

## The Green Sheet

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November 23, 2009 • Issue 09:11:02

## The squeeze in merchant cash advance

he recession seems to have had a paradoxical effect on the merchant cash advance market: while interest in it has grown, the number of providers and actual use of the product have apparently shrunk.

Observers say more merchants are seeking loans from cash advance providers than they did two or more years ago, and for several reasons. One is that many business owners are struggling or in debt; two, even among those who are doing reasonably well, some are looking to restructure or refine their businesses to adapt to shifting consumer trends; three, the drying up of traditional credit lines is pushing some merchants to seek a product that's easier to obtain than bank loans.

According to industry analysts and merchant advance providers consulted for this article, however, qualifying for a merchant advance has grown increasingly difficult in just the last couple years. Whereas merchants in the past would be essentially rubber stamped for the product, they now face careful screening from more vigilant providers. Analysts say this new wariness likely owes itself to a trend of defaults when underwriting was more lax.

"When people change their underwriting and make it more difficult to get merchants approved, that's very likely because they're getting burned by the merchants who got into this system through less strict underwriting," said Scott Zdanis, co-founder and Co-Chief Executive Officer of Merchant Warehouse, an ISO whose merchant accounts include some cash advance recipients. "Initially one of the big selling points of this was that it was easy to get the money within a few days. ... That's changed quite a bit."

## Growth, then constriction

Industry experts say merchant cash advances began taking hold about five years ago and then mushroomed in the following years before shrinking considerably in the last year or two.

Above all else, this contraction may have stemmed from the recession's impact on the marketplace more generally; whatever product you're selling, finding a buyer has become more difficult. Yet, advances and loans are a special case because they can be most desirable (and dangerous) when times are tough and potential clients have less money.

Problems in the merchant cash advance business may have started when the product became too available. Merchants who weren't financially positioned to pay back a merchant advance – and the relatively high interest rates such advances often carry – started receiving them on a wide scale, and providers emerged that were willing to supply the product when doing so was neither prudent nor ethical.

Part of that, sources say, was the movement in recent years of loan providers from outside the payments business into the merchant cash advance realm,

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The new agency would be run by a five-person board that includes one regulator and an independent director, and it would have broad authority to develop and enforce rules at all types of financial services firms, not just banks and credit card issuers.



See story on page 24

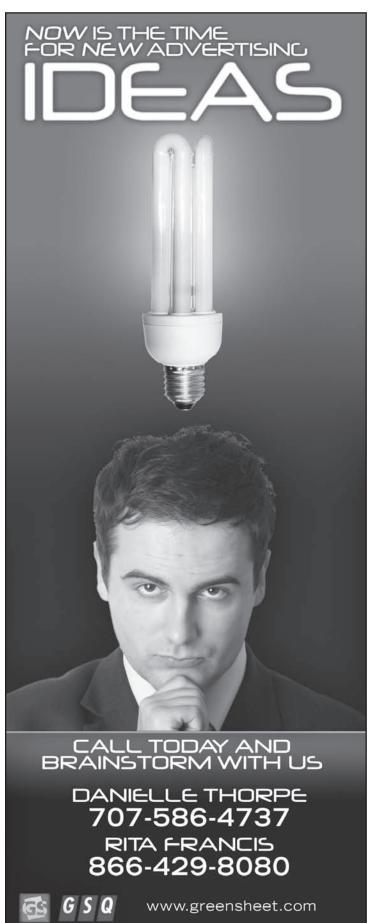
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## Forum

## **Getting the word out**

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Brian Laursen Paytheon Inc.

Brian,

Thank you for your interest in sending news our way. We post press releases on our Web site free of charge.

Please e-mail your release to press@greensheet.com. It should be attached as a Word file or pasted into the body of your e-mail message. Some companies both attach a file and paste the release into the message in case the Word file becomes corrupted in transit.

We post releases throughout each work day, so it is likely you'll see your news the same day you send it (or the following work day for news received late in the afternoon) on our home page, www.greensheet.com, under the News From The Wire section on the left-hand side of the page.

We welcome all news pertaining to the dynamic payments sphere. Many items that appear in the Industry Update section of each issue of The Green Sheet are culled from the press releases we post online.

Editor

## What's the best niche?

Our boss orders *The Green Sheet* for our office, and I've been reading your tips to becoming a better merchant level salesperson. Articles like that really help me understand what industry I've just gotten myself into.

I'm fairly green when it comes to merchant processing. Could you maybe extend a little knowledge? For months, I have pondered on what industry is the most profitable for merchant processing.

I know I need to find a solid niche to excel, so I'm curious: What industry have you found to be the most profitable and worth spending time on? Any help you can lend would be greatly appreciated.

Thank you for your time. I definitely look forward to your reply.

Charles Fordson PayTop Precision Solutions

Christopher,

I'm happy you have found The Green Sheet helpful as you embark upon your career as a merchant level salesperson (MLS).

Much of finding a profitable niche in this industry comes down to simple trial and error and following your hunches. Many MLSs work in one or two vertical markets only; other swear that being a generalist serving all types of businesses is the only way to go.

It always makes sense to:

- Pay attention to which businesses are being affected by shifting economic conditions; some will thrive and others will struggle at certain times, depending upon consumer behavior, governmental actions and other factors
- Diversify to avoid losing all your residuals if the only market you serve tanks.
- Keep an eye out for promising, emerging markets.
- Focus on business spheres in which you can genuinely connect with prospects, listen well and serve their needs.

Also you may want to read the "Vertical market virtues" two-part series published in The Green Sheet July 13 and 27, 2009, issues 09:07:01 and 09:07:02, respectively. The series contains thoughts from our advisory board on this very topic.

In addition, if you enter relevant words such as "vertical market" or "niche" in our Fast Finder search field on the left-hand side of our home page, you will find many educational articles that can help you find the sweet spot where you will thrive.

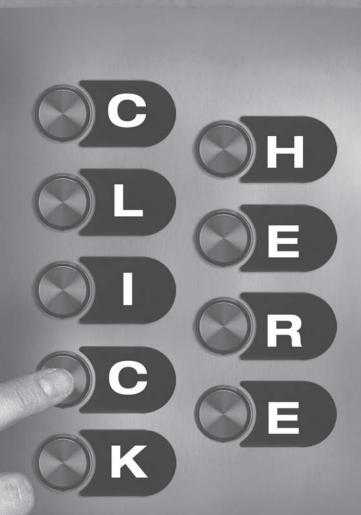
Best of luck to you.

Editor

## Call us, write us

Would you like us to cover a particular topic? Is there someone you consider an industry leader? Did you like or dislike a recent article in *The Green Sheet*? What do you think of our latest *GSQ*? E-mail your comments and feedback to *greensheet@greensheet.com* or call us at 800-757-4441.

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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

1

## The squeeze in merchant cash advance

The recession seems to have had a paradoxical effect on the merchant cash advance market: while interest in it has grown, the number of providers and actual use of the product have apparently shrunk. This article examines the shifting trends of an industry in which it seems only the most judicious players have survived.

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View

## **Regulatory reforms loom**

Never has it seemed more obvious that the deregulation trend that began more than 20 years ago, freeing financial services firms from the shackles of Depression-era mandates, has ground to a halt. A little over a year since the federal government came to the rescue of a financial sector on the verge of collapse, lawmakers are beginning to extract recompense.

32

Feature

## Clinical trial payments on plastic

At the Association of Financial Professionals' Annual Conference held in San Francisco in October 2009, one presentation concerned how a university-affiliated medical center used an in-house prepaid card solution to pay its clinical trial participants. Payments were previously made with cash, checks, gift certificates and coupons. But the process had become cumbersome.

Feature

33

## Rebate chic

A new catchphrase has entered the payments lexicon – rebate chic. It defines how the current economy is shaping consumer behavior: to save money, consumers are seeking the best deals and discounts.

Nowe

42

## The VeriFone, Heartland rift

As a trying year on most economic fronts draws to a close, two leading payments industry companies, global POS system manufacturer VeriFone and top-tier processor Heartland Payment Systems Inc., are on the verge of severing their business ties. This article looks at the latest dispute between two payment giants, what led up to it and how both are coping with the tumult.

News

43

## CIT seeks smooth reorganization

On Nov. 1, 2009, CIT Group Inc. reported that its board of directors – with the support of its debt holders – voted to proceed with a restructuring plan as part of the company's Chapter 11 bankruptcy. The plan is designed to streamline the company's debt and capital restructuring, and the company is asking a bankruptcy court for quick confirmation.

## STABILITY

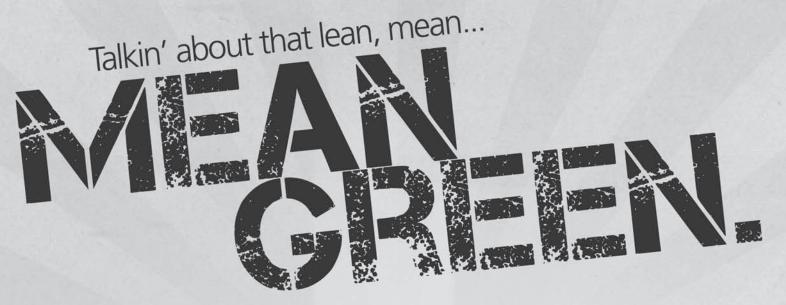
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News

## **Optimizing online holiday sales**

To guide ISOs and MLSs on the best ways to help merchants maximize profits during the coming holiday season, a payment processor advises on how to prepare for chargebacks, defend against friendly fraud and offer alternative payments to boost sales.

News

## LINC-ed up in Sacramento

On Nov. 5, 2009, Women Networking in Electronic Transactions held an intimate gathering of just under 20 women at a Japanese bistro and bar in Sacramento, Calif. The event was marked by animated conversation and one interesting organized activity.

Education

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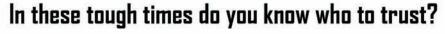
## Street Smarts<sup>sm</sup>: How much do you factor in price?

Value-added services are great, but what happens when all your prospect wants to discuss is price? The topic raises valid points from individuals of opposing viewpoints those who believe that to lead with price means to lose on price and those who think that since merchants' main criterion is price, why not discuss it upfront?

Education

## Timing is everything

What day or days are the best to cold call merchants? And what time of day is best? According to Coach Bob, the worst time to cold call is, without question, on a weekend. But savvy marketers can narrow it down to much more specific time frames.



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Education

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## Hazards of chargeback monitorina

Because of the severity of the penalties, you might expect Visa Inc. and MasterCard Worldwide to have highly sophisticated monitoring for chargeback programs. But neither company has established an exact count for chargeback thresholds by merchant category. Here is an explanation of what merchants and their acquirers can expect from both companies on the issue.

Education

## Protect your investment through non-competition agreements

It is increasingly common for sales agents to move from company to company, picking up expertise and information along the way – but under what circumstances should that information be shared or kept secret at a new job? What other contractual provisions are appropriate for when sales agents leave one company and go to another?

Education

## Scrooge, a lesson in leadership

The very name Scrooge is associated with miserly behavior, qualities personified in the penny-pinching manager of an accounting firm who doles out a lump of coal a day to a shivering but faithful assistant. But how can the story of Ebenezer Scrooge's transformation, in Charles Dickens' timeless A Christmas Carol, be of value to people in today's business world?

Inspiration

## Give props to the POS

Thanksgiving is just a holiday, but the spirit of giving thanks is not. The one comes around once a year; the other should be celebrated every day. Unfortunately, giving thanks is not high on the list of many. This article discusses the importance of gratitude, whatever the season.

**Humbold** 

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## **NEWS**

## FBI issues ACH fraud warning

The FBI reported an increase in fraudulent use of valid, online banking credentials belonging to small and midsized businesses, municipal governments and school districts. These crimes typically begin with a "spear phishing" e-mail directing the recipient to an infected Web site or an infected attachment.

Opening the attachment, or the Web site, initiates installation of key logger malware on the victim's computer that captures bank account log-in information. The cyber thief then either accesses the victim's funds immediately or creates another user account with the stolen log-in information. The criminals have used traditional wire transfer and automated clearing house (ACH) to transmit money.

The funds are laundered through bank accounts of people hired via work-at-home advertisements or job boards to "process payments" or "transfer funds" to offshore bank accounts using a wire transfer service.

The FBI urged online banking customers to keep their computer's anti-virus software up-to-date, use a firewall, and take advantage of fraud prevention and security measures offered by their financial institutions. Furthermore, individuals who have experienced cyber fraud or have been recruited for such work-at-home opportunities are advised to contact the Internet Crime Complaint Center at www.ic3.gov.

## Changes at RBS

On Nov. 3, 2009, the Royal Bank of Scotland Group PLC, parent company of RBS WorldPay, reached an agreement with the U.K. government on revised terms of the February 2009 proposed asset protection scheme (APS). The key terms were revised to better reflect RBS' current needs and market changes. The revisions include a reduction in the overall asset pool and an increased first loss amount.

RBS also agreed in principle with the European Commission to a restructuring plan. The plan calls for the divestures of RBS' branch network, its insurance and global merchant services entities, and its interest in Sempra Commodities.

Stephen Hester, Chief Executive Officer of RBS, said, "Whilst the required divestitures include businesses which were part of our plans going forward, the Group's essential strengths remain intact, and the divestiture proceeds will help our future capital position, bringing forward the prospect of exit from APS altogether.

"That said, we will approach the divestments in a disciplined and thoughtful way over the next four years and continue to exercise strong and responsible stewardship of each of these businesses.'

## **Revolutionary Payflow**

Billing Revolution signed a mobile commerce partner agreement with PayPal Inc., enabling the company to resell PayPal Payflow Pro gateway services. PayPal, in turn, can market the Billing Revolution service to its merchant customers. The approximately 45,000 merchants currently using the Payflow gateway can now sell digital and physical goods to any consumer via mobile phone. The gateway connects a merchant's online store to an existing merchant account to manage credit card transactions.

## CAT cries fowl

Card Activation Technologies reported its immedi-

HEADLINES FROM THE RETAIL

MORLD

 New analysis from NFC Mobile Payments & Marketing Opportunities Forecasts & Analysis 2009 – 2014 by Juniper Research in November 2009 forecasts that by 2014, one in six mobile device users will have a near field communication- (NFC) enabled device. NFC global gross transaction value is expected to exceed \$110 billion.

• Of the 10,000 consumers nationwide who participated in Deloitte LLC's 2009 Annual Holiday Survey, 59 percent said they will shop at discount stores; 42 percent plan to shop exclusively online. Also, Deloitte noted that consumers will spend approximately \$1,145 during the holidays, up 16 percent from 2008.

• The U.S. Census Bureau reported that retail and food service sales for September 2009 were \$344.7 billion, a decrease of 1.5 percent from the previous month and 5.7 percent below September 2008's volume.

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## IndustryUpdate

ate intent to sue up to 45 retailers and other entities for patent infringement. "With the addition of Stinson Morrison Hecker LLP, teaming up with Orum & Roth, our legal team now has the size and strength to dramatically expand its ability to defend our patent and negotiate restitution from those retailers violating our company's patent," said Robert H. Kite, President of CAT.

CAT holds a patent on its POS technology for the activation and processing of transactions related to debit-styled cards, including gift cards, phone cards and other stored-value cards.

## Chipping at chargebacks

A recent study by Canadian payment processor **Moneris Solutions** found that merchants who process chip card transactions are experiencing fewer chargebacks than ever before due to increased security and fraud detection. According to Moneris, this is the first data of its kind from Canada and demonstrates that chip cards reduce fraud and chargebacks.

"Not only does the data illustrate the importance of chip cards to merchants but it shows their tremendous value to everyone along the payment value chain, including cardholders," said Santo Ligotti, Director, Marketing and Communications at Moneris. "As we head into the

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sales rep or contact CarpeCharge.com for a list of approved merchant processing gateways CarpéCharge is a Splyce / Payment Pro owned company. All rights reserved.

hectic holiday season, we expect to see a major migration to chip technology. Early adopters understand how chip card processing can significantly reduce chargebacks and enable more secure transactions."

Moneris Solutions compiled the findings after examining the data, including chargeback activity, of 21,000 merchants who processed 40 to 95 percent of their transactions using chip technology in September 2009. Gasoline merchants were excluded because they consistently experience a low number of chargebacks, Moneris stated.

## **ANNOUNCEMENTS**

## Accuvant helps merchants comply

Accuvant Inc. rolled out its new Merchant Suite for Payment Card Industry (PCI) Data Security Standard (DSS) which includes PCI Select for level 1 and 2 merchants and PCI Simplified for level 2, 3 and 4 merchants. Merchants can partner with Accuvant to address compliance or turn the whole project over to the company.

## Comodo offers free private network

**Comodo** made its virtual private network TrustConnect available free to the public. Users can protect their information from sniffer software that intercepts unsecured wireless transmissions from virtual networks. For \$49.99 per year, consumers can access an ad-free version.

## Fisery reports Q3 results

Financial services technology provider **Fiserv Inc.** reported total revenues in the third quarter of 2009 at \$992 million. Third quarter 2008 was \$1.04 billion. Adjusted operating margin in the payments segment rose 70 basis points in the third quarter, partially due to cost savings associated with its CheckFree Corp. acquisition.

## **MSI** provides Oasis

Merchant Services Inc. launched its Online Agent Sales Information System to help agents manage portfolios. "Our experience, combined with input from the field, has allowed us to come up with an exciting online management system that will drive our sales agents' business to the next level," stated Mario Parisi, co-founder and Director of Operations for MSI.

## Netgiro Systems adds e-retailers

Payment service provider **Netgiro Systems** signed a new online processing agreement with e-retailers from Europe and North America that use Netgiro's platform and cash management solution for online sales in Europe, the Asia-Pacific region and the United States. Netgiro is a business unit of Digital River Inc.

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## Doin' it right

American Banker, Bank Technology
News and independent research firm IDC
Financial Insights released the FinTech
100 list of top global technology providers to the financial services industry. A
number of companies on this list, many
of which are found in the top 10, will be
familiar to readers of The Green Sheet

Following are companies operating in the payments space listed by their FinTech ranking:

- 1. Fisery Inc.
- 3. Fidelity Information Services Inc.
- 4. Diebold Inc.
- 5. NCR Corp.
- 7. First Data Corp.
- 8. TSYS
- 10. Metavante Technologies Inc.
- 18. Jack Henry & Associates Inc.
- 21. Ingenico
- 23. Open Solutions Inc.
- 27. Hypercom Corp.
- 28. ACI Worldwide Inc.
- 38. TransFirst Holdings Inc.
- 49. BancTec Inc.
- 84. Goldleaf Financial Solutions Inc.
- 86. Wausau Financial Systems Inc.
- 92. Panini North America Inc.

The 2009 FinTech 100 rankings are based on calendar year revenues for 2008 and percentages of revenues derived from sales to financial service industry clients.

## Helping clients succeed

The Green Sheet asked three of the payments industry companies listed to identify the factors that contributed most to their success. According to Don MacDonald, Executive Vice President and Chief Marketing Officer for Fiserv, the company has been in the top five for the six years the FinTech 100 has been in existence.

MacDonald said, in Fiserv's 25-year history, "the number one consistent, non-negotiable theme has been keeping focused on and driving clients' success." While it is a privilege to gain the highest spot on FinTech's list, it's "more about how Fiserv makes its investment decisions that make our clients successful," he said.

"We really are witnessing or approaching, if we're not already there, a strategic flash point," he added. He believes the level of change seen in the economic, regulatory, social and technological arenas are huge individually. But having all four converge at once creates an environment that MacDonald calls a genuine and permanent transformation. "In times like that, companies like Fiserv have to work even harder to work out what our clients need, where the market's are going, what [our clients] need to make them successful today, but also what they need tomorrow," he said.

Philip W. Tomlinson, Chairman of the

Board and Chief Executive Officer at TSYS, said, "The ranking is a direct result of our world-class technology and products, a well-earned reputation of leadership in our business and a passionate and diverse workforce."

Michael Pratt, CEO of Panini, cited the company's customer focus. He said every position, function and process within Panini is "aimed toward engaging and involving and benefiting the customer."

## Watching the trends

What will be the technologies to watch for in the coming year? "We see great opportunities in prepaid, hybrid cards that help consumers better manage their finances, and in those services that drive greater loyalty for the merchant and retail sectors," Tomlinson said.

Pratt said distributed capture is growing in two areas. First, it represents an opportunity for operational savings at banks. Second, it provides bank customers the convenience of remote deposit capture (RDC) to make deposits from the office or home. Pratt also pointed out that distributed capture and RDC impact deposit acquisition, and that distributed capture helps banks defend their core deposits and grow them "even outside of their traditional brick-and-mortar footprint."

MacDonald is keeping his eye on personto-person payments. What technology will you be watching?

## Obopay gets game on

**Obopay Inc.** entered the online gaming market with its mobile payment solution. While playing online games or interacting on social networking sites, users can link their credit and debit cards to their mobile phone numbers and utilize PINs (in conjunction with phone numbers) instead of having to enter sensitive bankcard information to make payments.

## Passport introduces check-free checks

Franklin, Tenn.-based **Passport Health Communications Inc.** added a new solution, eCashiering, to its product offerings to include electronic check processing that requires no checks. Patients can pay online or by phone.

## Remote Backup has affiliates' back

Remote Backup Systems unveiled an affiliate program

for value-added resellers to add its Online Backup service to their sales offerings. The program, which features low start-up and operational costs, includes a branded Web site for sales of Online Backup to merchants.

## TSYS reports Q3 results

Columbus, Ga.-based processor **Total System Services Inc.** reported total revenues of \$432.3 million for the third quarter 2009, an increase of 4.9 percent over the previous quarter. Revenues were down 1.6 percent year over year.

## **Vesta makes Deloitte's list**

Deloitte LLP named payment provider **Vesta Corp.** to its 2009 Technology Fast 500 list, which recognizes innovative companies. Deloitte compiles its list from technology, media, telecommunications, life sciences, and clean technology companies in North America, and bases its

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## IndustryUpdate

selection on companies' revenue growth over the past five years.

## Zong + payment options

Palo Alto, Calif.-based **Zong**, a mobile payment service provider catering to gaming and social networking sites, added new payment options to its platform. Zong payments are processed through mobile phone accounts. With Zong +, users only enter payment card information one time to access that option from their Zong accounts going forward.

## **PARTNERSHIPS**

## Three for end-to-end

Chase Paymentech Solutions LLC, VeriFone and Semtek Corp. formed an allegiance to provide end-to-end encryption technologies to prevent cyber fraud. The three companies will cooperate to market and distribute VeriFone's VeriShield Protect solution to Chase Paymentech retailers.

## **CUP Data renews with TSYS**

TSYS and China UnionPay Data Services Co. Ltd.

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signed a multiyear processing contract with China Minsheng Bank. CUP Data is TSYS' joint venture with China UnionPay, which is the only payment network sanctioned by the People's Bank of China. China Minsheng Bank is a Chinese commercial bank owned primarily by nongovernment entities.

## **USAG** powers alms

Payment provider US Alliance Group Inc. partnered with Coleman Consulting Group Inc. to offer an online alternative for charitable contributions for the Catholic Archdiocese of Chicago and its affiliates. The solution includes credit card processing, ACH processing and remote deposit capture.

## VerifySmart inks deals

Payment processor **VerifySmart** signed a revenue sharing agreement with **i-Pay Commerce Ventures Inc.**, a subsidiary of the Intellectual Property Ventures Group Corp., to integrate the VerifyTransfer platform in IPCV's remittance offices. In the initial, three-month pilot, multiple IPCV offices will use VerifySmart's platform for prepaid Visa Inc. cards issued by China Trust Commercial Bank.

In other news, VerifySmart signed a memorandum of understanding with **Theodore Permadi Rachmat** of Indonesia to form a joint venture company to introduce VerifySmart's proprietary suite of fraud prevention and detection technologies in Southeast Asia, with the possibility of expansion into Asia and the Middle East.

## Visa sponsors games through 2020

Visa extended its relationship with the National and International Olympic Committees to sponsor the Olympic Games through 2020. Visa will enjoy exclusive card acceptance at the 2012 Olympic Games in London; the 2014 Olympic Winter Games in Sochi, Russia; the 2016 Olympic Games in Rio de Janeiro, Brazil; the 2018 Winter Games; and the 2020 Summer Games. Visa will also have rights to Olympic logos for marketing and promotions.

## **ACQUISITIONS**

## **CO-OP Financial completes acquisition**

**CO-OP Financial Services** completed its acquisition of **CO-OP LoanLink Center**, which supports 350 credit unions with loan and member support via telephone and Internet. The transaction was completed on Oct. 31, 2009. CO-OP LoanLink Center had used CO-OP Financial Service's Next Generation Network per a previous agreement.

## Pemco Technologies acquired

Jack Henry & Associates Inc. is set to acquire Pemco

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## IndustryUpdate

**Technologies**, a subsidiary of Pemco Corp. According to Jack Prim, CEO of Jack Henry, the acquisition will expand the processor's product offerings and its presence in the credit union space.

## Klik for cash

Klik Technologies Corp. finalized the acquisition of Boston-based Cash Management Services Inc. "This combination allows us to better serve our clients with additional products, strong processing infrastructure and the support team that Klik brings to the table," said Jeff Goff, President of CMS.

## **APPOINTMENTS**

## **Autoscribe names president**

Autoscribe Corp., the provider of Payment Vision Gateway Services, named **Gregory R. Adleson** President and Chief Operating Officer of Autoscribe.

## **Apriva taps Coover**

**Karen Coover** joined Apriva as Vice President of Human Resources. "Karen brings with her a wealth of tested experience with global companies and will be a tremendous asset to Apriva," said Chris Spinella, CEO of Apriva.



## DTI beefs up sales team

Fort Lauderdale, Fla.-based Direct Technology Innovations hired five people to its sales team. The company named **Jordi De Joseph** as Director of Strategic Alliances and **Mia Christina Mayo** to Regional Sales.

It added account executives Mark W. Badovick, Debbie Scott-Queenin, and Tony F. Saiz.

## **Bluestar welcomes Diaz**

Bluestar Inc., a distributor of POS, bar coding, data collection, radio frequency identification, security and wireless mobility products, named **Carmen Diaz** as Inside Media Specialist to expand BlueStar's service and sales solutions for domestic and international customers.

## GlobalPlatform taps LeSaint

ActivIdentity Corp., a provider of authentication, credential management, and GlobalPlatform, a smart card infrastructure developer, reported the election of **Eric Le Saint**, ActivIdentity's Director of Security, Internet Protocol and Standards Engagement, as GlobalPlatform's Systems Committee Chair.

## MacKenzie is new CEO

Government Payments Service Inc. appointed Mark MacKenzie to the position of CEO. A payments industry veteran, MacKenzie brings 20 years of experience in business development to his new position.

## **TNS picks Perry**

Transaction Network Services Inc. appointed **John M. Perry** to its payments division as General Manager of the Americas. Perry is tasked with growing TNS' payment business through new market opportunities and building the company's global customer base.

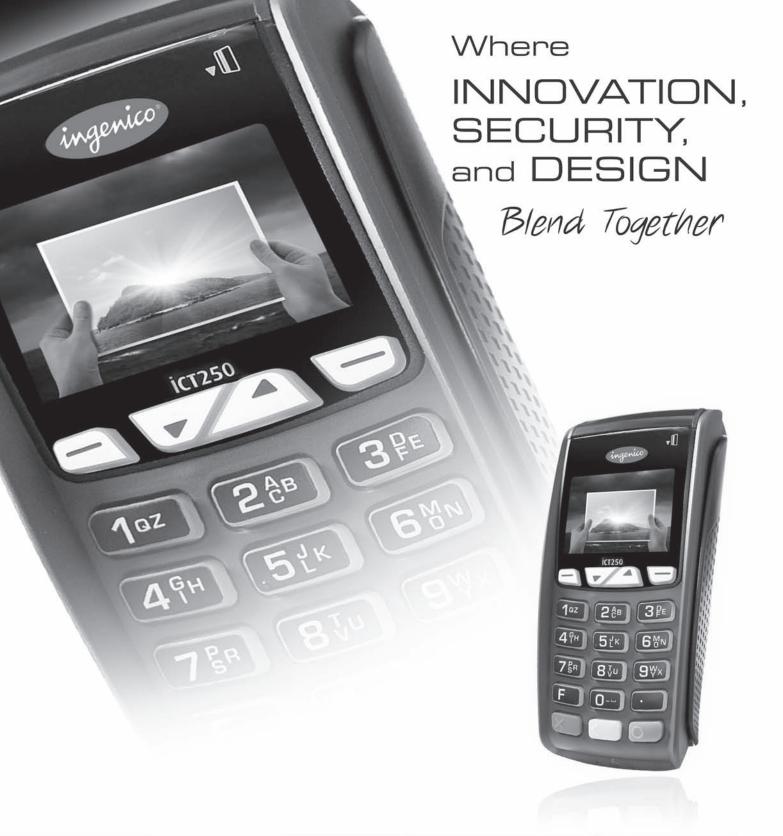
## Paymetric adds two

Paymetric Inc. welcomed two new executives to its management team: **Nick Sommerio** as Chief Financial Officer and **Kevin Ferguson** as Senior President of Business Development. Sommerio joined Paymetric from RBS WorldPay.

Ferguson came to Paymetric from SunGard Banks, where he served as Senior Vice President and Managing Director of Global Field Operations.

## Wright Express promotes Strzegowski

Wright Express Corp. named **Greg Strzegowski** to Senior Vice President, Corporate Development. Strzegowski formerly served as the company's Vice President, International, Business Development and M&A. He joined Wright Express eight years ago as Controller.



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## **Insider's report on payments**

## Regulatory reforms loom

## By Patti Murphy

The Takoma Group

fforts to reform the federal financial services regulatory structure are on the congressional fast track. I use the term "fast" in the context of legislative time frames: It won't happen next week; it may not happen in the current session of the U.S. Congress, but the rhetoric and likelihood of reform legislation is certain to increase in 2010.

Never has it seemed more obvious that the deregulation trend that began more than 20 years ago, freeing financial services firms from the shackles of Depression-era mandates, has ground to a halt. A little over a year since the federal government came to the rescue of a financial sector on the verge of collapse, lawmakers are beginning to extract recompense.

Earlier in 2009, Congress passed and President Obama signed into law the Credit Card Accountability, Responsibility and Disclosure Act of 2009 (Credit CARD Act), following years of pressure from consumer lobbyists. It imposed sweeping changes in the way credit card issuers impose and collect fees from cardholders and will take effect in early 2010.

Now, in response to claims by critics that issuers have been raising fees in anticipation of the new rules, leaders in the House and the Senate want the bill to take effect today. The House approved legislation (H.R. 3639) to accelerate implementation of the Credit CARD Act; in the Senate a similar bill (S. 1799) was introduced by Sen. Chris Dodd, D-Ct., Chairman of the Senate Banking Committee.

Provisions of the Credit CARD Act include:

- A prohibition against "arbitrary" interest rate increases
- Prohibitions against over-limit fees and "double cycle" billing
- Required reviews of past rate increases
- Procedures for applying cardholder payments
- Required parental consent before consumers under the age of 21 can obtain credit cards

"We worked long and hard to enact the safeguards in the Credit CARD Act, and no sooner had it been signed into law, but credit card companies were looking for ways to get around the protections this Congress and the American people demanded," Dodd said in introducing the bill in October. "At a time when families are struggling to make ends meet, jacked up rates can quickly create crushing debt. People need to be responsible with their money, but they shouldn't be taken to the cleaners by outrageous rates."

Barney Frank, D-Mass, has been more vocal, taking his complaints to the airwaves as well as the halls of Congress. During a Nov. 4 debate over the bill on the House floor, he railed against card issuers raising fees and changing terms. "It's the single unfairest economic transaction I can think of that doesn't involve a pistol," he said.

Also, in an interview aired on Nov. 9 by National Public Radio's "All Things Considered," Frank asserted that the latest round of card rate hikes is building support for a consumer financial protection agency. "People now understand the need for an ongoing supervisory power that's aimed at consumers and not as an afterthought to bank regulation," he told the interviewer

## Focus on consumers

The notion of a consumer protection agency directed at financial services isn't new, but it seems to be gaining converts. Legislation in both houses of Congress would create a new consumer protection agency entrusted with rule-making and enforcement duties that are today spread among six federal agencies (financial institution regulators and the Federal Trade Commission).

The new agency would be run by a five-person board that includes one regulator and an independent director, and it would have broad authority to develop and enforce rules at all types of financial services firms, not just banks and credit card issuers.

One version of that legislation has been approved by the House Financial Services Committee and is now awaiting a vote by the full House.

A statement from Dodd's office detailing the omnibus financial regulatory reform bill he introduced Nov. 11, 2009, read, "American consumers already have protections against faulty appliances, contaminated food and dangerous toys.

With the creation of the Consumer Financial Protection Agency, they'll finally have a watchdog to oversee financial products, giving Americans confidence that there is a system in place that works for them – not just big banks on Wall Street.

"The economic crisis was driven by an across-the-board failure to protect consumers. When consumer protections are handled by regulators whose primary responsibility is Introducing...

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## View

to safeguard the profitability of the companies they regulate, consumer protections don't get the attention they need. The result has been unfair, deceptive and abusive practices being allowed to spread unchallenged, nearly bringing down the entire financial system."

Dodd's bill calls for a consumer protection board to regulate the "Shadow Banking Industry." An analysis of the bill provided by Dodd's office uses examples like mortgage companies and payday lenders.

But it wouldn't be a stretch to expect a final provision that includes other loosely regulated activities and services like in-store ATM and prepaid card programs.

Interchange might even land in this agency's lap if merchants and their allies succeed in making interchange a consumer issue. Although there had been speculation that Dodd would address interchange in his omnibus reform package, highlights of the bill (1,136 pages) include no mention of interchange or merchant card processing fees.

These are key reforms in Dodd's omnibus reform bill:

 An end to the notion that any financial institution is "too big to fail"

- Reorganization of regulatory responsibilities, for example, eliminating the Fed's bank regulatory mission and consolidating all financial institution regulation into a single agency
- Government and board oversight of executive compensation

"This is not a time for timidity," Dodd said during a press briefing on the bill. "It is the job of Congress to restore responsibility and accountability in our financial system to give Americans confidence that there is a system in place that works for and protects them."

One component of the Federal Reserve's current mission that isn't addressed by pending reform legislation is its role in the payments system. The Monetary Control Act of 1980 mandated, among other things, that the Fed provide competitively priced payment services (check, wire and automated clearing house transaction processing) to federally insured financial institutions.

Deliberation over regulatory reforms will likely address this important function.

Patti Murphy is Senior Editor of The Green Sheet and President of The Takoma Group. E-mail her at patti@greensheet.com.



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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.

No Purchase Necessary. UBC Million Dollar Giveaway starts on September 1, 2009 and ends on the date in which there are 27,000 entries or August 31, 2010 at 11:59PM ET, whichever is sooner. Promotion is open only to Sales Associates (as defined in the Official Rules) of United Bank Card, Inc. that are located in the fifty (50) U.S. states (and D.C.) 18 years of age or older. For official rules write to United Bank Card, Inc., PO Box 4006, Clinton, NJ 08809. Void where prohibited. Sponsor: United Bank Card, Inc., PO Box 4006, Clinton, NJ 08809.

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## Prepaid in brief

## **NEWS**

## Cybergang charged in RBS Worldpay hack

Four Eastern European men were indicted in connection with the cardholder data breach at prepaid card issuer and processor **RBS Worldpay Inc.** Individuals from Russia, Estonia and the Republic of Moldova, were charged by a federal grand jury in Atlanta with wire fraud, conspiracy to commit wire fraud, computer fraud, conspiracy to commit computer fraud, access device fraud and aggravated identity theft.

Four more men, each from Estonia, were indicted for access device fraud. The breach, which was discovered by RBS Worldpay in November 2008 and publically disclosed the following month, reportedly resulted in an ATM scam that netted fraudsters \$9 million. The coordinated attack spanned cities in the United States, Canada, Russia and Asia.

## Two CFSI groups join to serve underbanked

The Center for Financial Services Innovation's Nonprofit Development Lab and its Underbanked Solutions Exchange met for the first time to address best practices for serving the underbanked. "By combining these two networks, our diverse group of participants will be able to learn from each other and share ideas and first-hand intelligence on best practices in serving the underbanked market," said Karen Andres, Relationship Manager for CFSI.

The Nonprofit Development Lab comprises nonprofit executives and is sponsored by grants from the Citi Foundation and The Walmart Foundation. The Underbanked Solutions Exchange consists of mid-sized financial institutions and receives some of its support from Meta Payment Systems. The CFSI, a nonprofit affiliate of ShoreBank Corp., was founded in 2004 to inform, connect and invest in services for the underbanked consumer.

## **ANNOUNCEMENTS**

## Coinstar reports revenue jump

Coinstar Inc.'s third quarter 2009 financial results indicate

revenue of \$296 million, which is a year-over-year increase of 45.5 percent. "In the third quarter, our core DVD rental and coin-counting businesses continued to produce solid results at both the top and bottom line," said Paul Davis, Chief Executive Officer of Coinstar.

## GiftCards.com launches no fee cards

**GiftCards.com LLC** launched its new No Fee Cards, which can be purchased on its Web site in denominations of \$20 to \$500. The cards carry no fees for monthly maintenance, transactions, replacement or expiration. Consumers can choose from hundreds of designs to personalize the cards.

## MoneyGram reports steady growth

MoneyGram International Inc.'s third quarter 2009 financial results revealed a money transfer volume increase of 6 percent (excluding bill payment). Money transfer fees and other revenues climbed by 3 percent over the prior year. MoneyGram reported a 2009 year-to-date revenue of \$875.5 million; the company earned \$608.1 million during the same period in 2008.

## Parago's Reeves honored

The *Dallas Business Journal* awarded its CFO of the Year in the Midsized Private Companies category to Mae Reeves, Chief Financial Officer of Parago Inc., a rewards-based incentive provider. Parago received other awards or recognition this year from the *Dallas Business Journal*, *PROMO* magazine, and the Dallas chapter of the Council of Better Business Bureaus Inc.

## Western Union jams with hip-hop artist

The Western Union Co., a global payment money transfer specialist, signed a strategic alliance with multi-platinum Grammy-Award winning international recording artist Wyclef Jean to promote Western Union Money Transfer and prepaid services to consumers in the United States.

## **PARTNERSHIPS**

## First Data, Valid Systems team

A new partnership between **First Data Corp.** and **Valid Systems** promises to enable U.S. grocery and convenience stores to cash payroll checks for customers quickly and with reduced risk. Consumers will be able to receive funds in cash or on a First Data Money Network card, a prepaid card accepted online and at millions of merchant locations, as well as at more than 1 million ATMs worldwide.

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## Affinity card focused on Hispanic market

Funded by a \$40,000 Innovation Grant from the National Credit Union Foundation, **Affinity Credit Union**'s new reloadable card powered by **The Members Group** is designed to serve the Hispanic community. Additionally, Affinity partnered with **Coopera Consulting**, a consulting firm specializing in emerging markets, to deliver prepaid solutions to the Hispanic market.

## Plastyc delivers virtual paper

**Plastyc Inc.**, a prepaid service provider that caters to Web-savvy young adults, teamed with **Integration Inc.** to offer a virtual solution whereby consumers can write and send paper checks without resorting to checkbooks, stamps and envelopes. Instead, a paper check is sent on their behalf when they request it through an online portal at Upside Card or iBankUp.

## PlaySpan, PayPal get in the game

**PlaySpan Inc.**, a provider of monetization solutions for online games, virtual worlds and social networks, employed **PayPal Inc.**'s PayPal X application programming interface to provide added convenience for consumers purchasing digital goods. Consumers can now make purchases without leaving their online game sites.

## **ProfitPoint makes iContact**

Stored-value card provider **ProfitPoint** joined **iContact Corp.** to offer iContact's e-mail marketing services to ProfitPoint customers. ProfitPoint will also use the services internally for marketing. Both companies ranked in the top 100 on the 2008 *Inc.* 500 list of fastest growing private companies.

## Transcard teams with UNB

Electronic payment and prepaid debit card provider **TransCard** signed an agreement with **University National Bank** to jointly deliver prepaid programs, prepaid products and mobile bank accounts for unbanked and underbanked individuals.

## Univision to launch prepaid cards

New York-based Spanish language media company Univision Communications Inc. teamed with MasterCard Worldwide to offer Univision Prepaid MasterCard Card and the Univision MasterCard Gift Card. The cards will be launched in 2010.

## **ZAPA** selects ViVOtech for NFC

**ZAPA Technology Ltd.** selected **ViVOtech Inc.**'s loyalty and prepaid card platform for its mobile loyalty and gift card processing services in Europe. The ViVOtech platform will power the ZAPA TAG sticker, which can be affixed to mobile phones. ViVOtech's over-the-air provisioning software will be integrated at a future date.

## **ACQUISITIONS**

## **M2** Global acquires Altair Technologies

M2 Global Ltd. acquired Altair Technologies Ltd., a U.K.-based company specializing in prepaid card program design, implementation and management. Furthermore, M2 Global formed M2 Europe to manage the new company and strengthen its presence in Europe.

## **APPOINTMENTS**

## VoiceCash taps Belari

VoiceCash Services GmbH & Co. KG, a prepaid and money transfer provider, appointed **Mohamed Belarj** to the position of CEO for the company's Middle East region. Belarj's experience includes a stint as a General Manager for MasterCard.



**Features** 

## Clinical trial payments on plastic

t the Association of Financial Professionals' Annual Conference held in San Francisco in early October 2009, one well-attended presentation concerned how a university and affiliated medical center implemented an in-house prepaid card solution to pay its clinical trial participants.

Before 2007, the University of Pittsburgh and the University of Pittsburgh Medical Center paid or reimbursed individuals who took part in clinical trials through petty cash funds, checks, gift certificates and coupons. But the process had become cumbersome.

With hundreds of researchers carrying out studies on thousands of patients, cutting and mailing paper checks that would reach recipients "in a few weeks" lacked efficiency, said Linda Zang, Assistant Treasurer at UPMC. "They really wanted to be able to hand the payment out at the time the interview was concluded," she added.

From the administrative perspective, petty cash funds were hard to manage and refresh, said George Cerminara, Project Manager, Finance, for the University of Pittsburgh.

## **Payroll plus**

The solution was to go electronic, but that direction was not without complexity. Zang said the university and

UPMC, while "tied at the hip when it comes to doing clinical research," are two distinct organizations with separate management structures, accounting systems and payables systems.

The university reviewed the payment processes of its peer research university group –which included most of the top 20 medical research institutions in the United States – and discovered that not one university had implemented an electronic solution, or knew of where to look for one. Their universal response: "If you find something, let us know."

The university then contacted payroll card providers, but to no avail. Processors and program managers didn't offer a solution that satisfied the organizations' specific requirements, such as 1099 Internal Revenue Service reporting and the ability to send files to accounts payable departments to record payments, according to Zang.

"They are certainly interested in providing you with a card processing service with the ability to make a payment to somebody," Cerminara said. "But that's where it stops."

"What we needed beyond payroll cards was a whole suite of accounting and control processes," Zang added. "If you are managing hundreds of studies, you need to be able to assign every card that you are paying to an individual. You need to be able to charge fees for the card cost and load cost to the study. If the study exceeds its budget, you need to shut off future payments.

"And if you're running hundreds of studies, and you don't want to do manual accounting, you need a whole new infrastructure of software that lets you do this in an automated fashion."

The only alternative was for Pitt and UPMC to develop their own system internally. What the organizations' information technology staff came up with was dubbed WePay. Patients are issued anonymous, instant issue, open-loop, reloadable, MasterCard Worldwide-branded prepaid debit cards, and as such have multiple options to allow study participants to redeem the cards' value, Cerminara said.

## Hurdles

The main challenge in developing the software was in meeting the compliance obligations of the USA Patriot Act of 2001 and the Health Insurance Portability and Accountability Act (HIPAA) – two laws that Zang believes are in conflict as they affect the university's ability to recruit and pay volunteers for research studies.

Whereas the Patriot Act mandates "know your customer" policies, such as requiring identification and background information like Social Security numbers and residence addresses, HIPAA is designed to protect patients' private information on a need to know basis.

Zang explained that the Patriot Act requires multiple paper documents to positively "ID" an individual to be able to pay them, while established research protocols and HIPAA mandate the individual's privacy must be respected.

"If we cannot offer to pay volunteers for their participation because they don't have the required identity or financial documents, then we are impaired in our ability to conduct the studies," she said.

While Zang said the dual compliance issues have been solved, Payment Card Industry Data Security Standard compliance has been an ongoing burden. "We're working on it," she said.

## **Trial victory**

But, overall, Zang and Cerminara believe WePay is a success. In 2008, Pitt and UPMC conducted over 3,300 clinical trials, with Pitt accounting for \$672 million in research spending and UPMC \$88.6 million. Over 5,000 payments are made monthly to over 1,000 patients, Cerminara said. Those numbers are expected to increase in the coming months and years.

## Rebate chic

new catchphrase has entered the payments lexicon – rebate chic. It defines how the current economy is shaping consumer behavior; to save money, consumers are seeking the best deals and discounts.

A Parago Inc. survey puts the shift in consumer behavior into concrete terms. Eighty percent of over 400 respondents acknowledged that the recession has affected their spending habits. Of those consumers, 55 percent said they are now more likely to look for products that include rebates. But with that increased demand comes the need for rebates to be efficiently managed.

"Convenience is critical," said Juli Spottiswood, Chief Executive Officer at Parago. "Rebates are still a very valuable promotional tool and even more so in today's economy."

She estimates that 50 to 60 percent of rebates are already issued via prepaid cards. "For the retailers, they get to brand a piece of plastic that stays in a customer's wallet for six, 12, 18 months," she said. "And that's hugely valuable." Rebate cards also allow merchants to deliver follow-up discounts and savings, as well as tailored, one-to-one marketing, she added.

## A newer fashion

Spottiswood said the old-fashioned rebate check has been around for 30 years. While she believes rebate checks will

never completely vanish, modern consumers are not keen on trudging down to banks to deposit checks. They like having the ability to quickly and easily redeem rebates on cards, in-store or online.

Ten years ago, when Parago was established, the rebate industry was rife with fraud and consumer dissatisfaction, Spottiswood noted. "Customers would mail in their rebate claims to get validated," she said. "They'd have to jump through hoops and be subject to a lot of business rules. They had no idea – kind of like a black hole – where they send it, when they would get their rebate. They would wait three, four, five months."

But that has changed. Now, Parago customers can go online 24/7 to see real-time balances and purchases, or get that information sent them via text message, Spottiswood said.

## Prepaid style

At Parago, rebates make up only part of the company's overall promotions, incentives and loyalty services for Fortune 500 companies. The Dallas/Forth Worth-based business entered the prepaid card world five years ago. Spottiswood sees rebate cards as a significant growth area. It is already a \$4 billion to \$5 billion market and she expects a considerable jump in 2010.

The challenge is to get "retailers and service providers to think differently about how they reward their customers for rebates," she said. "It's taken time and I will say that there has been a recent explosion in the adoption rate for prepaid within rebates."

## Retailer-centric PM lands AmEx deal

ampa, Fla.-based nFinanSe Inc. made news in the past months by lowering the activation fees on its general purpose, reloadable (GPR) prepaid cards and leveraging its distribution channels to launch a payroll card program targeted at unbanked consumers.

Now nFinanSe has struck a deal with the American Express Co. to offer, sell and distribute AmEx gift cards to retailers. Jerry R. Welch, Chairman and Chief Executive Officer at nFinanSe, knows of no other arrangement in which a card brand has contracted with a program manager in a similar fashion.

"Traditionally [AmEx] have handled all the sales functions themselves, going out, talking to retailers, getting distribution on their cards," Welch said. "So we're really delighted and honored to now be offering their cards to the marketplace. It's certainly unique for them and it's certainly unique for us."

## Mindset synergy

Welch believes AmEx chose nFinanSe because of its national footprint, innovation and compatible business philosophies. He said nFinanSe's decision to reduce card activation fees to rival Wal-Mart Inc.'s is one way the company has differentiated itself from its competitors.

"They like what we're doing in the marketplace," Welch said. "They see how innovative we've been. I think we share a mindset about the future and direction of this industry."

The mindset Welch refers to places an emphasis on customer service. A large part of that emphasis is understanding how retailers think. nFinanSe has that knowledge because many of its executives have backgrounds in retailing and consumer marketing, including Welch.

In the 1980s, Welch ran the third-largest convenience store chain, National Convenience Stores Inc., based in Houston. He also headed toy store chain FAO Schwartz in New York. "I've sold everything from \$1 long-neck beers to \$2,000 toys and everything in between," Welch said. "We understand the retailer. ... When we go in and talk to retailers, we understand what they're doing. We think that's an advantage for us."

## **Assorted flavors**

In January 2009, nFinanSe launched its Discover Financial Services-branded GPR cards. And the company just announced it will begin to offer Visa Inc.-branded reloadable prepaid debit cards in Winn-Dixie stores starting December 2009. With the addition of AmEx, nFinanSe has agreements with three of the top four card brands – a circumstance Welch claims is unique to program managers.

"That gets back to knowing retail," he said. "There's an old saying that retailers learned a long time ago, that selling two brands will always get you more sales than selling only one of either brand. So the point is that a rising tide lifts all boats. If consumers come in and see you've got choice and selection, then they think you have a full assortment and you'll get more business.

"In our case, we just want to be able to offer a full assortment for all those retailers."

Welch expects to expand AmEx's footprint beyond the 60,000 stores that the card brand's gift cards are already in. "There's lots of other retail stores [where] this American Express gift card should be going," he said.

Beyond supermarkets, drugstore chains, general merchandise retailers and convenience stores, Welch eyes specialty retailers as a new market for AmEx cards, because merchants can take advantage of impulse purchasing behavior using gift cards.

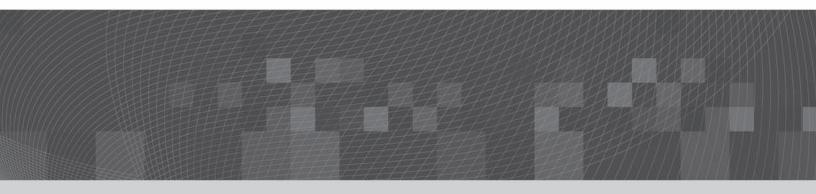
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## ResearchRundown

## Rewards programs and untapped markets

he ongoing recession is causing speculation among financial service organizations regarding the future of consumer rewards programs. A Mercator Advisory Group study, Rewards in a Changing Environment Still Important (Within Reason), outlines perceived program value, participation and perceptions of changes that have occurred over the past year – with special attention given to credit card and banking rewards programs.

A survey of 1,012 online consumers in the summer of 2009 found that: credit card, supermarket and airline/hotel/travel programs are the most popular rewards programs and are most likely to be designated the most financially valuable by participants; cash back rewards are the highest ranked reward offering in terms of value; only 43 percent of credit cardholders surveyed actively use reward and loyalty programs; only 26 percent of respondents who traveled used these programs.

In a second study published in November, A Different Way of Offering Credit: Islamic Payment Cards' Potential in the Global Economy 2009, Mercator reports that the emerging demand for Islamic products and services is creating historic opportunities in the payments industry for the 1.6 billion Muslims worldwide who spend more than \$2.6 trillion a year.

Mercator found that the spending power of Muslims worldwide represents a huge market largely untapped by the global banking industry; deployment of Islamic banking products and services cannot be done solely by financial institutions in Muslim countries and requires worldwide resources and coordination to fully succeed; banking guided by Islam is attract-

ing the attention of non-Muslim consumers and banks due to its inherently stronger risk controls and transparency.

For more information, visit www. mercatoradvisorygroup.com.

## Broken promises and paperless strategies

An October 2009 report from Aite Group LLC, *The Broken Promise of Anytime, Anywhere Card Payments: The Experience of the U.S. Cardholder Abroad*, assesses the costs assumed by the bankcard industry when U.S. consumers experience difficulties making payments overseas.

It is based on a September 2009 survey of 1,019 U.S. credit cardholders who traveled to countries other than Canada, the Caribbean and Mexico between 2006 and 2009.

The survey revealed that over the past three years, almost 50 percent of respondents reported some problem using a U.S. payment card; 62 percent of respondents reported using their payment cards less as a result of problems overseas; the U.S. card industry missed out on nearly \$3.9 billion in transactions and \$447 million in additional revenues as a result of these lost card payments.

In Beyond Check Imaging: Reaping the Benefits of a Paperless Branch, published in November 2009, Aite discusses the use of paper in bank branch processes, sheds light on the transition from paper to electronic processes within the branch channel and highlights the benefits U.S. banks can gain from adopting comprehensive, paperless strategies.

Aite determined that opportunities exist for deployment of electronic processes such as automated workflow, audit trails for documents and tracking of internal processes. Also, paperless solutions help mitigate fraud, assist with achieving compliance standards, prepare banks for the audit process, reduce costs and cut down or eliminate misplaced or lost data.

For more information, visit www. aitegroup.com.

## Fraud overviews and trend projections

A Smart Card Alliance white paper entitled Fraud in the U.S. Payments Industry: Fraud Mitigation and Prevention Measures in Use and Chip Card Technology Impact on Fraud states that U.S. payment fraud is expected to rise unless the industry looks toward new technologies like contactless and mobile payments.

The report provides an overview of current card fraud levels in the United States and projected trends based on the move to Europay, MasterCard Worldwide and Visa Inc. standards.

Approaches used by the U.S. payments industry to combat fraud are described, along with a discussion of how new technologies and processes help to mitigate fraud losses.

The SCA also found that as of June 2009, more than 90 million contactless cards, fobs and tags had been issued and are accepted at more than 130,000 merchant locations throughout the United States; the SCA does not see protection of data or better fraud detection techniques as solutions to the problem.

Rather, the solution is to replace static data with dynamic data because it renders stolen account or transaction information useless.

For more information, visit www. smartcardalliance.org. ■

## CompanyProfile



### **LIFT Network**

### ISO/MLS contact:

Dyson Barnett President

Phone: 866-701-7106, option 6

Fax: 800-381-2870

E-mail: dbarnett@liftbusinesssolutions.com

### Company address:

555 Airport Way, Suite A Camarillo, CA 93010 Phone: 800-775-9311 Fax: 800-381-2870

Web site: www.liftmysales.com

### ISO/MLS benefits:

- Opportunity to earn revenue on referrals
- An additional residual stream
- VX570 terminals provided
- Proprietary systems to encourage retention
- Opportunity to up-sell

### Giving merchants a lift

inding the right audience is the first step to a successful advertising campaign. Placing a billboard for a luxury sedan in a rundown, lowincome neighborhood won't gain as many new sales as one placed in an upscale district where residents are more likely to be able to afford a \$50,000 car. Similarly, an advertisement for mechanic's tools is likely to bring more return on investment in a race car magazine than in a woman's periodical.

So, where should merchants spend their advertising dollars to reach more consumers? Why, through the merchant's existing customers – a built-in audience that can spread word of the businesses products and services to friends, family and associates.

Word-of-mouth advertising is often said to be the best advertising of all. And it costs merchants nothing. In hard times, small business owners tend to cut back on advertising. However, a targeted advertising campaign can increase revenue and more than pay for itself. LIFT Network founder and President Dyson Barnett believes capitalizing on initial word-of-mouth advertising is "far, far less expensive" than anything else merchants can do with their advertising budgets.

### Complete solution

Barnett knows how a retailer thinks, because he is one himself. He worked in retail doing build-outs and store development, audit management and loss prevention.

He established a company that sold POS solutions and, through his relationship with software vendors, crossed over to the payments industry. But he is still a retailer. With his wife and family, he owns nearly 40 retail locations, including restaurants, delis and coffee shops.

Barnett created the LIFT Network system to benefit retailers, ISOs and merchant level salespeople (MLSs). But most ISOs and MLSs do nothing to help retailers increase sales, even though it would ultimately boost their own revenue streams, Barnett said.

So LIFT Network offers ISOs a comprehensive, targeted and multifaceted advertising solution. The package includes cards that incorporate gift, prepaid, loyalty and rewards, and marketing via e-mail, Internet, targeted mail and text messaging. The package also includes customer relationship management.

According to Barnett, the LIFT Network system touches merchants' customers five times or more per month, whether merchants own one or hundreds of locations, and helps them increase sales.

All of LIFT Network's tools are delivered on hardware integrated with proprietary software, which Barnett said makes switching to another processor a less attractive option for merchants.

### Leading off

ISOs and MLSs must compete against other salespeople calling on the same merchants. Piquing a prospect's attention with LIFT Network's value-adds can help ISOs differentiate themselves.

Mike Henderson is a LIFT Network believer. He runs an ISO with up to

### CompanyProfile

20 sales people and said his office leads with the LIFT Network program. Its merchant services are "just one of those things that's just added into the package and we're good to go," he said.

Henderson said offering LIFT Network requires a mental shift from the standard savings-based-on-rate pitch. He elaborated, noting that a merchant "doesn't wake up in the morning going, 'Gee, how much can I save today?' It's, 'How much can I make today?' When I got that into my own head and focused on that, it was just like night and day from what I was doing."

Barnett noted that the question for merchants is not so much how to compete as whether they actually are competing. "All they know is they're shelling out cash," he said. "I call it the pay and pray: pay for the advertising and pray that it's going to work. Do it again. Do it again."

He estimated that small business owners invest \$500 to \$900 per month for advertising that may not hit the target audience. But Barnett does not find that surprising because he believes most merchants aren't marketers; they're just following somebody else's lead, good or bad. In contrast, LIFT Network's system touches the merchant's customers often, incentivizes them to come back and invites them to recommend the merchant to others, Barnett added.

### **Growing from gift**

Incubated in the 8-year-old gift card company International Card Establishments Inc., LIFT Network has a foundation in the gift and loyalty space.

It tested the attributes of the e-mail, mobile messaging and Internet services to

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"great success," Barnett said. Now the company seeks more relationships with ISOs and MLSs.

With so many new tools, services and software added in LIFT Network's first year of operation (along with a new brand and a new look), a certain amount of push-back and problems could be expected. Barnett said none of the issues were evident beforehand, but the transition was relatively seamless and the company's customers rolled with the changes.

According to Barnett, creating a wholly integrated solution for merchants was the best decision the company made because merchants aren't comfortable with change. "When you're using our system, you can tie a card to an e-mail, to a text message, to a mobile ad, to mobile coupon, and back to the marketing all at one time," he said. "That's the power of the LIFT Network itself; all driven by a card or a cardless transaction."

The basic LIFT Network package includes:

- LIFT Marketing tool kit with 100 cards
- Basic listing with Shop&DineRewards.com
- Access to e-mail campaigns (60day free trial)
- Access to mobile promotions
- Planning for Success Guide
- Exclusive access to one-on-one business coaching

### Shop & Dine

Recommendations go a long way in today's consumer world. Fewer people reach for the phone book when they look for a place to eat or shop.

Not only do people search online for phone numbers of favorite restaurants, they also look online for restaurants they haven't tried yet.

With LIFT Network's Shop & Dine Rewards network, consumers can search for eateries and retailers, read customer reviews, add reviews and rate establishments, obtain promotions and coupons, and access Google Maps

- all on one site, found at www.shop&dinerewards.com.

A comScore Inc. study conducted in October 2007 by The Kelsey Group analyzed the impact of online reviews on how consumers choose restaurants and hotels, as well as travel, legal, medical, automotive and home services. Twenty-four percent of those surveyed indicated they turned to online reviews before making an offline purchase.

Nearly all (97 percent) of the participants also indicated that when they made purchases based on online reviews, they found them to be accurate. And they were willing to pay more for a product or service that garnered a positive review.

Barnett said LIFT Network plans to upgrade Shop&DineRewards.com in the coming year. The company is in talks with major industry players to help expand the review feature. LIFT Network also plans to add affiliate reviews.

### **Immediate goals**

LIFT Network is building partnerships within the payments, advertising and related industries to realize its goal of reaching 500,000 merchants. Barnett said the company's main goal, however, is to "define ourselves as the best resource a small, independent business can really use." While LIFT Network works with larger companies, its primary focus is small businesses.

Roughly 250 ISOs or MLSs currently sell the LIFT Network system. LIFT Network provides a training suite called Lift University for its sales agents. The training comprises marketing tools, information on marketing businesses and sales tips.

"They've got everything you could want there as far as support," Henderson said. He cited one-on-one coaching for sales reps and one-on-one business coaches for merchants as winning features of the LIFT Network support.

"As far as supporting your merchant, we say it this way, 'If you're great at it, by all means, help them; if you're not great at it, we'll do it," Barnett said. But payment processing issues are referred to the appropriate ISO or MLS. "You process their payments; we'll build their business," he said.

North American Bancard is another LIFT Network customer. Martin Wood, National Executive Recruiter for NAB, said, "We're growing each and every day with the agents that are signing up with LIFT Network, and it's just an exciting company to work with. And my agents value that as a part of their total solution for the future. I believe it's a company that's going to be a second to none out there in the marketing tool kit arena."



# FIRST LOOK

# Taking top strategies to market

eggy Olson, founder and Principal of payment consulting firm Strategic Marketing, formed the company in October 2009 for two reasons: to provide comprehensive, strategic marketing services to payment organizations that had neither the financial wherewithal nor the staff to handle those functions and to remediate clients' pain points associated with marketing their brands, products and services.

"I'd experienced some frustration utilizing outside agencies for marketing help before starting Strategic Marketing," Olson said. "Those organizations understand marketing mechanics and the creative side of the business, but they don't get the payments industry. There are a lot of stakeholders, a complex value chain as well as a wide variety of technologies employed. Additionally, there's a huge learning curve for these agencies in getting up to speed to create meaningful and on-target marketing programs. A lot of companies can make any campaign look pretty, but it only means something if it gets results."

### A question of style

Strategic Marketing offers a full range of services to all types of payment businesses. The company's offerings encompass buy-in, marketing, planning and communications strategies for any payment organization. Olson said she can help companies design logos, create Web sites and initial messaging channels, write press releases and media announcements – in her words, "manage the gamut of organizations and their marketing needs from soup to nuts." Olson, who is the former Vice President of Marketing and Communications for TSYS Acquiring Solutions and a 15-year industry veteran, added that her experience working with major payment processors, terminal manufacturers and value-added resellers was instrumental in the development of Strategic Marketing's business model.

"I've had the opportunity to work with so many great people over the years and was repeatedly asked, 'Can we put together a marketing plan and do something jointly as companies or utilize your services?" Olson said. "This was from little start-up ISOs to large financial institutions working on a product launch, a special initiative or an acquisition and wanting to get all their ducks in a row without involving internal teams."



### Strategic Marketing Financial Services and Electronic Payments Experts

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E-mail: peggyolson@smktg.com Web site: www.smktg.com

### Targeting the bottom line

Strategic Marketing pairs payments industry experts with top creative marketing talent to optimize the results of each company's marketing and media plans. Olson identifies the best opportunities for individual companies and finds the best industry professionals for those clients. She feels it is critical for payment organizations to clearly define and then articulate their value propositions through all communication channels and vehicles.

"You need to constantly give the same message over and over – who you are, what you do, what value you bring to your customers," she said. "Secondly, companies need to have an in-depth and realistic marketing plan that is backed by executive approval and funding to make sure it becomes a reality. You'd be surprised how many companies shoot from the hip when it comes to marketing. It's a hit or miss approach; as a result, many companies never achieve a return on investment."

Olson noted that Strategic Marketing has been getting inquiries on developing annual marketing plans for 2010 and how to best market ancillary products and services that demonstrate their tangible benefits to a merchant's bottom line. "Whether companies are looking for Web site overhauls, lead generation channels or public relations solutions, we feel we can help them achieve rapid results," Olson said. "It's been very rewarding thus far to have people reaching out to me about Strategic Marketing's business model. So I believe what we're doing now, combined with my previous experiences in marketing, will prove to be a winning combination."

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- ► Midwest
  - Natasha Cvijanovic, x5205
- ► Southeast
- Gregory Renfroe, x1927

### The VeriFone, Heartland rift

s a trying year on most economic fronts draws to a close, two leading payments industry companies, global POS system manufacturer VeriFone and top-tier processor Heartland Payment Systems Inc., are on the verge of severing their business ties: On Nov. 3, 2009, VeriFone disclosed that it intends to terminate its support relationships with Heartland, effective end of day Dec. 31, 2009.

The month of November 2009 has since seen the Rashomon effect take hold, as dueling press releases from both parties to the deteriorating relationship have presented their sides of the conflict (these can be found under News From The Wire at <a href="https://www.greensheet.com">www.greensheet.com</a>).

Some of the events leading to this juncture were reported in "Encryption debate heads to court," *The Green Sheet*, Oct. 26, 2009, issue 09:10:02, and "Dueling Strategies: VeriFone-Chase, Heartland-Hypercom," *The Green Sheet*, Nov. 12, 2009, issue 09:11:01.

Legal actions began Sept. 9, when VeriFone, based in San Jose, Calif., filed a complaint for alleged patent infringement against Heartland with the Federal District Court for the Northern District of California. At issue in the case is a patent acquired by VeriFone when it purchased Lipman Electronic Engineering Ltd. and renamed it VeriFone Israel Ltd. The patent covers what is described as "anti-tampering enclosure for electronic circuitry."

One week later, Heartland attorneys were at New Jersey's Mercer County Superior Court filing suit against VeriFone for allegedly trying to sabotage Heartland's efforts to develop and bring to market POS terminals that support end-to-end encryption of card and transaction data.

### Common goals, no synergy

Both companies are committed to applying end-to-end encryption technology to provide their customers comprehensive data security.

To that end, VeriFone – in addition to its ongoing research and product development – was instrumental in founding the Secure POS Vendor Alliance. The organization's stated aim is "to develop an end-to-end security framework and to enhance security elements of payment solutions which protect cardholder information and defend merchants and acquirers against security breaches, while reducing fraud and lowering risk for all electronic payment stakeholders."

And shortly after Heartland reported in January 2009 that it had been the victim of a massive security breach (the fallout from which the company has dealt with head-on

throughout the year), Heartland Chairman and Chief Executive Officer Robert O. Carr formed the Payments Processor Information Council, a group of industry veterans dedicated to sharing information about data breaches and preventing attacks on payment networks.

It appears that VeriFone and Heartland have been unable to find a way to work together toward their common goals. According to Heartland, the discord between the two companies began when Heartland refused to work exclusively with VeriFone to produce terminals featuring "Heartland's state-of-the-art, end-to-end encryption technology."

### A matter of support

The latest dispute revolves around support for Heartland merchants using VeriFone equipment. Though VeriFone is cutting off support for Heartland, it also stated in its Nov. 3 announcement that it is offering complete, alternative support to merchants who are using VeriFone payment solutions on the Heartland Payment Systems network.

"It is imperative that VeriFone merchants continue to receive support to accept card payments without any disruption," VeriFone CEO Douglas Bergeron said in a press release about the news. "VeriFone has a fiduciary duty to protect its intellectual property, but we have a 30-year reputation of quality that demands we protect our merchants first and foremost.

"Our extensive support desk resources will allow VeriFone to efficiently provide customers with a high level of service and shield them from the impact of litigation. We are making a special offer to provide this support free to all Heartland customers throughout the balance of their current Heartland processing agreement."

In response, Princeton, N.J.-based Heartland accused VeriFone of making false claims about Heartland in its Nov. 3 release. Heartland said VeriFone stated the processor is unable to support its customers that use VeriFone terminals.

"Heartland is fully capable – and will continue to be fully capable – of servicing all of its customers," Carr said. "In fact, VeriFone is not able to support our customers. They can't because our customers operate on our proprietary payment processing platforms. Heartland is the only entity that can provide full service – including ongoing service of VeriFone terminals – to them."

Heartland filed suit in the United States District Court for the District of New Jersey on Nov. 6, 2009, seeking to block VeriFone's Web site devoted to assisting Heartland customers who "may be impacted" by VeriFone's withdrawal of support for Heartland.

On Nov. 9, Pete Bartolik, VeriFone's Media Relations Director, indicated that at an emergency hearing requested

### News

by Heartland, the New Jersey court sided with VeriFone and denied Heartland's petition for an order prohibiting VeriFone from publicizing its free support offer to Heartland customers.

However, according to Heartland, the court granted Heartland's application on Nov. 9 "for an order to show cause against VeriFone," giving Heartland the opportunity to back up its assertion that VeriFone launched a public relations attack against Heartland by claiming Heartland can no longer support its customers.

The hearing on Heartland's claims and request for injunction filed under the Lanham Act (which prohibits such activities as trademark infringement, trademark dilution and false advertising) is set for Dec. 7, 2009.

### No resolution yet

This acrimony is the last thing either CEO wants. Each man has enjoyed significant success in his life and has given back to his community in a number of ways.

Carr is an industry stalwart, founding member and officer of the Bankcard Services Association (the precursor to the Electronic Transactions Association), former member of the ETA's ethics committee, and long-time advocate for fair treatment of both merchants and the feet on the street. He noted that Heartland "did not ask for this" and apologizes to the company's customers for what he views as a distraction, not a threat to Heartland's ability to serve them.

Bergeron led VeriFone's transformation from a money-leaking division of Hewlett Packard in 2001 (when Gores Technology Group LLC acquired VeriFone) into its current position as a leader in secure electronic payment solutions; he has operations throughout the world to tend to.

Hopefully, the issues in contention will be resolved suitably and swiftly in the courts, and both the executives and the companies they lead will be able to return their full attention to doing what they do best.

# CIT seeks smooth reorganization

n Nov. 1, 2009, CIT Group Inc. reported that its board of directors – with the support of its debt holders – voted to proceed with a restructuring plan as part of the company's Chapter 11 bankruptcy. CIT provides financing to about 1 million small and mid-sized businesses and is among the largest lenders serving the U.S. retail sector. Its subsidiary CIT Group Funding Co. of Delaware LLC is also a party to the action.

CIT received the relief it sought from the U.S. Bankruptcy Court for the Southern District of New York regarding its "first day" motions, which will allow the company to maintain normal daily operations. CIT said that none of its other subsidiaries, including one of its largest, Utahbased CIT Bank, are part of the Chapter 11 action.

"None of CIT's operating subsidiaries, as well as its operating segments, are included in the filings," said Curt Ritter, CIT's Directors of External Communications & Media Relations. "All of these entities are expected to continue uninterrupted operations. More importantly, approximately 90 percent of our debt holders cast affirmative votes for our reorganization."

### **Good-faith funding**

The company expanded its current \$3 billion senior secured credit facility by an additional \$4.5 billion. This influx of funds, which is being provided by a "diverse group of lenders including many of CIT's bond holders," will be secured by additional collateral that becomes available as a result of the company's refinancing.

CIT also secured an incremental line of credit of \$1 billion from securities and investment firm Icahn Capital LP to provide supplemental liquidity as it reorganizes. Under the restructuring plan, CIT expects to reduce total debt by



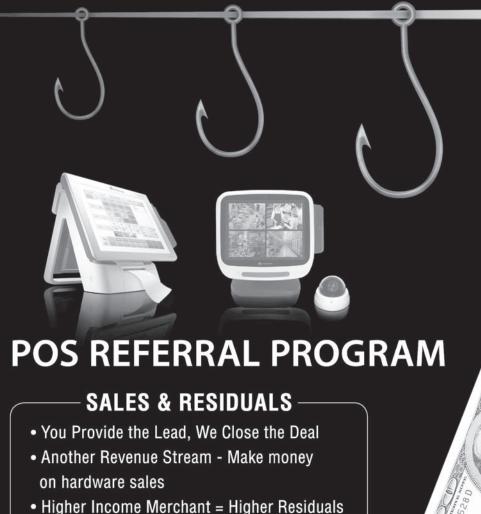
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approximately \$10 billion, significantly reduce its liquidity needs over the next three years, enhance its capital ratios and accelerate its return to profitability.

"We believe this secured financing will serve the best interests of all stakeholders and will allow us to better position CIT for the future," said Jeffrey M. Peek, CIT's Chairman and Chief Executive Officer. "This expanded credit facility will enable us to continue serving our existing small businesses and middle-market customers as we advance our restructuring plan."

### **Timely turnaround**

The plan is designed to streamline the company's debt and capital restructuring. And because of the near unanimous support of its debt holders, CIT is asking the court for quick confirmation of the plan. The court scheduled a hearing to consider CIT's "prepackaged plan of reorganization" for Dec. 8, 2009.

"These motions include requests to continue the payment of wages, salaries and other employee benefits," Peek said. "Additionally, the company has filed a motion seeking the necessary relief from the court to pay its vendors and certain other creditors in full.

"The decision to proceed with our restructuring will allow CIT to continue to provide funding to our small businesses and middle-market customers, two sectors that remain vitally important to the U.S. economy.

We remain in constant communication with our clients to ensure continued access to the services they need to run their business. This solution gives CIT an opportunity to enter into our reorganization well-prepared and positioned for a swift emergence."

# Optimizing online holiday sales

erchants typically generate 40 percent of their annual income during the holidays, according to payment processor and cardnot-present (CNP) solutions specialist Litle & Co. To guide ISOs and merchant level salespeople (MLSs) on the best ways to help merchants maximize profits during the coming holiday season, the processor advises on how to prepare for chargebacks, defend against friendly fraud and offer alternative payments to boost sales.

Bob Botelle, Chief Customer Officer at Litle & Co., suggests that merchants develop a baseline of chargeback activity during the entire year, then work with their processors to formulate operational efficiencies to absorb and manage higher volumes of chargebacks that normally occur during the holidays.

"At Litle, we work with our merchants on all of their operating processes," Botelle said. "Some chargebacks they have no control over, obviously.

However, we can help merchants fine-tune their shipping, order review and customer service processes to make sure they're looking at orders over a certain dollar amount and if the 'ship to' address changes, for example. It's imperative merchants have more of a manual review process during the holidays."

### Make a personal connection

Botelle said that in the CNP world, higher ticket items like jewelry and high-end electronics have a much greater fraud rate than most other products, especially during the holidays. He suggests merchants can prevent chargebacks by calling customers to verify high-ticket purchases.

Botelle noted that changes to card information – such as new cardholder personal information or reissued cards with new numbers – have increased significantly this year, most notably due to the myriad acquisitions and mergers of financial institutions. ISOs and MLSs can help merchants with value-added services to address those concerns.

"Visa and MasterCard provide a service called Account



# "It's imperative merchants have more of a manual review process during the holidays."

Bob Botelle, Chief Customer Officer Litle & Co.,

Updater, an automated, dedicated and secure clearing house that makes changes to cardholder account information available in real time," Botelle said. "Our recurring and installment-based merchants can send us a file of all the cards they're going to bill each month before they send them out.

"We send that information into the card associations and get back updates – whether the expiration date has changed, if the account is closed or if a new card has been issued in the same portfolio with a different number. All the recent data breaches have severely impacted online merchants, so we've found it's been a great program – and the merchants love it."

### Make a few adjustments

To further prevent chargebacks and fraud, Botelle also advises that:

• Signatures be required for receipt of goods (addi-

- tionally, orders with different "ship to" and "bill to" addresses as well as e-mail addresses be verified)
- Merchants offer free shipping during the holidays and have daily sales to entice customers who would ordinarily refrain from making small-volume purchases due to additional costs involved
- Special offers be given to motivate repeat traffic
- Alternative payment methods and strategies be implemented for recurring billing of higher-ticket items for customers who don't want to use credit cards

Botelle believes, however, that the best remedy against chargebacks and fraud is simply consistent, high-quality customer service. "Sites that ship fast, have the lowest prices and give the service people are looking for should do well this year," Botelle said. "You can buy the same product on a dozen different sites, so merchants should make sure their Web site and checkout page works as smoothly as possible."



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# LINC-ed up in Sacramento

n Nov. 5, 2009, Women Networking in Electronic Transactions (W.net) held its first Northern California Local Interest Networking Circle (LINC) in Sacramento, Calif. The event, sponsored by POS Portal Inc. and TASQ Technology, was an intimate gathering of just under 20 women at Oshima Sushi, a Japanese bistro and bar.

The cocktail-hour LINC was coordinated by Julie Crouse, Vice President, Regional Sales at TASQ, and Audrey Blackmon, TASQ's Director of Client Relations. It provided an opportunity to relax in a convivial environment, have drinks and enjoy light Japanese fare. The one organized activity offered insight into the event's purpose. Crouse asked participants to line up in order by birth month and day – but without speaking or gesturing. Once all were in line, Crouse told participants they could now speak as they sought their proper places in line. Thus, an approximation of order swiftly became perfect. The point being that we must communicate with one another to get positive results; if we don't we are lost.

Throughout the evening, conversations were animated as women talked with ease about terminal sales and hair stylists in the same breath. They discussed professional challenges, shared industry knowledge, presented fresh ideas and offered mutual support.

Reflecting upon the LINC's benefits, Crouse said, "I believe W-net's Sacramento LINC is giving me the opportunity to create new alliances, which brings individual and collective value to our industry and makes all of us invaluable resources for our own company as well."

The next Northern California LINC will be Jan. 9, 2010, in the San Francisco Bay Area. Details will be posted at W.net's Web site, www.w-net.biz.

# Remote debit gets a voice

here's a new group on the block: The Secure Remote Payment Council formed recently to foster cooperation in addressing user authentication and financial data encryption issues associated with development, promotion and adoption of Internet and mobile debit transactions.

Paul Turgeon, President of Payments & Processing Consultants Inc., said there hasn't been a forum in which

all the players could meet in one room. In the summer of 2009, he began calling issuers, payment brands, payment authentication developers, financial institutions, processors, alternative payment platforms and merchants to meet to discuss the formation of an organization to support the furtherance of remote debit. The response was unanimous. "Everybody came, literally everyone," Turgeon said of a series of weekly planning meetings held shortly after his outreach efforts began.

At a meeting slated for Dec. 17 to 18, 2009, in Dallas, the SRPC's initial board of directors will be installed. Paul Tomasofsky, President of Two Sparrows Consulting LLC and SRPC steering committee member, said groundwork has been laid to provide a quick start for the board, and the SRPC will hold several regional meetings to recruit members and gather input from industry leaders.

According to Tomasofsky, the council wants to help foster consumer adoption; merchant acceptance and implementation; and infrastructure changes that acquirers, processors or issuers need to make. "We want to work with standards bodies to make sure that the voices of our members are going to be heard in their standard-writing," he said. "We will help; we will participate."



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"It caused a lot of misrepresentation and fraud and a lot of problems. I'm not saying they were all bad guys, but some people were not honest and upfront with merchants, and I think as those companies have gone belly up, the few that are out there are doing stand-up business."

Christian Murray, National Director of Business Development for Telecommunications
Global eTelecom Inc.

which gave rise to practices that proved damaging to the reputation of the business at large.

"When the mortgage industry bombed and the economy tanked, you had all these people in the mortgage business, housing and loan officers and other people that naturally migrated over to the cash advance side," said Christian Murray, National Director of Business Development for Telecommunications for payment services provider Global eTelecom Inc. "That's what I saw from a recruiting perspective. I was training and boarding and watching new officers that had no idea about bank cards or checks, people foreign to our business.

"It caused a lot of misrepresentation and fraud and a lot of problems. I'm not saying they were all bad guys, but some people were not honest and upfront with merchants, and I think as those companies have gone belly up, the few that are out there are doing stand-up business."

### Financial ties

Indeed, the providers of merchant cash advances often depend on the financial health of their clients; the rate at which they recoup an advance hinges, in most cases, on the client's volume of credit and debit card purchases.

Traditional loans are paid back in installments of some fixed dollar amount, but merchant advances are recouped by taking a percentage – known as a "split" – of a merchant's receivables. The process involves the automatic redirection of certain card purchases – usually Visa Inc. and MasterCard Worldwide credit and debit purchases, depending on the processor – away from the merchant and to the cash advance provider.

In most cases, the processor takes a small fee from the arrangement, courtesy of the cash provider. If the total receivables are low, the split, which can range from 3 percent to upwards of 30 percent, can take an especially long time to roll in, given a typical payback period of six months.

On the other hand, providers that take too high of a split can jeopardize both a merchant's business and their own reimbursement. While the processing split is the most common method of recouping an advance, there are other avenues. One is known as the "lockbox" method, in which the split is done by a third-party bank (separate from the merchant's acquiring bank). The other involves the cash provider making an automated clearing house (ACH) debit from the merchant's bank account.

A merchant cash advance executive who spoke on condition of anonymity said companies usually prefer doing the processing split because it carries the smallest risk.

For example, while the split entails redirecting the money before it reaches the merchant, an ACH debit requires that the provider wait until the money arrives at a merchant's bank account – where it is liable to disappear before it's drawn.

"With the ACH option, we're subordinate to his bank account, so you could be pulling checks or maybe the things on auto-bill pay," the source said. "[With split processing] we capture it at the point of sale versus after the sale."

He noted that the complicated processing arrangements of certain merchants necessitated the ACH option and added that, with the onset of the recession and the resulting tightening of credit lines, cash advance ISOs may have a financially stronger client base that would have historically turned to bank loans.

In effect, the negative economic climate may result in a higher approval rate among merchant applicants. But another position has it that approval rates will steadily decline as merchants' financials face closer scrutiny.

"A lot of accounts [with Merchant Warehouse] do get declined now, where in the past very few of them did," Zdanis said. "I think the big companies' approval rates have dropped significantly, and we are experiencing that firsthand. ... Last month we acquired over 3300 new accounts, and I think we did 12 [advances] and ended up getting three approved."

### Tightening the noose

Zdanis said the tightening of restrictions on merchant

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cash advances could be traced to a couple of trends. The most significant one, he said, was the recession's overarching toll on businesses, and their resulting vulnerability to bankruptcy and other outcomes compromising their ability to reimburse providers. (Zdanis added that Merchant Warehouse has yet to have a client default on an advance.)

The second trend has been the shift among consumers away from the use of credit cards and toward debit cards, which Zdanis said has had "a small negative effect." The reason is that debit card payments often don't run on the Visa-Mastercard rails and thus avoid the processing split that providers enjoy. Another reason is that debit payments tend to be smaller than credit payments.

"People spend less money per transaction on their debit card," Zdanis said. "They know they have to pay the bill right away, and generally tickets are higher as people are using credit and paying in the future. Also, debit cards have limits: you might only be able to spend \$300 a day when you get it, whereas with a credit card you can spend up to the whole limit if you want."

Znadis added that "this product is driven not by the people using it but by the people selling it." He said some Merchant Warehouse sales agents simply do not introduce merchant cash advance as a possible value add, in some instances because they fear the merchant will see the offer as something predatory and choose a different merchant provider.

Such fears, sources say, have their roots in the practices of certain bad loan providers – both in and outside the payments business. In the mortgage market, for example, lenders gained a dubious reputation in recent years for providing

home loans to unqualified borrowers; in merchant cash advance, a few companies became known for predatory lending practices, such as charging hidden fees and using fluctuating splits.

Mark Lorimer, Chief Marketing Officer of AdvanceMe Inc., one of the industry's largest merchant cash advance providers, said the proper use of cash advance can be a boon to merchants looking to grow or revamp their businesses.

He added that the use of a percentage, rather than a fixed dollar amount to collect advances, helps safeguard merchant borrowers against business failure, making merchant cash advance less risky than traditional loans.

"That's the beauty of merchant cash advance: the amount collected rises and flows with the amount of credit card transactions that the business is seeing," Lorimer noted.

Lorimer said most of AdvanceMe's clients are return customers. (Znadis said that was true of Merchant Warehouse as well). AdvanceMe only takes a maximum 9 percent of a merchant's card receivables – and sometimes as little as 3 percent – to protect it further from long-term harm.

The percentage, Lorimer said, depends primarily on a merchant's total sales volume, the proportion of transactions that are credit or debit card-based and the type of business.

"We have about 60 people in data systems and technology and another 15 full-time analysts that are running our adaptive learning programs, our profiling, our scorecards," Lorimer said. "We have an extensive data services division that feeds our underwriting decisions, scoring models, as well as things like the small business credit sales report."

### An economic reprieve

Lorimer and others said that the manner in which merchants typically use cash advances has changed as well, further strengthening the value of the product. Cash advance companies,











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they agreed, have begun taking an interest in the way the forwarded money is spent to ensure merchants are using it constructively and not just paying off debt or forestalling bankruptcy.

"Before you could be any company and, if you had credit card processing, you could get a loan," where now they're digging deeper, Global eTelecom's Murray said. "They're wanting to know, you've been in business for a year? Great; do you pay your bills? They're looking closer at the credit worthiness of the merchant."

Lorimer said AdvanceMe has seen a shifting mentality among merchants, likely springing from the economic downturn. Before most advance recipients were looking to simply expand their businesses by increasing existing inventory, opening new locations and building on current ones, but now the money tends to be used for a more strategic brand of repositioning.

"It may be a retail store moving from high-end clothes to more accessories, or a high-end automotive place maybe using it to stock up inventory that's not quite so expensive," Lorimer said. "Two or three years ago people were using the money a lot more for opening new locations and expanding and buying out a partner.

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"We're seeing a lot more merchants now using the money to refine their concept or change slightly to reflect what they're seeing in their local marketplace."

Indeed, it seems that the business of merchant cash advance has itself been tuned up and refined in recent years as the number of providers has shrunk and the most judicious ones have survived.

According to Zdanis, the service is likely to remain the province of a small group of providers, while other companies looking to penetrate the market will have to get creative.

"I think the product in its current form will always have some customers, but it's definitely not going to grow like people had hoped, and it'll be very rare that you'll find a company like mine really making its money or building its future around this product," he said.

"If underwriting has changed so that it's more like bank [loans], I think the product maybe has to be revamped to directly compete with banks or else take a whole different direction. And I think that'll happen – with very few strong players in the business there's opportunity out there for someone who's financially stable and creative enough."





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# Education StreetSmarts<sup>sm</sup>

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### How much do you factor in price?

### By Jon Perry and Vanessa Lang

888QuikRate.com

alue-added services are great, but what happens when all your prospect wants to discuss is price? This question started a thread of 130-plus comments on GS Online's MLS Forum. The thread is titled, "Like it or not, we all sell on price."

The topic raised valid points from individuals of both persuasions – those who believe that to lead with price means to lose on price and those who think merchants' main criterion is price, so why not discuss it upfront?

What struck us about this thread is how it made us revisit our own approach to selling. Proposal selling has been a main component of any sales call we make, but how often do we default to price?

### Can anyone win the price wars?

Savvy merchants have figured out that comparison shopping for service providers in our industry is a wise move. More often than not we will drop the rate a few basis points to win the deal. The main concern voiced on the forum is margin erosion. If the next merchant level salesperson (MLS) keeps lowering rates (not to mention the variety of other applicable fees), what will that mean for long-term sustainability?

It has some people concerned enough to consider leaving the industry. As Antares stated, "I think we all should start planning for an exit strategy. I just hope it never comes to that point."

"Save your way to a sale," an old industry adage, comes to mind. Clearent made an excellent point on a root cause for this common mentality: "It's quick and easy to train a rep on 'giving them a rate cut' so that the trainee doesn't take too much time."

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Training is costly and, due to the complexity of our industry pricing model, it can take owning and managing an acquiring bank to fully understand the true costs and profitability associated with portfolios.

Combine this with current industry trends, which provide little residual and large upfront bonuses, and it is not uncommon to find small merchants getting the same pricing that the big-box retailers invested millions to negotiate.

### Why should a merchant choose you?

Is price as important to merchants as we perceive it to be? Certainly a merchant who pays a 5 percent effective rate when he or she could be paying 3 percent may seek out the better deal, but what can we do to help merchants understand the intangibles?

Forum member JEH1003 stated it well: "What's it worth to just call us, tell us the problem and then not worry about it because their processing guys will handle it? Apparently, it's worth quite a bit if you're a successful business owner.

What's it worth to have someone in your town or a few hours away rather than calling [a foreign country] for help and going through automated menus? What's it worth if you're a restaurant to have a machine downloaded and

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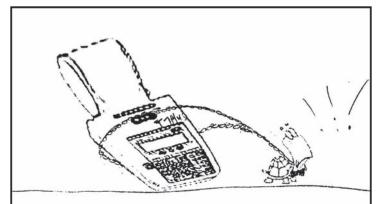
There will always be merchants who are only interested in rate. Some MLSs will quote them a rate and others will not. JEH1003, who believes his hand-on approach increases his cost per merchant, said he has "walked away from many deals because all the merchant wanted to talk about was price."

in your hands in less than an hour if you go down on a Saturday or a Friday?"

Small merchants want credit card processing to be transparent. While this approach does not apply to every business model, it certainly differentiates your organization from the competition and is important in client retention.

There will always be merchants who are only interested in rate. Some MLSs will quote them a rate and others will not. JEH1003, who believes his hand-on approach increases his cost per merchant, said he has "walked away from many deals because all the merchant wanted to talk about was price."

One of our industry mentors always told us that when



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someone asks what your rate is, ask in return, "What do you want it to be?" Give it a try and see how merchants respond.

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Only one merchant commented that we saved her money. All others focused on intangibles – service, support, value-added solutions and skills outside of core processing. Those intangibles have become our differentiators.

Ultimately merchants deserve a fair price. But if pricing does not match customers' perceived value, it can lead to attrition. The lower the value, the lower the price.

### If it's wrong, why do it?

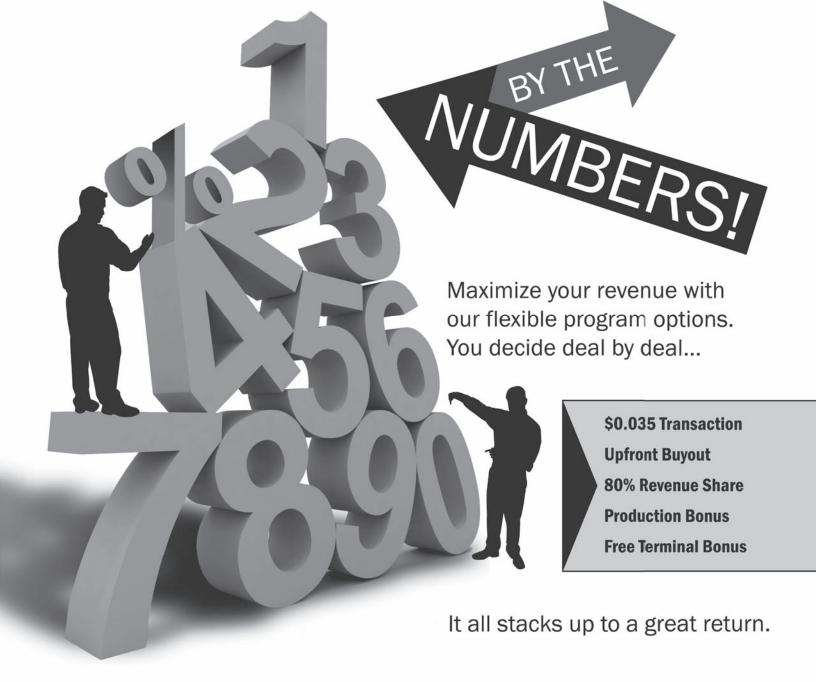
Sometimes people have different ideas of what is right or optimal. People who see solution selling as a powerful tool struggle to understand how people can sell solely on price and rates, and vice versa. The bottom line seems to be that "sometimes merchants will not buy on anything other than price," Side Swipe stated.

Johnmcknee looked at the bankcard business from a price perspective: "The only business model I see that works is to sell based on price and make up for it in volume, and I mean a lot of volume."

Forum member dc62 stated, "I am brand new to this, but I've been in sales for a long time. The bottom line is that, despite what we've all been told in our 'sales training,' people buy in their own time and for their own reasons. For many people, that translates into price."

Some people are not willing to walk away from a deal just to avoid selling on price. As Antares wrote, "If I have exhausted all other value-adds, and the merchant is only interested in price, I am not going to walk away from a perfectly good deal that I can still make good money on."

Anyone who is truly knowledgeable goes beyond price, but if merchants just want to talk price and are willing to sign, would you walk away?



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### **StreetSmarts**

There is a notion out there that it is easy to sell on price. Therefore, selling on price makes you lazy and uneducated. These are real thoughts shared by our industry on the forum.

Still, even though we lean toward solution selling, it is very nice to write a deal every now and then where you walk in, show them the savings and they sign. Keep up with the service and up-sell later if you can. There is always more than one way of accomplishing the same result.

Forum member Jdeckard limits negotiation. "I sell processing ... and I sell it at the price I want, or I move on to the next merchant," Jdeckard said. "I don't give away anything."

### Can you be flexible?

We can see and appreciate both sides. We think ncrum described our thoughts well when he posted, "For me, I will admit, reluctantly, that I too sell on price more often than what I care to admit."

Our general thoughts on this topic boil down to four "Selling 101" tips:

1. Understand why the client is shopping or buying.

- 2. Get to the pain and gain of the situation.
- 3. Develop a solution to eliminate the pain, or move them toward gain.
- 4. Understand your best and final offer.

In many cases price could be the deciding factor, but following this model we can understand a merchant's current situation and determine the value of the merchant's future state, which makes the situation a win – win – win for all parties (you, the client and the processor).

As long as all parties are profiting or gaining something of value, then sell on price, value-adds – anything you want. Work at creating a value-added offering that will help slow the erosion of profits and keep the feet on the street thriving.

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/dfw-card, 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)

### Ask the coach

### Timing is everything

### By Bob Schoenbauer

Capitol Payment Systems Inc.



*uestion:* What day or days have proven to be the best to cold call merchants? Best time of day?

"Coach" Bob's answer: My answer to this question is the same for cold calling or preset appointments. Our experience has shown that weekends just don't work for visiting merchants. As many of you may know, we do not have in-house sales at Capitol Payment Systems.

Several years ago, though, as an agent office we had as many as 16 outside salespeople and telemarketers. We tried visiting merchants on weekends through both cold calling and presetting appointments several times, with no results.

While I personally never tried to cold call on weekends, those who did, only did so once. I remember talking myself into taking preset weekend appointments on a few occasions. Red hot merchant! Needs to see me right away! Will be there waiting! Of those few that I tried, never once was the merchant even there. Not once.

As for the best hours of the day, the easy answer would be 9 a.m. to 5 p.m. We found, with a little planning and research, we were able to shorten these hours, allowing us to save time and energy while achieving the same results. To do this, we need to break prospects in to three groups: retail, restaurant and service industry.

### Time it right

Retail and restaurants are similar, with the difference being the lunch rush. If you are only calling on these industries, waiting until 10 a.m. for your first contact is optimal. With most owners getting in at 9 or 9:30 a.m., this allows them to catch up from the previous day, make calls and settle in. The more you can minimize distractions and control the environment, the higher your closing ratio will be.

As for the end of the day, distractions become an even bigger obstacle; 3:30 p.m. was about as late as I would ever visit a merchant. I found the same with our reps and am still seeing this today with our agent partners. Any later, and the merchant's mind will wander off to thoughts of getting out the door and heading home. The later it gets, the shorter the merchant's attention span will be.

Restaurants are a different animal in that you need to know their lunch rush - not just when tables are busy, but how long it takes them to recoup from the rush.

If you do visit a merchant late in the day, you'll need to work hard at controlling the environment. Asking additional questions during your presentation is an easy way to do this.

Restaurants are a different animal in that you need to know their lunch rush – not just when tables are busy, but how long it takes them to recoup from the rush. For some small restaurants, you may need to block out 11:30 a.m. to 1:30 p.m., while others may be 11 a.m. to 2:30 p.m. You must be very sensitive to this.

The bottom line is that when calling on retailers and restaurants, we were able to work in the field from 10 a.m. to 3:30 p.m., getting the same results and avoiding burnout. The service industry was our exception to the rule. Most of these owners are in very early -7:30 to 8 a.m. We would see them from 8:30 a.m. until our first retail or restaurant owners were available.

While service businesses are great filler for an early start, they are also much more than that. Some reps are comfortable with them and some aren't. I was very successful with them due to my background, as were many sales partners I trained.

So there you have it. You can work 9 a.m. to 5 p.m. and try to not get stymied by prospects' rush times, or you can work a little smarter, beat the rush and be better prepared for tomorrow.

"Coach" Bob Schoenbauer is the President and founder of Annapolis, Md.-based Capitol Payment Systems Inc., which was established in 1997. Bob attests that CPS is a debt-free ISO/MSP built on clarity, respect and an open door for MLS partners. He is always available for advice, drawing on his experience in both face to face and phone sales. You can reach him at bob@capitolpaymentsystems.com, coachbobs@verizon.net or 410-897-4960. For more info on CPS, please visit www.capitolpaymentsystems.com.



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# Education (continued) Hazards of chargeback monitoring

### By Ken Musante

Moneris Solutions

n "Understanding chargeback rules," *The Green Sheet*, July 27, 2009, issue 09:07:02, I wrote about chargeback rules, programs and associated fines, and discussed how Visa Inc. and MasterCard Worldwide rigorously enforce those rules and enact programs to protect their brands.

I also discussed the ramifications of continuously exceeding the threshold and the possibility for merchant disqualification in extreme cases.

Because of the severity of the penalties, you might expect Visa and MasterCard to have highly sophisticated monitoring for these programs. Unfortunately, neither company has an exact count of chargebacks by merchant number. Rather than speculate on why, I would like to share the consequences.

### MasterCard's requirements

MasterCard mandates acquirers to report each merchant who exceeds specific thresholds. It must include the:

- Merchant's name and location
- Calendar month of the violation
- Merchant category code and description of business
- Gross dollar volume and number of transactions for the month in which the violation occurred and for the preceding month
- Gross dollar volume and number of chargebacks for the month in violation

Failure to provide this report within 30 or 45 days following the end of a calendar month (depending on the program) may result in fines of \$5,000 per month for each merchant for which a report is overdue. Fines may escalate to \$1,000 per merchant per day for more serious merchant violators.

My point, however, is not the fines' severity, but rather that MasterCard relies on self-reporting. I imagine some acquirers do not even realize they are required to notify MasterCard in the event of a violation.

### Visa's requirements

Visa, on the other hand, is able to identify merchants directly and identify violators. Visa relies on the merchant's Doing Business As (DBA) field and counts both transactions and chargebacks associated with a specific merchant. Regardless of whether the acquirer is familiar with the chargeback monitoring program, it will be singled out if it exceeds the threshold.

Visa's Merchant Data Manual outlines specific naming conventions to use in the DBA field to assist Visa in tracking and identifying violators. Visa prohibits merchants from creating a unique DBA for each product the merchant sells because it makes monitoring attempts futile.

Visa recently notified acquirers they are required to ensure direct-marketing merchants are in compliance with DBA requirements by Jan. 1, 2010. I believe this communication was necessary because of how Visa monitors merchants. To monitor merchants by DBA, the naming convention must be known and common among acquirers.

### **Thresholds**

Both Visa and MasterCard programs, however, have chargeback levels that must be exceeded to "trip" their program thresholds. Visa's Merchant Chargeback monitoring program is for merchants exceeding 100 chargebacks and a 1 percent chargeback-to-transaction ratio in a calendar month.

MasterCard's similar program is engaged at 50 percent and 0.5 percent. Obviously, plenty of room exists, and the chargeback percentages can be enormous while still not tripping the above numbers. Worse, some acquirers – intentionally or ignorantly – divide a merchant's processing into smaller groups. The purpose for doing so can vary and can include tracking marketing programs and Web sites.

Some acquirers and merchants know this and disguise their chargebacks by setting up many smaller accounts. The net effect is these accounts remain below the chargeback threshold, enabling them to avoid entering the program. If an acquirer does this with the intent to deceive Visa or MasterCard, the consequences can be severe.

The problem is that sometimes it is the salesperson or down-line ISO that does this, placing the acquirer in harm's way. Acquirers need to ensure they monitor across their entire portfolios to guarantee that a merchant is not split among different ISO portfolios. Not doing so jeopardizes the acquirer's relationship with Visa and MasterCard – not to mention with the merchants who may not have a complete grasp of chargeback rules.

Unfortunately for U.S. acquirers, offshore acquirers have more liberal chargeback thresholds. This allows (or causes) some U.S.-based merchants to seek overseas accounts to maintain higher chargeback ratios while still maintaining compliance. Doing so establishes an entirely new set of issues, but that is the subject of a future article.

Ken Musante is Executive Vice President and Chief Sales Officer of Moneris Solutions. Contact him by e-mail at ken.musante@moneris.com or by phone at 707-269-3200.



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### Education (continued)

# Protect your investment through non-competition agreements

### By Sarah Weston

Jaffe, Raitt, Heuer & Weiss PC

fter spending great amounts of time and money training a new industry entrant, it's natural for a business owner to want to protect that investment. At the same time, it is now increasingly common for sales agents to move from company to company, picking up industry expertise and confidential information along the way.

To balance these competing interests, parties have turned to using non-competition and non-solicitation clauses in their employment or agency agreements that define the boundaries and limitations of the employment relationship from the start.

Lately, my firm has been asked to interpret a greater number of employment contracts containing these clauses, as they have become more common in the payments industry. This article provides a quick primer on these subjects,

as well as suggestions on how to protect your assets and confidential information.

### **Background**

Typically, non-competition and non-solicitation clauses are found in employment and independent agent agreements, which are usually signed at the beginning of the employment relationship.

The non-competition clause restricts the employee or agent from engaging in specific activity within a certain geographic area for a specified time after termination of the employment contract, typically regardless of the termination's cause.

Not to be confused with a true non-competition clause, a non-solicitation clause restricts the employee or agent from contacting, contracting with or soliciting the former employer's merchants, customers or remaining employees within a certain geographic area for a specified time after termination of the employment contract.

The laws covering non-competition and non-solicitation are governed by individual states. There is simply no way to analyze the enforceability of an employment agreement without reviewing the specific terms of each agreement and knowing the choice of law contained in each.

There can be divergent results from state to state. For example, in some states non-competition agreements are enforceable if they pass scrutiny when reviewed under tests of reasonableness or fairness. In California, however, non-competition agreements are generally unenforceable, subject to a list of exceptions to this general rule.

In addition, deciding whether merchant lists constitute trade secrets or confidential information is a fact-driven endeavor and varies from state to state. In analyzing this issue, courts often consider how the information was treated by the parties.

For example, did the applicable agreement require that the information be kept confidential – even from other employees? How well guarded did the "owner" keep the information from third parties, affiliates and non-essential employees?

On the other hand, general information learned by an employee or agent through the course of employment or engagement is typically not protected, and courts will usually analyze whether restrictive covenants protect legitimate business interests.



### Education

### Hiring recommendations

As a business owner, you should perform additional due diligence if you are thinking about hiring an individual who was previously employed by a competitor, especially if you know the individual was bound by a non-competition clause. Because you were not a party to the previous employment agreement, the former employer likely would not have a claim against you for breach of contract.

However, it is possible the former employer could raise claims of contract interference for your actions in persuading said employee to breach his or her agreement with the former employer, particularly if you were aware of the agreement prior to hiring the individual.

In addition, you could face other claims, such as allegations of theft or misappropriation of trade secrets and confidential information, unfair competition, conversion, interference with business relationships, unjust enrichment, and civil conspiracy.

If you hire the employee and, while under your employ, the individual solicits the former employer's merchants or clients, the former employer could seek injunctive relief against you to prevent you from soliciting said employer's customers and from using information you may have received from the new employee. Additionally, the former employer could seek monetary damages caused by lost profits.

Remember that even if you are "successful" in defending a lawsuit filed against you, you have still been forced to spend your hard-earned money defending the action, which is reason enough to clarify these issues before actually hiring the employee.

### **Employee and agent recommendations**

If you are an employee considering leaving your current employer but still want to remain in the industry, closely review your employment contract for non-competition and non-solicitation restrictions. If you are bound by such restrictions, analyze both what the contract's limitations are and whether applicable state law will uphold those restrictions.

### Using restrictive clauses

If you are considering hiring a person and would like to have him or her bound by a non-competition or non-solicitation agreement, here are two simple steps to follow:

- 1. When drafting the employment agreement, be clear about how long, where and how you want to restrict the employee from competing with you after termination of employment.
- **2.** Discuss those limitations with the attorney drafting the agreement to decide which state's laws should apply. This is an important consideration because,

as stated earlier in this article, whether the limitations you choose are enforceable against a former employee is decided under state law. Courts generally honor parties' choice of law so long as the chosen state has some relationship to the parties or transaction or if there is a reasonable basis for the choice of law.

While well-drafted non-competition and non-solicitation clauses can help protect reasonable expectations of both employee and employer, actually preparing the terms of clauses is a delicate balancing act.

If the provisions are too restrictive, they will not be enforced by the court; if the provisions are not restrictive enough, they will be ineffective and possibly not worth the time or money required to negotiate them.

Following this advice and using qualified help will assure that your assets will be protected for years to come.

The recommendations herein are general suggestions; they are not a substitute for legal advice. For specific information, consult experienced legal counsel. Sarah Weston is an attorney at Jaffe, Raitt, Heuer & Weiss PC and advises businesses on contract and regulatory issues in the merchant acquiring, stored value, automated clearing house and payment systems industries. You can reach her at 248-351-3000 or at sweston@jaffelaw.com.

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### Education (continued)

# Scrooge, a lesson in leadership

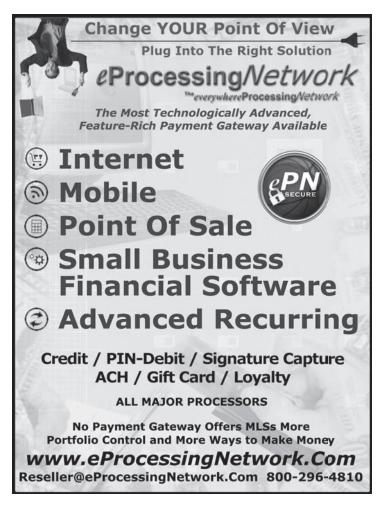
By Dale S. Laszig

DSL Direct LLC

f you were asked to provide a fictional example of a charismatic leader, Ebenezer Scrooge would not be the first character that comes to mind. The very name Scrooge is associated with miserly behavior, qualities personified in the penny pinching manager of an accounting firm who doles out a lump of coal a day to a shivering but faithful assistant.

Charles Dickens' timeless *A Christmas Carol* was first published in 1843. When the story begins, Scrooge is a classic example of a micromanager.

"The door of Scrooge's counting house was open that he might keep his eye on his clerk, who in a dismal little cell beyond, a sort of tank, was copying letters," Dickens wrote. "Scrooge had a very small fire, but the clerk's fire was so very much smaller that it looked like one coal."



### Wake-up call

As the story unfolds, Scrooge meets with a series of spirits, each providing a different perspective on his life. In turn, they show him where he's been, where he is and where he's going.

The Ghost of Christmas Past takes him back in time to a young Ebenezer who is warned by his fiancée that his love of numbers is eclipsing his personal life. He ignores her and misses out on marrying her.

The Ghost of Christmas Present confronts Scrooge with a ragged boy and girl, symbolizing ignorance and want, as dangerous to us today as they were in Victorian times.

The Ghost of Christmas Yet to Come shows Scrooge in the meager aftermath of a reclusive life. The chilling spectacle of charwomen fighting over his bed sheets after he dies is a major wake-up call.

### **SWOT Team**

Change is never easy, but sometimes considering the consequences of not changing can be enough to scare us into action. Scrooge had to reconcile with decisions made in the past to understand the present, and create the right action plan for a positive, profitable future.

The frightening process Scrooge experienced resulted in a paradigm shift in his management style, all the more inspiring because it came at such a late stage in his life. It's a model that merchant level salespeople and ISOs can use, beginning with an evaluation called the Strengths, Weaknesses, Opportunities and Threats (SWOT) Inventory:

- **S:** Start with the positive, strong qualities that contribute to our success. Perhaps you're great at prospecting. What else are you good at, and how can you build on these qualities?
- W: Which areas of management can be improved?
   Maybe you could be better at follow-up and checking in with merchants who have been with you for awhile to make sure they're still enjoying the ride.
   Maybe you procrastinate with paperwork or need to develop your time management and presentation skills.
- O: Of all your potential clients, which merchants represent true partner material by offering the most rewarding relationships and best return on investment?
- T: There's no substitute for planning your work and working your plan. Our industry is competitive and complex. Technology is changing so fast that it's important to stay in touch with your customers and

### Scrooge's greatest opportunities - connecting with others and sharing his spirit with the world - are possible only if he embraces change.

understand their issues so that you can continue to provide unprecedented service. Staying current with industry trends is also important in keeping the twin threats of competition and attrition at bay.

Scrooge's strengths are his innate business acumen and natural gift for numbers. His weaknesses are selfishness and lack of work-life balance; by giving his all to the job, he has nothing left over for people.

Balancing the demands of work with a personal life is as relevant today as it was in the 1800s. Extremely demanding jobs are hard on the physical and mental health of workers. They go for extended periods without enough rest, nutrition or mental breaks necessary to bring a renewed and fresh perspective to their work.

People may be able to manage this lifestyle for a while, but ultimately the pace is not sustainable. It's the equivalent of someone entering a marathon with a pace more appropriate for a sprint.

Scrooge's greatest opportunities – connecting with others and sharing his spirit with the world – are possible only if he embraces change. The greatest threats to him are the consequences of not changing and staying stuck in his old ways - vividly depicted by his former partner, Jacob Marley, who is condemned to drift for eternity in "the chains he forged in life."

### Change that pays

Scrooge transforms from fear-based transactional management, steeped in punishment and reward, to a charismatic style of leadership. He empowers his assistant, Bob Cratchit, with additional freedom and responsibilities, deepening a business relationship based on trust and mutual respect.

Scrooge's behavior at the end of the book betrays his complete transformation when he says, "Make up the fires, and buy another coal-scuttle before you dot another i, Bob Cratchit!"

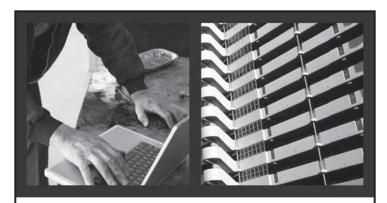
Effective managers routinely revisit past successes and failures in order to understand the impact that these actions may have on current and future business. They monitor customer and employee motivations, as well as the bottom line, and stay motivated with positive, forward-looking agendas.

Having the courage to admit mistakes and make corrections can lead to the greatest payoff of all: the gift of a second chance. When Scrooge acknowledges the errors of his ways, he transforms his life and his management style. He adopts a positive, can-do attitude, takes an interest in the health of his worker's special-needs child and becomes a civic-minded pillar of his community.

"He became as good a friend, as good a master, and as good a man, as the good old city knew, or any other good old city, town, or borough, in the good old world," Dickens wrote.

Leadership at its best is motivated by causes greater than oneself. A wake-up call or good cause can be the catalyst for changing a business strategy or management style. As Scrooge has shown us, it's never too late to start anew.

Dale S. Laszig is a writer and payments industry executive with a diversified background in sales and marketing. Her company, DSL Direct LLC, helps industry professionals and business owners leverage electronic transaction technology. She can be reached at 973-930-0331 or dale@dsldirectllc.com.



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### Education (continued)

# How to grow your merchant portfolio

### By Jeffrey Shavitz

Charge Card Systems Inc.

s one of the founders of Charge Card Systems Inc., my goal is to develop a company dedicated to nurturing and developing sales partners to realize a profitable future in the payments industry. As such, I am constantly asked by agents how they should go about growing their business.

Given the subjective nature of success – is it earning \$5,000 or \$50,000 per month? – ISOs and merchant level salespeople (MLSs) want to know why some agents become incredibly successful, while others seem to languish. Regardless of how agents define success, they want to know how to attain it.

Of course, hard work and following traditional, triedand-true business philosophies are paramount to growing one's business, but I'm hoping this article will stimulate creative thinking on eight strategic initiatives that can be implemented to help scale and grow your portfolio.

### 1. 'Waste' money creatively

This sounds like a strange way to increase residuals, but let me explain. Too many ISOs and MLSs are so overly conservative that they never invest in innovative ways to grow business.

We have all heard the expression, "Think outside the box." By allocating a small portion of your advertising and marketing budget to a creative approach, you can try new ways to attract merchants.

Don't laugh at having an advertising budget, you should have one. Just like every growing company needs to invest in its business, you should be investing in yourself.

The foundation of this article is that you must spend money to make money; if you don't, it is very difficult to build a scalable business. For example, most full-time sales agents work eight to 10 hour days.

And, for the typical MLS, there is a lot to do in a day, including doing prospecting, cost comparisons and downloads; speaking with processors; reconciling bank statements; and offering customer service to resolve other time-consuming issues.

Agents should be encouraged to invest in themselves. Also, if they have proven themselves through deal production, consider matching their investments, which will help drive more business for them. Investment also demonstrates that they consider themselves

professionals in our industry and want to better themselves, their families and their quality of life. Think of your sales agents as your partners. In this regard, committ to developing your business relationships to produce a mutually beneficial future.

But how do agents, go about investing in themselves? Endless ways. I'll provide a few, but let your own imagination run wild since my ideas might not be appropriate for your business model.

### 2. Downloads and POS conversions

How much time do you spend doing terminal downloads and POS conversions? If you're writing eight to 15 deals per month, I would assume it's a significant amount of time. Are you better off working with an ISO that will do this job for you or working with a part-time consultant and paying him or her an hourly fee so you can free yourself to get more sales?

### 3. Networking groups

There are lots of networking opportunities, and some are better than others. However, there is typically a cost to join networking groups. Many of our ISOs have joined associations and chambers of commerce; through them our partners have developed a great base of merchants, plus referring partners, that have helped to grow their individual portfolios.

### 4. Surround yourself with winners

Many people watch too much depressing news and surround themselves with negative people who see the glass as half empty. Rather, align yourself with optimistic people, both within and outside our industry.

So much of success is determined by attitude. We all have the same 24 hours in a day. It's so interesting how some people really use that day and are full of excitement, and others just procrastinate and seem to never finish anything.

### 5. Find a mentor

I have been fortunate to have had mentors throughout my life who have been instrumental in my personal and professional development.

My father has filled that role on numerous levels, but a limited number of businesspeople have also been instrumental in my professional and personal growth. It is important to surround yourself with individuals who care about you and do not harbor hidden motives.

Some of our MLSs have received mentoring from business professors at local universities. People want to feel needed. It's amazing that if you just pick up the phone and call successful businesspeople in your community and ask for advice, many times they will indeed be willing to help, for all the right reasons.



👺 It's too easy to let a week go by without having accomplished your goals. As the expression goes, "Plan your work, and then work your plan."

### 6. Tradeshows and conferences

Events cost money to attend, whether the cost involves travel, lodging or just buying a badge. But if you select the right event, the time and money spent will be invaluable.

For example, enduring, positive results can come from attending a local acquirers association meeting, the annual Electronic Transactions Association Meeting & Expo in Las Vegas or exhibiting at an industry-specific tradeshow where you can meet numerous prospective merchant customers over a few days.

### 7. Telemarketers and lead generation

Our agents have had different levels of success by either using our internal lead generation program or outsourcing telemarketing efforts to call centers to generate appointments.

Either way, many agents have built highly successful businesses using lead generation and following up by meeting with merchants to win accounts.

### 8. Be accountable

Work with your ISO, or a friend, and make yourself accountable for your activities. It's too easy to let a week go by without having accomplished your goals. As the expression goes, "Plan your work, and then work your plan."

### Effort leads to growth

The concepts just presented are just a few examples of how to grow business, but hopefully they illustrate some of the ways you can invest in yourself. Remember, if you don't, nobody will.

The beauty of our business for ISOs and MLSs is that the sky is the limit in managing your time, your income potential and your freedom. However, most people do not achieve their goals.

By implementing some of the above techniques, your level of success will be exponentially increased.

Jeffrey Shavitz, a member of The Green Sheet Advisory Board, is one of the founders of Charge Cards Systems Inc. He can be reached at 800-878-4100 or jshavitz@chargecardsystems.com. For more information, please visit www.cargecardsystems.com.

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#### **NewProducts**

# Assistance with self-assessment

**Product: ExpertPCI** 

Company: Panoptic Security Inc.

ccording to Tim Cranny, Chief Executive Officer of payment security consulting firm Panoptic Security Inc., the Self Assessment Questionnaires (SAQs) used for Payment Card Industry (PCI) Data Security Standard (DSS) compliance – which pose a number of security questions to merchants to help ensure that their payment networks are properly fortified – misguidedly transfer the responsibility of payment security to the wrong party.

"Historically these merchant vendors have taken the right approach, which is don't you worry about it – we'll take care of it," Cranny said. "PCI just cuts directly across that common-sense approach because it requires the merchant to answer questions."

Payment network security, including the SAQ, can be a daunting task, particularly for merchants with little or no understanding of security technology. With that in mind, Panoptic has developed a software program that, combined with a quick human screening process, can reduce the burden of the SAQ dramatically, according to Panoptic.

#### **Question-strainer**

The program, known as ExpertPCI, is designed to weed out from SAQs (which can be hundreds of questions long) questions that either do not pertain to a given merchant or can be better handled by a more knowledgeable security provider.

"This has two payoffs," Cranny said. "It significantly helps the merchant by making the whole process simpler, faster and more accurate, but it also helps the partners, whether they are the ISO or the POS vendor et cetera. It means all the good they do is captured accurately for the merchant. ... The merchant knows, 'Hey, it turns out 50 problems have already been taken care of by my payment application vendor."

The human side of the process is simple: Panoptic works with ISOs to determine precisely the kind of payment acceptance and networking equipment their merchants are using. Cranny said the process tends to go speedily, aided by the fact that ISOs often sell the same types of services to most or all of their merchants.

Using the information thus obtained, the ISO then programs it into the ExpertPCI software program, which in

#### Features of **ExpertPCI** include:

- Rids SAQ of difficult, irrelevant questions
- Helps ISOs convey to merchants their good security work
- Retains questions that merchants are uniquely qualified to answer
- Requires minimal manual screening; most work done by software

turn does a few things. One, it determines which SAQ (A, B, C or D) the merchant needs to fill out; two, it eliminates the SAQ questions that aren't relevant to a given merchant; and three, it answers questions that a typical merchant would struggle with.

The result, Cranny said, is a truncated, streamlined questionnaire in which all the questions that remain are manageable for the client.

"Anything that can be done for the merchant is done for the merchant, whether that's making the question disappear or actively generating an answer for them and giving them advice about what to do," Cranny said.

"For example, if a merchant has no other cardholder data handling other than their payment application, and that payment application does not store cardholder data, we know that merchant overall does not store cardholder data, so there are literally dozens of questions that become irrelevant.

"In other cases, we actually know that if the merchant has a problem, we identify why they have a problem and what can be done to fix it."

#### **Qualifying questions**

Cranny added that merchants are usually left with questions they are uniquely qualified to answer.

"PCI is so broad you will always have questions that can't be answered through this system, like those to do with physical security or how you train and bring on new staff," Cranny said. "Those are questions that cannot be made to go away by any box or technology. ... It falls pretty neatly into two camps: the categories the merchant can answer and the categories the merchant cannot answer but we can for them."

#### Panoptic Security Inc.

888-303-7770 www.panopticsecurity.com

#### **NFC-enabling sticker**

**Product: Tetherball Tag** 

Companies: ViVOtech Inc., Tetherball LLC

s near field communication (NFC)-enabled cell phones are being rolled out, mobile payments solutions provider ViVOtech Inc. is helping to bring NFC technology to market quicker by making it compatible with existing phones.

The company has partnered with technology providers Tetherball LLC in the United States and ZAPA Technology in Europe to roll out radio frequency identification (RFID)-enabled chips that take the form of a sticker and can be affixed to the back of essentially any cell phone to give it NFC capabilities.

The chip-embedded stickers are supplied by Tetherball and ZAPA and are operating on ViVOtech's NFC platform. They are called Tetherball Tags in the United States and ZAPA Tags in Europe.

"[Before now] for a phone to become an [NFC] payment device, it needed to be an NFC phone, which needs to have a contactless device built in," said Mohammad Kahn, founder and President of ViVOtech. "But people are

#### Features of **Tetherball Tag** include:

- Compatibility with SMS-enabled phones
- Easily installable using only a sticker
- Usability for SMS marketing, including coupons
- Ability for purchasers to automatically accrue points through loyalty program
- Capability given for purchases through prepaid loading



saying, 'I'm not going to wait.' So they're putting this sticker on the back of the phone that enables an existing phone to become a payment device."

#### Almost any phone-enabled

According to Kahn, the only thing required of a phone to be NFC-enabled is that it has a text messaging platform.

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The RFID-enabled stickers, coupled with the use of NFC acceptance terminals (of which Kahn said there are about 500,000 in the United States), allow merchants and consumers to do two things. One is to make NFC payments by loading money onto the NFC chips as one would with a prepaid card. The second is to engage in loyalty and marketing programs through the use of short message service (SMS) communication.

#### **Tailored texting**

On the marketing side, merchants can send to consumers text messages that are tailored to individual preferences, based on consumers' spending histories.

According to Kahn, because the contactless terminals connect to both NFC converted phones and to ViVOtech's server at the back end of the network, merchants who accept NFC payments can receive information about buyers' spending histories from ViVOtech based on the data called up with shoppers' phone numbers. Using that information, the merchant can advertise to customers' preferences in various ways, including with electronic coupons.

"You sign up for a loyalty program and give your phone number so a merchant can send SMS messages or offers or coupons based on who you are," Kahn said. "To use those coupon offers, all you have to do is tap the cell phone with the sticker on it onto the contactless reader, and the mobile coupon offers basically sit in the back-end server," Kahn said.

The stickers can also be used for loyalty programs in which customers are rewarded automatic loyalty points with each purchase at a given merchant location. "You're not going to leave your loyalty card home anymore," Kahn said. "You're going to have it with you all the time, it will be more accessible and you're going to use it more.

"For acquirers and ISOs, they've been trying to provide these loyalty-based points, and now they can provide all these additional mobile marketing services. And that's going to produce interesting opportunities in mobile payments."

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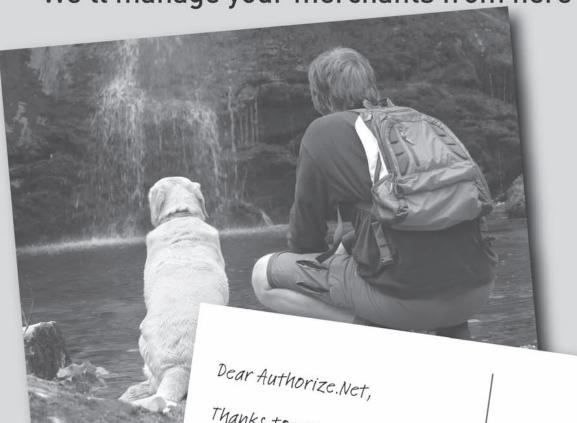
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## Inspiration

WaterCoolerWisdom:

The hardest arithmetic to master is that which enables us to count our blessings.

- Eric Hoffer

#### Give props to the POS

hanksgiving is just a holiday, but the spirit of giving thanks is not. The one comes around once a year; the other should be celebrated every day. Unfortunately, giving thanks is not high on the list of many: We are too stressed out, too busy or too focused on our day-to-day routines to recognize our blessings.

So here are several things most of us can be thankful for:

That we are employed

That we are relatively healthy

That we have family and friends That we enjoy the benefits of living in a free country

That we have the opportunity to change our lives if we choose

The industry is composed of networks upon networks that connect customers to retailers and retailers to banks. Central to all of this is the POS terminal. It is the device on which the entire industry is founded.

Who made the first POS device? Who integrated the first one into a retailer's check-out station or countertop? Whoever those people were, they deserve our thanks because their efforts spawned an entire sector of the economy.

While we're at it, we might as well thank consumers for increasingly paying with plastic. They don't have to pull out their credit, debit and prepaid cards. They could go back to cash and checks. Nobody's stopping them. But then where would the industry be? Oh, right, there wouldn't be one.

> Now, if you're going to thank cardholders, you can't leave out the technology companies, associations and advisories that help secure payment devices and networks.

> > If consumers were truly scared of making online purchases because of the threat of data and identity theft, you would see a drop in Internet, card-notpresent purchasing. But that hasn't happened and Internet commerce is growing.

> > > So while the networks perfectly

#### **Praise for payments**

In the payments industry,

we are particularly blessed. It is in many respects a industry thriving despite the woes of the economy. It is a fastchanging, innovative, entrepreneurial environment that rewards hard work, persistence and creative thinking. So it is appropriate to express thanks for this.

Think about it.

Thank You!

#### Inspiration

secure, they are secure enough to give most consumers peace of mind that, with a little caution, they can transact safely online. Therefore, we should be grateful to the stewards of the payment system for safeguarding that most precious cargo – cardholders' payment data.

#### Give 'em a hand

Of course, nothing in the industry, or the world, is perfect. Certainly your colleagues fit into that category. Oh, that Bob is always complaining about his merchants. Or that Shirley, she wears the most pungent perfume imaginable – whew. And what about Ron? That comb over is just plain ridiculous.

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Presents Zero Just Got Better! Hold Times Statement Fees Transaction Fees ity Now Introducing S Stimulus Plan art (Applications Approved in Same Month) 6 Approved......\$300 Bonus ing 10 Approved......\$800 Bonus 20 Approved.....\$2000 Bonus ney 50 Approved......\$5500 Bonus 100 Approved......\$12500 Bonus Call Now! 1-866-253-2227 Trust nart of a winning team But we all have jobs to do for our respective businesses. Bob's the sales agent; Shirley does accounting; Ron runs the company. They all have foibles, weaknesses and shortcomings.

They get on our nerves from time to time, and we get on theirs. But Bob brings in the business; Shirley keeps the books; Ron steers the company toward profitability.

Our colleagues and coworkers are spurred on by self-interest – they want to survive and make a living, as do we. But Bob can't do it alone; neither can Shirley or Ron.

We rely on each other to make our companies successful. The petty grievances and differences between people fall away when you contemplate the big picture.

When everyone does their job and the operation runs smoothly, profits are made, people get paid and life is good.

Therefore, your colleagues deserve thanks, even the account manager with the goofy laugh and the rep displaying unicorn figurines all over her cubicle. How you express thanks is up to you. Saying "Great job" or "Thanks for helping out" are favorites.

But recognizing that you have much to be thankful for is often enough; it comes out in the respect you show coworkers, even the annoying ones.

As for POS devices, it is not recommended that you whisper your gratitude to the nearest one. But it wouldn't hurt to recognize that that little device – and the people and industry it represents – have made you and your company a boatload of money.

And that's definitely something to be thankful for.

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Paul H. Green, President and CEO

#### DateBook

Visit www.greensheet.com/gs\_tradeshow\_events.php for more events and a year-at-a-glance event chart.



#### Women Networking in Electronic Transactions

LINC Atlanta Meeting

**Highlights:** W.net is expanding its membership by establishing Local Interest Networking Circles (LINCs) that bring the organization's national networking and educational meetings to regional areas. The Atlanta LINC meeting is one in a series being held in various locales.

W.net meetings provide a forum for professional women to inspire and empower one another through networking opportunities with established industry leaders and newcomers alike. Attendees will have the opportunity to network with other female professionals in the payments business and learn sales techniques and success secrets.

When: Dec. 1, 2009

Where: Capital City Club Brookhaven, Atlanta

Registration: www.w-net.biz



#### American Banker and Source Media Inc.

Cards & Payments Loyalty Conference

**Highlights:** This one-day conference will provide tips to assist rewards program managers, discuss strategies for managing costs and optimizing program returns, and educate participants on broader industry trends in financial institution, co-branded and private-label credit card rewards

There will be presentations from managers of payment card loyalty programs of some of the most well-known brands in the industry in addition to experts in program communications, innovative products and fulfillment cost management.

The event will include several networking breaks, including a networking lunch from noon to 1p.m.

When: Dec. 2, 2009

Where: New York Hilton, New York

Registration: www.americanbanker.com/conferences/loy09



#### **Glenbrook Partners**

Glenbrook's Payments Boot Camp

**Highlights:** This intensive, two-day "deep dive" into the U.S. payments system will provide a unique, cross-payments view of the industry. Throughout the two days, the event will focus on how current trends and issues will affect the status quo, and on how new and emerging players may compliment (or threaten) industry incumbents.

The agenda includes overviews of different payment systems and their uses; perspectives of key industry constituents like

consumers, banks, networks and processors; and a comprehensive look at emerging payments, including mobile payments, business-to-business payments, and chip and contactless cards.

When: Dec. 8 – 9, 2009 Where: Santa Clara, Calif.

**Registration:** www.glenbrook.com/bootcamp-payment.html



#### **Northeast Acquirers Association**

2010 Winter Seminar

**Highlights:** The longest-running regional show in the payments industry, this event offers payment veterans the chance to gain new information and insights that will assist them in taking their businesses to the next level. It also provides those new to the industry resources to help them learn what it takes to succeed in this sphere.

Days will be filled with educational presentations by industry experts. Attendees will also have ample time to network with their peers in the exhibit hall, during opening and closing receptions, over meals and at other events planned.

Vendors will be limited to 80 providers of products and services for acquirers, ISOs and merchant level salespeople. All vendors will have stationary displays; no roaming vendors will be allowed.

When: Jan. 26 - 28, 2010

**Where:** Grand Summit Resort Hotel, Mt. Snow, Vt. **Registration:** www.northeastacquirers.com/Register.htm



#### **Southeast Acquirers Association**

2010 Annual Conference

**Highlights:** The focus of this event is education and providing information on current issues concerning the feet on the street in the electronic payments industry. The two-day seminar will include various networking opportunities with all vendors and attendees.

The exhibit hall will feature many of the leading credit card payment processors, equipment manufactures, leasing companies and other third-party vendors in the industry.

Breakout sessions will provide a collegial forum in which to learn and share information, and panel discussions, which have been some of the most heavily attended sessions in years past, will be led by industry leaders.

When: March 22 - 23, 2010

Where: Sheraton Atlanta Hotel, Atlanta

**Registration:** www.southeastacquirers.com/conference

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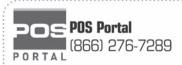
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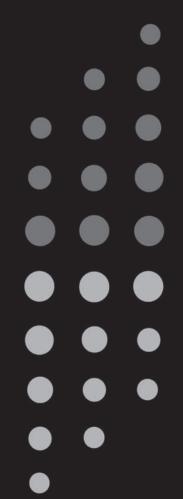


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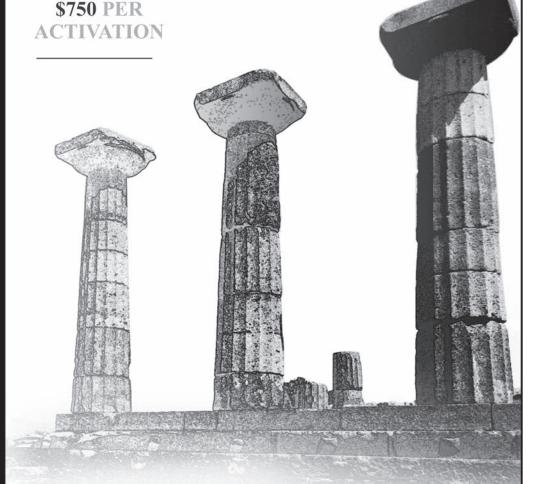
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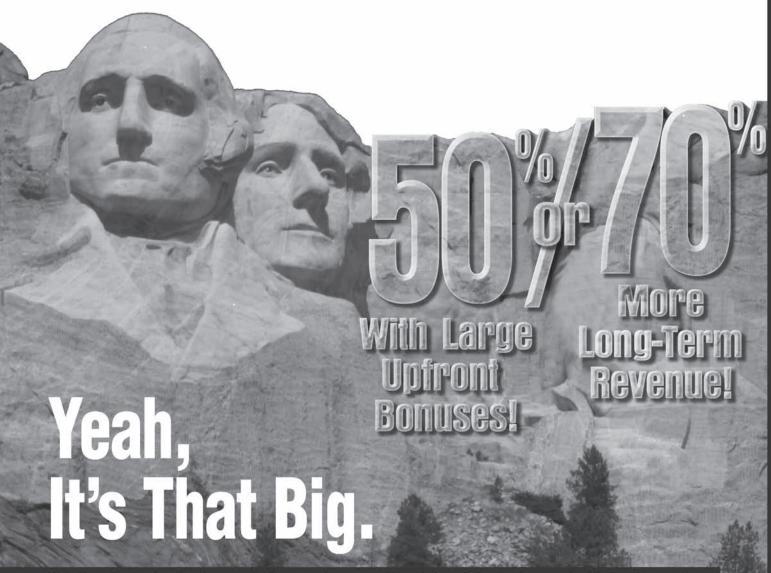


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Including one in which we provide ADVANCE FUNDING!

Never before has a Multi-Check / Hold Check Program offered your merchants the opportunity to get paid in advance while allowing their customers to take advantage of the "90 Days Same as Cash" option!

And... we provide the full guarantee!

And... we use the POS terminal and Check Imager to process these electronically!

#### HERE IS THE NEW PROGRAM LINE-UP!

#### (1) The Traditional RETAIL PAYDAY Program

This is our already popular "90 Days Same as Cash" program which allows your merchants to generate more sales by offering their customers the power to pay for their goods or services over 90 Days. In this option, merchants accept paper checks, obtain the guarantee, and deposit the items in 30 day intervals.

#### (2) The New RETAIL PAYDAY "EXPRESS"

This program offers the same "90 day same as cash" convenience, only now your merchant no longer has to make a trip to the bank to deposit the checks, or incur bad check service charges, or mail the physical check to us for reimbursement in the event it bounces. We automatically debit the consumer's bank account at each deferred deposit date via Check21 image deposit while settling the funds directly to your merchant's bank account electronically via ACH credit.

#### (3) The New One of a Kind ... RETAIL PAYDAY "EXPRESS PLUS"

This program is by far the most exciting program of all. This is identical to the new "EXPRESS" program, but with this option your merchant is funded 100% of their monies **IN ADVANCE**, and not waiting until after we electronically deposit the images! Your merchant's customers will have their accounts debited over the 90 day period while your merchant gets **ALL OF THEIR MONEY** as soon as the batch is closed!

This is so unprecedented that SPS has submitted the unique variable attributes of this process for patent approval. **Can you blame us?** 

We are thoroughly convinced that **Retail Payday Express Plus** will generate more sales for your merchants which, of course, means...

**MORE SALES FOR YOU!** 



For more information, please contact: Steve Eazell at 866-300-3376 seazell@securepaymentsystems.com

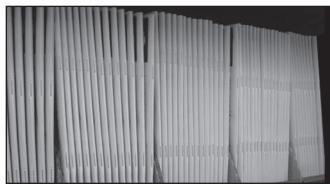
Michael Pruitt at 888-313-7841 mpruitt@securepaymentsystems.com



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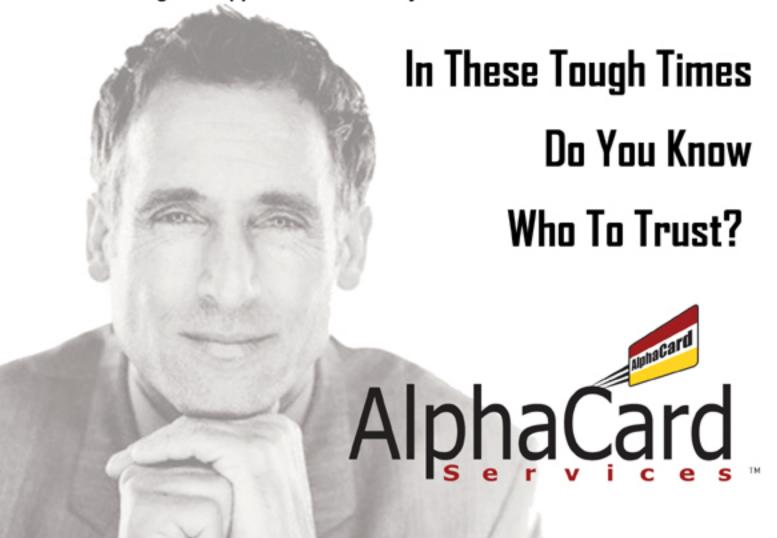
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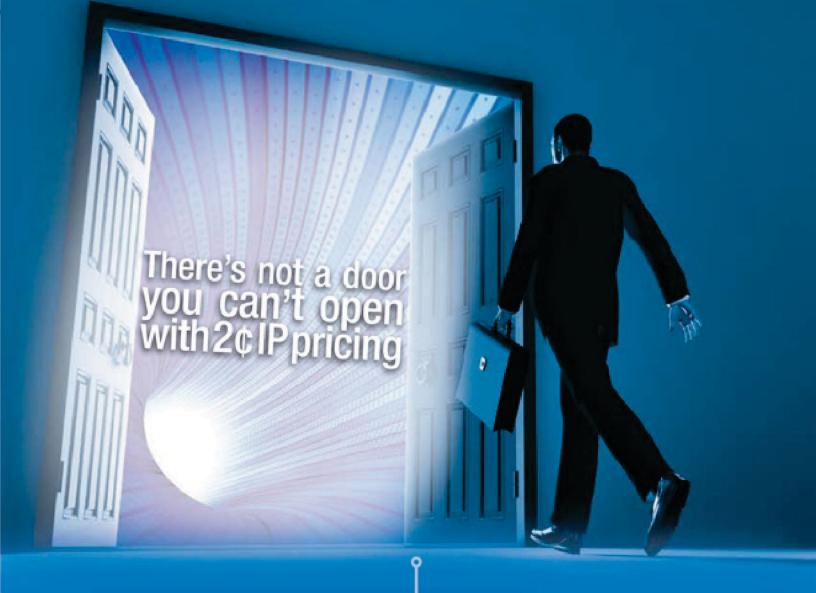
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- Up to \$750 Conversion Bonus!
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- \$3,000 Signing Bonus!
- Don't Need Free Equipment?
   Get an Additional \$100!





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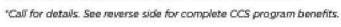
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