

Shift4® word

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CREDIT CARD 101



Tips on reducing your interchange fees

When reviewing your monthly merchant statement do you often see additional fees? They usually show up as "mid" or "non" qualified, or "tier 1, 2, or 3". Sometimes your processor will just pass the verbiage that comes from Visa or MasterCard through to you, i.e. card not present or EIRF and so on (there are 151 categories). No matter what the scenario, you are paying an added fee for these "downgrades". Here are some basic tips that will help reduce your cost in these areas.

1. Enter all additional information your point-of-sale (POS) device prompts you for, i.e. address, invoice number, room number, sales tax amount, etc. The more information you enter the better qualification you can expect.
2. Settle your batches in a timely manner. The card associations set time limits on the time between when a transaction is authorized to the time it is settled. The longer you wait to settle a transaction, the more likely you will incur a higher fee. In the lodging industry the time is determined by the duration between when a guest is checked out and the time the transaction is settled.
3. Offer incentives to cardholders who use their PIN with their debit card as opposed to signing for the transaction. PIN-based transactions have lower interchange rates than signature based transactions.
4. Clean your card reader regularly. This will reduce the number of transactions you have to hand key and in turn reduce your surcharges. This can be done by simply wrapping a dollar bill around a credit card and running it through your card swipe machine.
5. Audit your transactions before settlement to minimize month-end reconciliations and avoid costly credits and downgrades. \$\$\$ ON THE NET's audit before settlement feature prompts merchants to validate transaction amounts so errors are detected before payment processing fees are charged.

If you incorporate these practices, and had not before, you will see your extra transaction fees go down. It may also help you to contact the Merchant Services Provider (MSP) who you signed your merchant agreement with and ask for a rate review. A lot of times you can reduce your rates just by asking.

American Express CAPN

Many of our merchants who accept American Express transactions have received a letter from American Express about their new Card Acceptance and Processing Network (CAPN) specifications. Basically, what the letter addresses is that American Express is in the process of altering their authorization and settlement specifications. The letter states that if a system is not compliant with the CAPN specifications by October 31 st of 2006 than there will be an out-of-compliance fee of 25 cents added per transaction.

Several of you have contacted us about the letter to see what it is you need to do to comply. The answer is simple, nothing. There are no merchant changes, no re-certification and no changes to your POS/PMS required. Shift4 has already engaged American Express regarding the required improvements and is currently testing the system for verification. The entire process should be completed by the end of March.

SETTLE DOWN

Just like credit cards, gift cards must be settled before funds can be moved. Gift cards should be included in your settlement automatically, unless you've set up a separate Merchant ID (MID) for gift cards. If the gift cards are under a different MID, you will want to be sure to settle the transactions for this MID on a daily basis. Remember, your gift card authorizations can expire after 3-10 days. If you don't settle the transactions within that timeframe the funds will be released and your gift card holder will be able to use them again.

ENSURING YOUR SECURITY

As some of you may know, your legacy MICROS systems are not fully compliant with the card associations' regulations. Instead of investing a vast amount of time, money and resources to replace these systems, Shift4 has released secure versions of the MICROS 3700 and 8700 point-of-sale payment drivers that are compliant with the Payment Applications Best Practices (PABP).

You not only receive the most secure MICROS system, but one that comes with additional functionality, including integrated gift card, PIN debit, signature capture, customer initiated tip and dynamic currency conversion capabilities. There is no new hardware required, except perhaps a network card, and there is no need to retrain staff, recreate menus or back-end reports. Shift4 is proud to deliver new, innovative solutions for our customers in this ever-changing payment processing industry. For more information on these new certified MICROS drivers, please contact Installations at (702) 597-2480, Option 4.

TECH TIP**Suspicious Card Activity Settings**

Some of the many settings that the Account Administrator controls are the various security and fraud settings within \$ \$ ON THE NET, including the Suspicious Card Usage settings, part of Shift4's Fraud Sentry tool, which are located on the Account Settings screen. These settings are designed to let every merchant decide what levels of activity (number of times a card is used, amount charged to single card, etc.) are inappropriate for their individual business model. The Administrator sets the usage thresholds and, as with the other settings within Fraud Sentry, these "checks" are made during the batch settlement. This prevents them from slowing down authorizations to search through the database and helps avoid a situation where too strict of a setting may prevent a valid transaction from being processed.



The first setting that you will notice is the "Enforcement Method". This identifies what type of action the system should take when one of the defined criteria is met during a batch settlement. When set to "**Silent**" nothing happens that the user submitting the batch will be aware of. "**Verbose**" provides a detailed listing of the transactions causing a problem and will allow the user to stop the batch process or continue with it by use of a password. Finally, "**Disallow**" will prevent the user from submitting the batch with the violating transactions in the batch. Most merchants find the "**Verbose**" fits their needs best. In all cases, emails are sent to the addresses designated during your initial setup as fraud notification recipients and those entered under "Fraud Sentry Notifications".

The remainder of the settings can be broken down into three different categories of transactions: Sales, Credits, and Voids. If you want to be made aware of activity for one of these types of transactions, then you would create settings in the appropriate area. Each category is then broken down a little more to allow you to group transactions into smaller pools to be monitored. You can designate by clerk¹, by merchant, or across all merchants.

Once you know what type of transactions you want to focus on and the area that you want to be monitoring for these events, you can then narrow down exactly what you are looking for by designating either a transaction or amount threshold for a specific date range. To give you an idea of how this works here are a couple of examples and how you would configure the system:

SCENARIO: You would like to be alerted when a card is used to purchase goods more than 30 times across all locations in a one week period.

CONFIGURATION: Under "Same card used across all merchants within a period" put the number 30 in the field next to "7 Day Transaction Threshold".

SCENARIO: You would like to be alerted when a card received more than \$100 in credits in a month period from any location.

CONFIGURATION: Under "Credits entered for a merchant within a period" put the number 100 in the field next to "Amount Threshold" that is located directly below "1 Month Transaction Threshold".

¹ This requires your vendor interface to be passing a clerk id with each transaction

GONE, BUT NOT FORGOTTEN

Shift4 is dedicated to our loyal customers. To prove this fact, if you ever change or add additional POS systems, we will work with you to certify them and ensure your transition as smooth and efficient as possible. In the rare instance you choose a new POS system that is unable to interface with our gateway solution, you can still enjoy access to two years of archived data for only \$24.99 a month. No matter what the reason is that you are unable to take full advantage of Shift4's \$ \$ \$ ON THE NET, we are still committed to improving your business.

WARM WELCOME

We would like to extend a warm welcome to the following companies who have recently signed with Shift4. We appreciate their business and are excited to be putting our solution to work for their organization.

Boston Architectural Center
Cape May Zoo
Chicago Marriott Suites Deerfield
Clarkson College
Global Rent a Car of South Florida
Goal Post
Hampton Inn Easton
Knuth Shoes Inc
Mandara Spa at Disney's Grand Californian Hotel
Medical CNTR Pharmacy
Monroe Clinic Drugs
Soccer Stop
Tarrytown House Estate & Conference Center
Thrifty Rent a Car Fredericksburg
Thrifty Rent a Car Stafford

The Shift4Word is edited by Rebecca Kalogeris, Director of Marketing for the Shift4 Corporation. She can be reached by email at rkalogeris@shift4.com or by calling (702) 597-2480, ext. 3419.

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Shift4 Corporation

1491 Center Crossing Road
Las Vegas, NV 89144-7047

(702) 597-2480

www.shift4.com