payments industry. And as our

industry has evolved, MLSs have proven they can overcome whatever challenges arise and create lucrative merchant portfolios.

Savvy sales professionals will embrace the international market with that same entrepreneurial spirit and expand their merchant base to global proportions. 

Carrie (Bardeen) Hometh is a respected industry professional in the international marketplace with over two decades of global experience and expertise. She currently serves as Senior Vice President of Sales and Marketing for Payvision, a leading international payment solutions provider that offers a comprehensive suite of products and services that include global acquiring, multicurrency processing and alternative payment solutions. she can be contacted at c.hometh@payvision.com.

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Education (continued)

Digging into PCI - Part 2: Securing the network

By **Tim Cranny**

Panoptic Security Inc.

In the second part of this multipart series, we drill down on Requirement 2 of the Payment Card Industry (PCI) Data Security Standard (DSS) and discuss what issues merchants and their partners face, where the greatest challenges will be in practice and what can be done about them.

The first point to make is that ISOs, processors and acquirers really do need to deal with this level of detail, either by partnering with a specialist security company or by becoming security experts themselves.

The time when a general, high-level understanding of the issues was enough has passed. Merchants are confronting specific (and confusing) issues and are increasingly demanding equally specific assistance from their service providers.

Requirement 2

The second of the 12 PCI DSS requirements is titled "Do not use vendor-supplied defaults for system passwords and other security parameters." It is the second half of the section "Build and Maintain a Secure Network."

(The first half of the section is "Install and maintain a firewall configuration to protect cardholder data." For an explanation of Requirement 1, see "Digging into PCI: Part 1 - Securing the network," by Tim Cranny, *The Green Sheet*, Aug. 10, 2009, issue 09:08:01.)

The first two requirements belong together and complement each other because Requirement 1 is about using firewalls to make sure there are no unofficial or unauthorized "doors" into the network; Requirement 2 is about making sure the "official" doors used for installation, setup, management and proper operation of devices cannot be abused by hackers.

An analogy may help to understand the connection between Requirements 1 and 2. If you think of your network as a bank vault, Requirement 1 is about making sure the walls of the vault are thick and strong so thieves cannot break through to create an "unofficial door" into the network.

Requirement 2 is about making sure the "official door" is always shut and locked when not in use in addition to having a good lock on it to prevent it from being opened by thieves.

As with Requirement 1, Requirement 2 is one of the most

technically complicated and demanding sections of the PCI DSS. This complexity is, unfortunately, a fundamental part of the issue being addressed, so assistance to merchants has to be at the expert level.

Demands of Requirement 2

The core of Requirement 2 is this: By necessity, computers have many different ways of being accessed, ranging from ways built in by the manufacturer (so that the device can be set up and made to work when installed) to access methods that are a necessary part of the computer's operation. For example, a Web server has to be able to accept and respond to requests for Web pages from users trying to view pages hosted on that server.

But every access method is a mixed blessing. Without multiple access points, the computer simply does not work. But each access method is also a potential entry point for hackers. Therefore, Requirement 2 is all about closing off and locking down doors where and when they are not needed and controlling their use as much as possible where and when they are needed.

Another way to think about this: While Requirement 1 is more concerned with network traffic between computers and deciding which types of traffic should be allowed or banned, Requirement 2 is more concerned with defensive measures on the actual computers themselves.

Challenges of Requirement 2

Unfortunately, while it's easy to describe the objectives of Requirement 2, the actual details are confusing and alien to many merchants, particularly smaller ones. As with Requirement 1, the first challenge merchants face is simply in understanding the question, quickly followed by the challenge of how to actually find the answer to the question as it relates to their specific payment environments.

To take one of the simpler examples, merchants are required to make sure they have eliminated all "unnecessary accounts" on all computers and devices under the scope of the PCI DSS. How is a merchant to check which accounts exist on a given computer? How are they to know if an account is unnecessary?

This highlights one issue pertaining to Requirement 2 that is particularly painful. Unlike other requirements of the PCI DSS, this one is swamped in product-specific detail. The answers to the questions just brought to light (and the process for finding them) differ completely, depending on a computer's operating system - not to mention the fact that the issues also apply to routers,

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SAQ C is for merchants with at least some limited exposure to the dangerous world of the Internet, so it does not completely avoid Requirement 2, but it nevertheless avoids some of the most difficult questions found in SAQ D.

switches, wireless access points, and so on, all with their own zoo of products and manufacturers.

Another potential complication with Requirement 2 is that a significant number of merchants outsource some or all of the functions covered under this requirement to third parties, often making it harder to get quick answers from a single source.

What merchants need to do

As with Requirement 1, by far the best approach to Requirement 2 is to avoid these problems, rather than defeat them. To understand the effectiveness of this strategy, you only need to recognize how the different Self-Assessment Questionnaires handle the issue. In SAQs A and B (for merchants who have no computer network as far as the PCI DSS is concerned), there are no questions pertaining to Requirement 2 at all.

SAQ C is for merchants with at least some limited exposure to the dangerous world of the Internet, so it does not completely avoid Requirement 2, but it nevertheless avoids some of the most difficult questions found in SAQ D.

As always, merchants should consider intermediate steps, such as avoiding (or taking out of scope) wireless networking. Doing so usually doesn't change the SAQ designation for merchants' businesses, but it does do a lot to make merchants safer for a given level of effort; it also makes Requirement 2 easier to comply with.

For merchants who cannot avoid Requirement 2, there is simply no substitute for getting assistance from someone who understands computer host security. Failing to do so will very likely lead to poor security and compliance failures.

What can be done

Since there is no substitute for expert assistance, the end result is that merchants are going to lean on their ISOs or service providers. These portfolio owners have little choice in the matter. They need to either become security experts to provide the high level of assistance required, or they need to partner with someone who is already a security expert.

The solution needs to be put together with great care, though. The industry is already seeing several first-generation solutions suffering from scalability and quality issues, creating a backlash against the PCI DSS and the ISOs that are offering the services.

The right solution, however, can be a highly visible value-added service, simultaneously protecting merchants, their customers and ISO portfolios. 

Dr. Tim Cranny is an internationally recognized security and compliance expert and is Chief Executive Officer of Panoptic Security Inc. (www.panopticsecurity.com). He speaks and writes frequently for the national and international press on compliance and technology issues. Contact him at tim.cranny@panopticsecurity.com or 801-599 3454.



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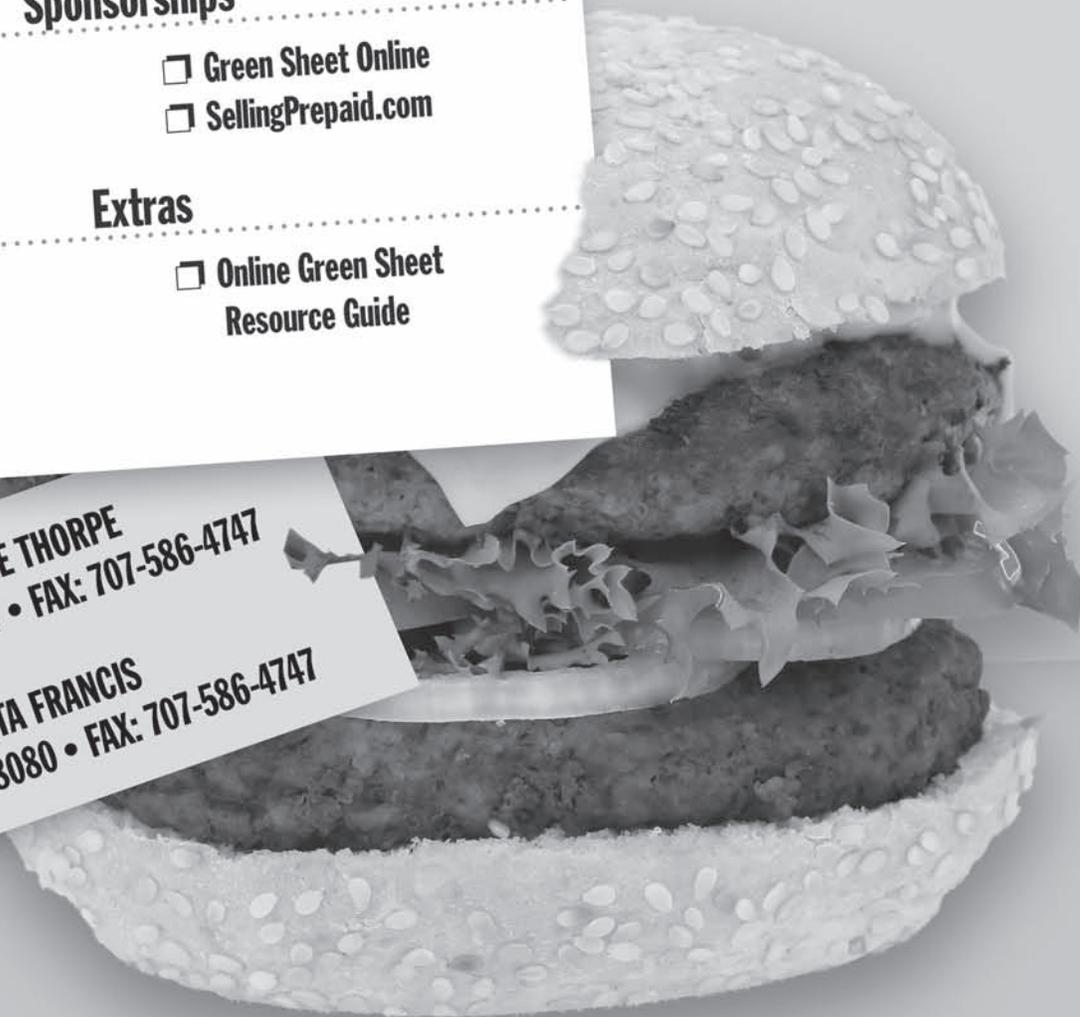
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Education (continued)

Do's and don'ts of merchant mining

By Jeff Fortney

Clearent LLC

The primary challenge within any sales environment is identifying potential clients. Seminars are held on how to qualify a possible customer and even how to cold call for leads. Even so, some excellent closers find they have difficulty developing leads.

Many ISOs have even started paying for warm leads. A cottage industry has developed from this need alone, one that earns revenue for lead generators when warm leads are produced. The need for leads is that strong because without leads, there are no sales.

Look down

However, with all the concern and energy spent in finding leads, the best sources for leads are often ignored and overlooked. Among them is the easiest source, and one that costs nothing – your existing merchant base.

Yes, everyone has heard of the value of generating referrals from merchants in your own portfolio. It can be said the value of leads generated in this way exceeds those that arise from any other source. Best of all, these leads are earned by your direct actions and actually breed further leads. Yet, few ISOs and merchant level salespeople actively tap this source of business. Those that do find it to be a goldmine.

The stumbling block to proper mining is often the mentality of the sale. If you have ever said something like, I know my merchants are happy – they never call me, you will likely have tremendous difficulty mining your merchant base.

You must have the mindset that as long as a merchant is processing through you, the sales process with that merchant is ongoing. To maintain this mindset there are basic do's and don'ts that will help you successfully mine your portfolio.

The don'ts

- Don't outsource the download or install: For many ISOs, the time spent at the install means time away from selling. But keep in mind that merchants are never happier than at the beginning of the relationship with their processors.

In the 1980s, the real estate community discovered this basic principal and began leveraging it. As the purchaser signed closing papers, the agent would

have one paper for completion that asked for 15 names and phone numbers of people whom the buyer knew.

It wasn't asked whether potential clients might be interested in the closer's business. The explanation for the question went as follows: Everyone has a desire to own a home someday. All I want to do is help them meet that goal or even help them improve their current situation.

So, along with the terminal training, use the time it takes to download the terminal software to have merchants complete a similar questionnaire, one that asks for the names of three to five merchants they know. Again, the approach is simple – all merchants should accept credit cards, and if they already do, you may be able to better their situation.

- Don't ignore your merchants: No matter the size of your merchant base, you must touch base with each merchant at least once a quarter. Ideally, you should originate the contact through a call, newsletter or a brief, in-store visit.

Not only will this help increase merchant retention, but it will build rapport and trust. Your customers will be more likely to trust you with their referrals if they are comfortable with you. As your merchant base grows, contacting every merchant quarterly becomes harder to do, but it is a must.

- Don't pass up opportunities: Every time you talk to a merchant, ask him or her for a referral, even if the merchant is calling with a problem.

For example, if a merchant calls you with a question or concern that requires your involvement, first address the concern, ask if the individual is satisfied with the resolution and request a name of someone who could benefit from comparable service. You will be surprised at how many times you will receive a positive response.

- Don't refuse indirect or cold referrals: Merchants may truly not know other merchants like themselves. However, they do know indirect sources of leads and can be door openers for these opportunities. Ask them for alternatives to direct referrals such as lists of other tenants in commercial buildings, leasing agents or even names of competitors.

Such contacts can potentially result in more leads. Remember, your goal is to get leads that result in new merchant contracts – directly or indirectly.

The do's

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Education

No matter the size of your merchant base today, start mining. You'll be surprised how fast that base grows.

referrals is nice, but having the ability to say to a prospective client that a particular merchant gave you the prospect's number gives you credibility.

Remember, one difference between a warm and cold lead is the likely willingness of the lead to talk with you at the initial contact. Merchants who are called because someone they know and trust gave the caller their name are more likely to open up to you, creating immediate rapport.

- Do contact every name and lead given: It is imperative that you get in touch with every name you are provided and then offer feedback to your existing merchants on those contacts. Your merchants trusted you with their reputations. That trust can be damaged if their referrals are not handled with special care.

Special care also means that you tell the referral when you can't help them. Keep in mind that what you say to a referral will likely get back to the referring merchant.

- Do reward merchants who refer you closed business: Rewarding referring merchants that pay off in new business is a common practice in other industries. The reward doesn't have to be monetary.

It can be a box of chocolates or even a gift card to one of your other merchants' restaurants. The size of the gift doesn't matter. Just make sure that when you drop it off you ask for more referrals.

Start digging

Those who mine their merchant base often find they make fewer cold calls and spend less time chasing after cold leads. Referrals generated from your own stable of merchants make for easier sales and usually become lead sources themselves.

No matter the size of your merchant base today, start mining. You'll be surprised how fast that base grows. 

Jeff Fortney is Director of Business Development with Clearent LLC. He has more than 12 years' experience in the payments industry. Contact him at jeff@clearent.com or 972-618-7340.

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Education (continued)

Legal ease

Negotiating agreements in the Great Recession

By Adam Atlas

Attorney at Law

These are challenging times for ISOs. I thought we could make it through the Great Recession unscathed. I was wrong. The recession is hitting the payments industry. Beyond greater attrition and more challenging sales, at least one high-profile processor may be teetering on the edge of bankruptcy.

Nonetheless, a number of ISOs and merchant level salespeople (MLSs) are finding opportunities in this downturn and are negotiating new relationships with processors and acquiring banks.

The purpose of this article is to give ISOs and MLSs tips as to what they should specifically have in mind on account of the economic downturn when negotiating ISO and agent agreements.

Put the processor through underwriting

A few years ago, most people would not think about this issue. However, sales offices registered with processors are considered unsecured creditors. When a processor experiences a bankruptcy, the buyer of the processor's assets will be motivated for business reasons to retain the existing ISOs and pay them their residuals.

However, a buyer wishing to keep ISOs in place may encounter the harsh reality of the horrible financial condition of said processor. For example, processors that have dipped into merchant reserves, or ISO reserves, to sustain themselves through the downturn (something which is against the rules) may be worth much less than their ordinary market value.

Consequently, even a well-meaning buyer of the assets of the bankrupt processor might not be able to pay the residuals the processor paid before bankruptcy. ISOs and MLSs should therefore research who they are doing business with. Larger ISOs may also be in a position to demand certain representations and warranties as to the practices of a processor to give them additional comfort.

Processors that are not publicly traded are unlikely to reveal financial statements. But larger ISOs may be in a position to demand some kind of letter of comfort from the processor's auditor as to the debt to equity ratio or other ratios relevant to the ISO's underwriting of the processor. By the way, as we have learned from the collapse of the largest banks, bigger is not necessarily better in the financial services business.

Scrutinize reserves

Merchant reserve accounts and ISO reserve accounts are traditionally untouchable funds. Nevertheless, today some processors may find those funds irresistible. ISOs owe it to themselves and to their merchants to query processors and banks as to the balances maintained in reserve accounts.

Ideally, processors should provide their sales offices with independent verification that their reserve accounts are sound, but that will be difficult to obtain unless you are a very large ISO or the processor is a publicly traded company.

Avoid exclusivity

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Education

If your fee schedule is vague, insist on clarifications. Clarity is a friend of all parties in the acquiring business.

of preserving at least some of your business if it is spread across a few channels. I recommend going beyond the traditional model of a main relationship and one or two secondary relationships.

In today's economy, ISOs should, perhaps, consider two main processing relationships. Having two important relationships is more costly and creates the risk of confusion and rule violations, but it also gives the ISO some comfort that its whole business is less likely to collapse at once.

Examine statements

Some processors are back-filling the holes in their income by loading merchant and ISO statements up with new and mysterious fees. ISOs owe it to themselves to keep an eye on their own, and their merchants', statements to make sure they understand all the fees being charged and whether their ISO agreements justify the fees. If your fee schedule is vague, insist on clarifications. Clarity is a friend of all parties in the acquiring business.

Plan for PCI

Whether or not you believe that the Payment Card Industry (PCI) Data Security Standard (DSS) works, you are likely to agree that making businesses comply with the requirements of the PCI DSS has become a profit center in the acquiring industry. ISOs are having a hard time justifying PCI fees to merchants, but are being required by banks to levy them.

This leaves ISOs with the challenge of finding the best way to share in bank profits from implementing security compliance standards. This is not a good time to be adding fees for merchants, so ISOs should take time to carefully plan PCI programs and find the right balance that is both compliant and business savvy.

Know your strengths

When negotiating ISO agreements, always keep in mind your greatest strength, which is likely to be the relationships you maintain with merchants. With only tenuous legal bonds with merchants, ISOs often forget that their business relationships with them can be worth as much as the merchant agreement is worth to the acquiring bank.

Consider renegotiating

Some ISOs that are having a difficult time keeping sales volumes up on the revenue that they are bringing in might attempt to renegotiate their ISO contracts to create more growth for all concerned. Obviously, this is not an ideal choice for an ISO, but a processor may be willing to open up an existing ISO deal if the deal in place puts the survival of the ISO in jeopardy.

I do not recommend renegotiating simply because you are unhappy with pricing; there should be something fundamentally wrong with the deal that makes it untenable for the ISO.

Ride it out

Beyond the legal considerations, there are also cost-cutting measures ISOs can implement to stay in business, about which I am no expert. But it is safe to say that ISOs that survive the Great Recession by closely scrutinizing their processor relationships and making any necessary changes will be well positioned to thrive when the recession is finally over. 

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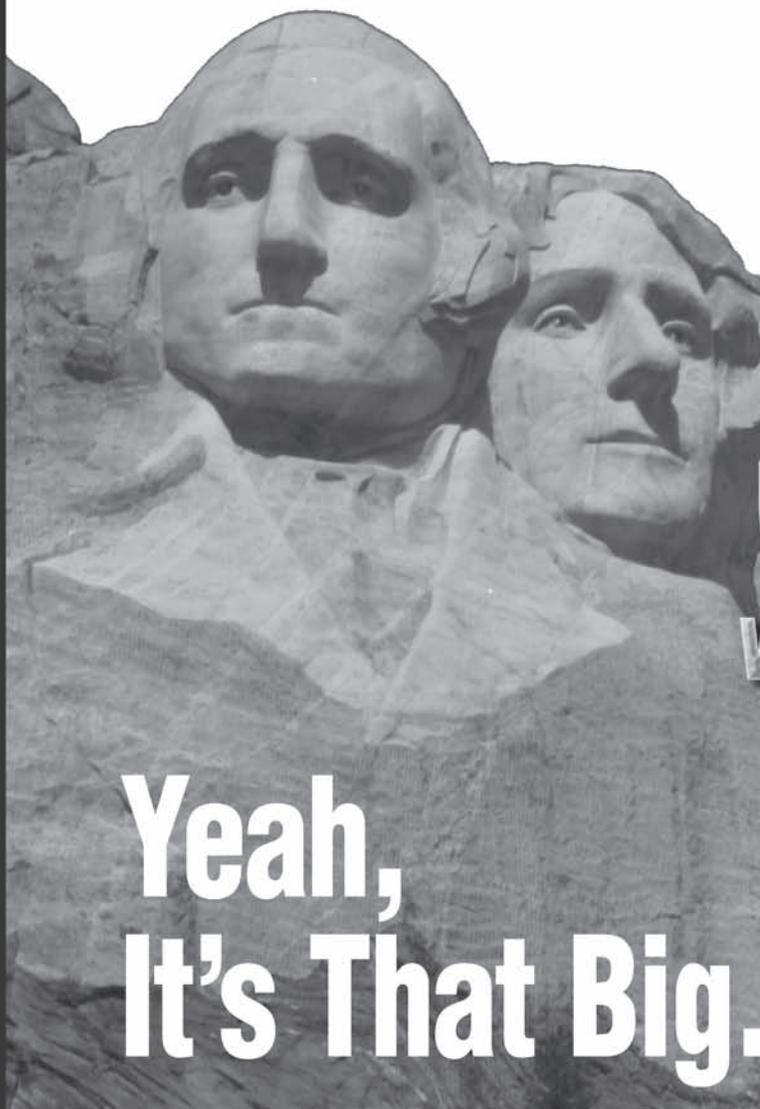
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2009 Calendar of events

2009 Event	Date	Location	Web site
Western Payment Alliance Operations Conference	Sept. 15 - 16	Long Beach, CA	www.wespay.org
Finovate Finovate 2009	Sept. 29	New York	http://finovate2009.eventbrite.com
Association for Financial Professionals Annual Conference	Oct. 4 - 7	San Francisco	www.afponline.org/pub/conf/annual_conference.html
ETA Strategic Leadership and Networking Forum	Oct. 12 - 14	New York	www.electran.org/content/category/6/75/123
Merchant Advisory Group MAG Annual Conference	Oct. 13 - 16	Santa Ana Pueblo, NM	www.merchantadvisorygroup.org
Women Networking in Electronic Transactions Super LINC	Oct. 14	New York	www.w-net.biz
Western States Acquirers Association 2009 Conference	Oct. 14 - 15	Anaheim, CA	www.westernstatesacquirers.com
Source Media Conferences ATM Debit and Prepaid Forum	Oct. 18 - 20	Las Vegas	www.sourcemediaconferences.com/ATMDebit09
Financial Services Collections and Credit Risk Conference	Oct. 18 - 20	Las Vegas	www.sourcemediaconferences.com/FSCC09/
Source Media 17th Annual ATM, Debit & Prepaid Forum	Oct. 18 - 20	Las Vegas	www.sourcemediaconferences.com/ATMDebit09/
EPCOR, Payments Summit 2009	Oct. 22 - 23	Columbus, OH	http://associationdatabase.com/aws/PC/pt/sp/Home_Page
8th Annual Smart Cards in Government Conference	Oct. 27 - 30	Washington DC	www.smartcardalliance.org/pages/activities-next-conference
Electronic Transactions Association Compliance Day	Nov. 11 - 12	Chicago	www.electran.org/content/section/6/38
Digital Security and Smart Technologies	Nov. 17 - 19	Paris	www.cartes.com
The 3rd China International Touch Screen Exhibition 2009	Nov. 26 - 28	Shenzhen, China	www.huiyee.com



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October 18-20



Smart Card Alliance

8th Annual Conference
October 27 - 30

10 years ago in The Green Sheet

Merchants double credit card usage

An annual survey by the accounting and consulting firm Arthur Andersen LLC reported that 47 percent of entrepreneurs interviewed used credit cards as a financing source, double the number recorded in 1997. "A few years ago, credit cards were considered bad or dangerous for business, but now it's clearly acceptable," said Nancy Pechloff, Managing Director of the Enterprise Group at Arthur Andersen.

ISOs needed for prepaid

In Person Payments of America Inc., a service provider to unbanked consumers, sought to expand its ISO channel. IPP, which offered services such as electronic bill pay and prepaid phone cards, said as much as 25 percent of the country lacked traditional banking relationships.

E-commerce touted as job creator

CyberCash Inc. (now PayPal Inc.) told a U.S. Senate forum in June 1999 that the growth of the Internet as an electronic marketplace would account for the creation of 1 million small business jobs in 2000 and 2001. The figure was a conservative estimate, not taking into account home-based businesses or possible "multiplier" effects associated with increased revenue.



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The Leader in Payment Processing

NewProducts

Dynamic referral management

Product: PaymentCycle

Company: LendingCycle Inc.

For many companies, handling referrals can be a tricky, disjointed process. The progress of a referral needs to be tracked, assignments must go out to sales agents and regular updates on leads must be provided to referring agencies that request them.

One wearisome byproduct of all that back and forth is a lot of paperwork – usually a combination of e-mails and faxes that need to be reviewed and filed. Sometimes faxes don't go through properly, are overlooked, misplaced or tossed.

"Just through that referral process alone you lose 1 or 2 percent of those faxes when they come through," said John Jackson, founder and Chief Executive Officer of information technology solutions provider LendingCycle Inc.

Track a referral's progress

A product from LendingCycle called PaymentCycle can simplify the laborious tasks associated with referrals by providing a hosted software program to which the various companies involved can go to track a referral's progress and manage their respective ends of the process.

PaymentCycle gives small ISOs and large processors alike the ability to track stage-by-stage what's going on with each referral that they manage, Jackson said.

PaymentCycle allows ISOs to quickly set up accounts and starts them on the process of entering referrals in a Web browser. Logging into the system simply involves entering a name and access code.

"When they enter those referrals, then the moment they submit them they can automatically track them and get a real-time report," he said. "They never have to call back to see what's going on with the merchant."

For example, a bank sends a merchant referral to an ISO that turns the referral over to a merchant level salesperson (MLS). When the MLS goes on to contact the merchant, the program allows the ISO and referring bank to continue tracking the application, so that the MLS does not have to update the ISO with an e-mail or fax, which the ISO must then pass along to the referring entity.

The program keeps track of a range of information, categorizing it in various ways to make it easier to view and manage, Jackson added.

The ISO can view its total referrals, the merchants with whom it has scheduled appointments (and when and where those appointments are) and the different organizations from which it has received referrals (and the merchants that each one referred). The program also has a search engine to look up referrals by name or category.

Data interfaced

Entities involved in a referral can choose how much of their data they want to reveal, but for the most part their respective data sets are interfaced to allow them to view both their own and one another's information as it's updated.

The program also displays specifics pertaining to each referral, including the name of the MLS working each one, the date on which the MLS is scheduled to visit the merchant and, if the visit has already taken place, the updated status of that account.

MLSs can enter updates online via computer, iPhone or BlackBerry. The program also includes an "active" mapping feature that shows where MLSs are at any given time – and on which their names can be moved from one place on the map to another when they're travelling by simply clicking on those names with a cursor. 

LendingCycle

502-523-4746

www.lendingcycle.com



PaymentCycle:
Managing the process

NewProducts

Protecting data, easing compliance

Product: MerchantWARE TransPort

Company: Merchant Warehouse

A new product from Boston-based ISO Merchant Warehouse may remove a crucial portion of Payment Card Industry (PCI) Data Security Standard (DSS) compliance work from the scope of both merchants and POS developers.

The product, MerchantWARE TransPort, is software that integrates with existing POS systems and appropriates the task of capturing credit card transactions.

"This would be the equivalent of running your accounting package and credit card processing application totally separate from each other," said Henry Helgeson, President and co-Chief Executive Officer of Merchant Warehouse.

"We've said OK, run your POS software, work your kitchen printers and your order entry and everything else you need to, and when it comes time to give us a credit card transaction, just give us an amount and a payment type, and we'll take it from there."

Moving data to keep it safe

Helgeson said MerchantWARE TransPort captures card data almost immediately after it enters a POS system and re-routes it – taking it out of the merchant environment and directing it to MerchantWARE's gateway via a secure sockets layer route. Once there, the information is tokenized and returned to the merchant in a form that is unreadable to potential hackers.

As Helgeson explained, payment data is traditionally moved by the POS system sending transactions directly to the processing front-end.

But MerchantWare Transport works differently. "Instead of the terminal dialing out or calling out to the processor, what it will now do is send it to our MerchantWARE server and then we'll go ahead and make the connection to whatever front-end we choose," he said.

"No card data is stored on the system itself, so it's a one-time use. When you swipe that card and it comes through to us, there is nothing stored on the system after that. For any other transactions – for example, a void – we've left a token in the software that allows us to void the transaction without card data having to be stored on the POS system or the merchant's computer itself."

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Alleviates several burdens

Helgeson said MerchantWARE TransPort eases the burden on merchants and POS manufacturers in different ways. One way is it "streamlines the [PCI] audit" by effectively removing the chore of Payment Application (PA) DSS compliance and allowing merchants to fill out a much simpler self-assessment questionnaire, he said.

It also mitigates the financial burden of compliance. The costs of PCI audits can be huge – \$10,000 or more – and outsourcing the job of payment data capture can lower that figure significantly, according to Helgeson.

Lastly, keeping payment data out of merchants' hands significantly reduces the threat of data breaches, Helgeson noted. He said vulnerabilities often arise in merchants' payment systems because the developers of such systems aren't "always specialists in credit card transactions and security" and are apt to leave security holes.

He added that while MerchantWARE TransPort is being marketed to merchants of all types, it is meant particularly for smaller merchant environments. "It has probably impacted merchants the most that have specialty POS systems, smaller types of systems," he said. "The smaller, niche merchants, they're working typically fewer instal-

lations, meaning they typically have less employees, less income, less resources. ... I wouldn't expect a large development house to do something like that; it has the resources to do a PA-DSS audit." 

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Inspiration

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- Ernest Haskins

Your beliefs about money matter

Somewhere along the line, a parent, teacher, mentor or friend probably told you money doesn't grow on trees. This expression is passed from generation to generation because it effectively conveys to youths who hope for better things that they'll have to expend effort to bankroll their dreams.

However, depending on the experiences and beliefs of the person attempting to impart this wisdom, the expression can be motivational or demoralizing.

Said with a light heart by someone who acquires and manages money well, it can spur the listener to adopt attitudes and practices similar to the speaker's.

Said in a snide tone by someone who scratches out a living and never saves a dime, it can cause the listener to suspect he or she will not only have to work exceedingly hard but also be exceptionally lucky to do more than just get by.

What were you told about money when you were growing up? What did adults who were important to you say about the topic? And how does that affect you now? It's important to explore these questions to root out potentially self-defeating beliefs you might not have thought to examine.

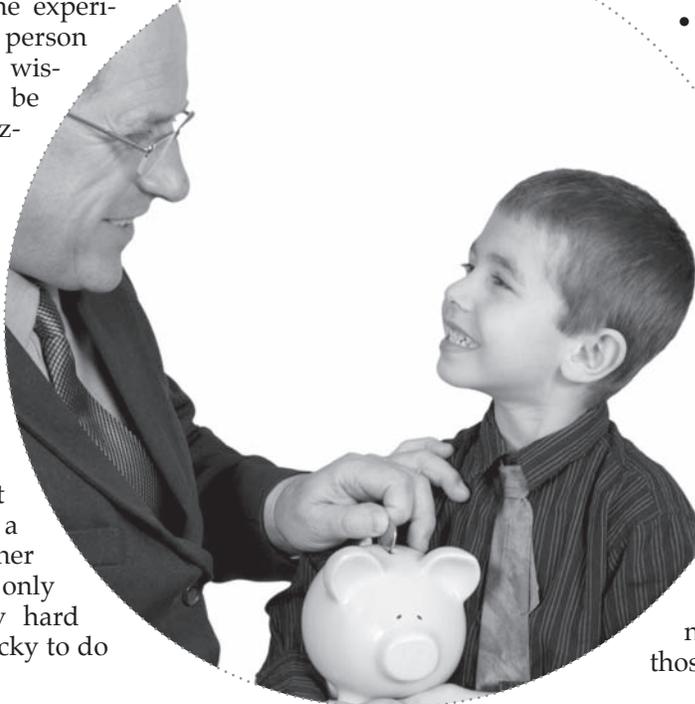
Make a list

Here's one exercise that will help bring your beliefs about money to light:

- Set aside half an hour of uninterrupted time. Take

a pen and pad of paper to a quiet place and ask yourself, What do I believe about money? Write down whatever comes to mind. If this question doesn't bear fruit, ask yourself, What beliefs did my family have about money when I was a child? Again, write down whatever comes to mind.

- Reflect upon each item on the list, and ask whether the belief is something you've adopted of your own volition or something you inadvertently absorbed from your parents, peers, church community et cetera.



- Identify beliefs that are helping you attain your financial goals and those that are hindering you. Appreciate those that are assets to your life's journey, and make a commitment to reinforce them.

For those that are holding you back, ask yourself if you are willing to give them up. Even if you feel you cannot let go of them, asking the question helps provide perspective, which can begin to lessen the belief's hold on you.

- Make a commitment to explore new beliefs about money and adopt those that are positive.
- Repeat this process periodically and compare notes from prior sessions. Over time, you should observe a shift toward more positive beliefs.

Become informed

Part of the journey toward achieving your financial goals is to learn from those who have already attained theirs. Countless books have been written on this topic. Following are several to consider reading if you haven't done so already:

- *Think and Grow Rich* by Napoleon Hill

- *Rich Dad, Poor Dad* by Robert Kiyosaki and Sharon Lechter
- *Secrets of the Millionaire Mind: Mastering the Inner Game of Wealth* by T. Harv Eker
- *Your Money or Your Life: Transforming Your Relationship with Money and Achieving Financial Independence* by Joe Dominguez and Vicki Robin
- *The Millionaire Next Door* by Thomas J. Stanley

Try keeping several books like these at your bedside, and read a few encouraging words before you turn out the light and go to sleep.

Get involved

Books, of course, aren't the only resource available. Many individuals and organizations offer seminars, retreats, workshops, CDs, DVDs, telephone and e-mail support – you name it – all geared toward helping people adopt empowering beliefs about money that will spur them to act in ways that help them attain their financial goals.

Ask colleagues and friends who exhibit financial know-how if they would recommend any such resources, and ask them to explain why.

Use the Internet to identify promising teachers and programs, as well. Then sign up for one that appeals to you, and participate fully.

Even if a particular program or philosophy turns out to be wrong for you, you'll be one step closer to finding one that fits your needs.

And enlist the ongoing aid of someone you trust. If the person you select also wants to join in the quest for financial empowerment, so much the better.

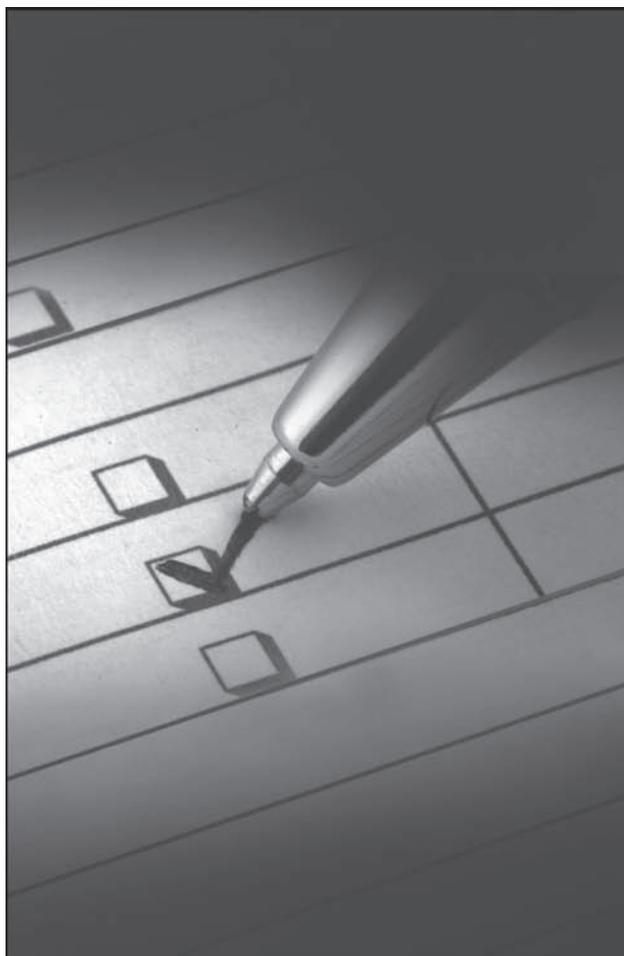
You can listen to each other, help one another set goals, encourage each other when setbacks occur and celebrate every victory along the way.

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



Electronic Transactions Association

2009 Strategic Leadership Forum

Highlights: This annual event will unfold in Times Square, at the financial center of the world, and will include high-profile speakers looking at what the payments industry will face in the years ahead.

Slated seminar topics include the shift in payment types, new technologies, and the three things that can put you out of business and other aspects of risk management. An opening reception will convene the night of Oct. 12.

The conference's second day will include an evening reception and an afterglow party. The forum also promises a few "new twists ... you won't want to miss."

When: Oct. 12 – 14, 2009

Where: The New York Marriott Marquis, New York

Registration: www.electran.org/content/category/6/75/123



Merchant Advisory Group

2009 MAG Annual Conference

Highlights: The conference will feature a landmark joint session with merchants and multiple payment card representatives to discuss payment-related issues. It will also have an extensive roundtable discussion (first with merchants only, then including event sponsors) as well as vendor breakout sessions, payment card sessions and presentations by RBS WorldPay, Heartland Payment Systems Inc., First Data Corp., and Elavon Inc.

The event will also include such outings as a rodeo and barbecue on the hotel grounds, a casino night at the Santa Ana Star Casino, a cocktail reception on the first day, as well as complementary meals.

When: Oct. 13 – 16, 2009

Where: Hyatt Regency Tamaya, Santa Ana Pueblo, N.M.

Registration: www.merchantadvisorygroup.org/annual_conference.aspx



Women Networking in Electronic Transactions

Super LINC

Highlights: This is an opportunity to meet and network with female industry leaders at the Marriott Marquis in New York's Times Square. Held following the ETA Strategic Leadership and Networking Forum, the event will include the presentation of the Second Annual DIVA Awards, speed networking and an interactive panel discussion.

The event is sponsored by W.Net, an organization committed to empowering and honoring women in the payments field,

and which regularly holds networking and educational meetings where members convene to exchange ideas, insights and career development tips.

When: Oct. 14, 2009

Where: Marriot Marquie, New York

Registration: www.w-net.biz



Western States Acquirers Association

Western States Acquirers Association's 2009 Conference

Highlights: WSAA's sixth annual show will feature a keynote address by industry veteran Paul Martaus and Mark Dunn's Field Guide Seminar. Topics to be discussed at educational sessions include Payment Card Industry Data Security Standard compliance, gateways and data security, and sales strategies.

An open forum will be paneled by high-level industry executives who will take questions from the audience and elaborate on their successes despite the economic downturn. In addition to the always popular exhibit hall, the WSAA will give away thousands of dollars in prizes to show attendees.

Sponsorship opportunities are still available; please contact Xavier Ayala at 707-269-3222 or via e-mail at xavier.ayala@moneris.com.

When: Oct. 14 – 15, 2009

Where: Sheraton Park Hotel at Anaheim Resort, Anaheim, Calif.

Registration: www.westernstatesacquirers.com



Source Media Conferences

ATM, Debit & Prepaid Forum

Highlights: Now in its 17th year, the ATM, Debit & Prepaid Forum focuses on some of the most significant opportunities for financial institutions today: self-service and cash management, the debit portfolio, prepaid products, and nontraditional, alternative payments. Workshop topics will include mobile payments, the evolution of prepaid products, the ATM revolution and finding the best investments in the payments sector.

The agenda includes numerous conference topics, continental breakfasts, afternoon dessert, morning and evening networking receptions and a forum dinner with conference chairman Tony Hayes, a Partner at the consulting firm Oliver Wyman. Other speakers include Robert O. Carr, Chairman and Chief Executive Officer of Heartland Payment Systems and Frank Cotroneo, Chief Operating Officer of NetSpend, a provider of prepaid debit cards and services.

When: Oct. 18 – 20, 2009

Where: Caesars Palace, Las Vegas

Registration: www.sourcemediaconferences.com/ATMDebit09

**EPCOR**

Payments Summit 2009

Highlights: This annual event includes one full day and one half day of informative general and breakout sessions. There will be a networking reception at the Ohio Theater, plus continental breakfast, lunch and coffee breaks each day.

Topics addressed will include check acceptance technology covering Check 21, automated clearing house, remote deposit capture and image exchange, current crises and changes ahead in the payments industry, managing end-user risks (fraudsters and hackers), alternative payments, mobile payments and the industry's use of Web services like Facebook, Twitter and PayPal. There will be a networking reception and roundtables.

When: Oct. 22 – 23, 2009

Where: Hyatt on Capitol Square, Columbus, Ohio

Registration: www.associationdatabase.com/aws/pc/pt/sp/home_page

**Electronic Transactions Association**

Compliance Day

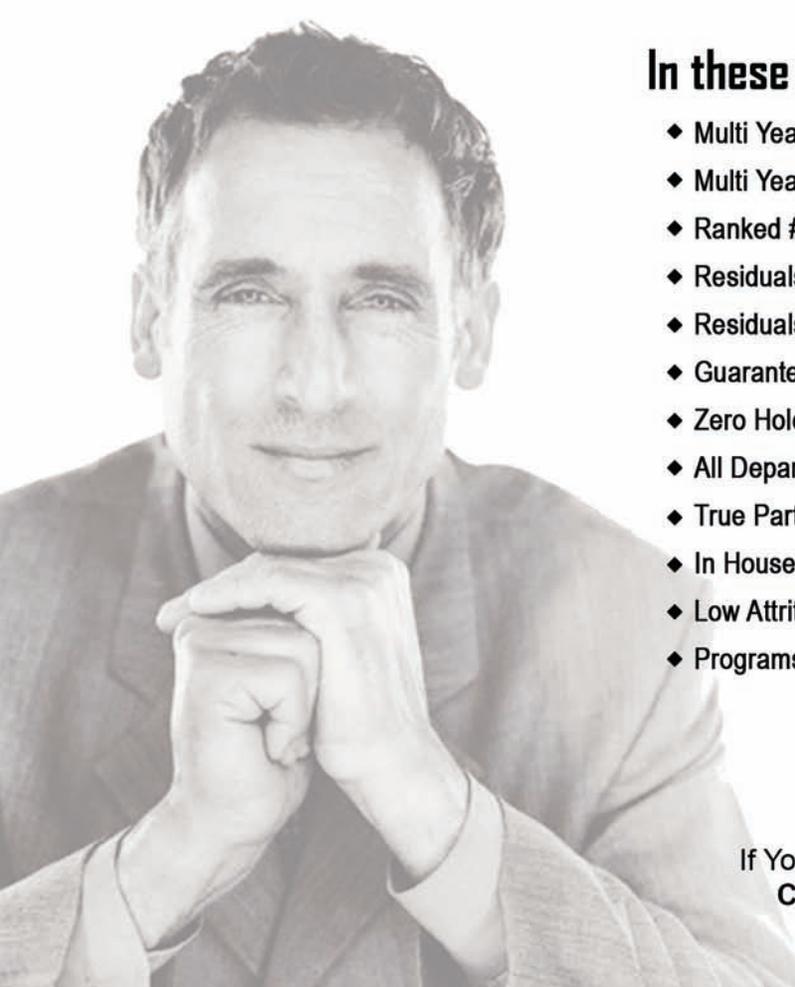
Highlights: Compliance Day is a forum for banks, processors and ISOs dedicated to helping the merchant acquiring community better understand the rules and requirements that govern the payments industry. Hear about the latest operating regulations and get answers to complex issues directly from representatives of each of the four major card brands and the PCI Security Standards Council.

Forum topics will include card company operating regulations, up-to-date information on registration requirements, due diligence and risk assessment for merchant relationships, and the latest developments in the Payment Card Industry (PCI) Data Security Standard, including PCI 1.2

When: Nov. 11, 2009

Where: Fairmont Chicago, Millennium Park, Chicago

Registration: www.electran.org/content/view/40/63/



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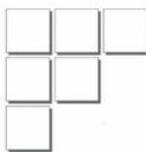
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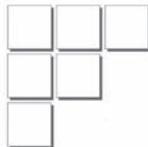
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- The contest drawing will be observed by Weiser LLP, an independent accounting firm.

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