



Merchant

Processing Tips



for Credit Card Transactions

CARD ONE INTERNATIONAL INC

Merchant

Processing Tips for Credit Card Transactions



1 - Advertising	3
2 - Honoring Cards	3
3 - Card Examination	4
4 - Authorization	5
5 - Balancing your Terminal Daily	6
6 - Exchanges, Returns, Refunds, Credits & Adjustments	6
7 - Collection of pre-existing debt	6
8 - Cash Advances	6
9 - Duplicate Transactions	6
10 - Mail Order/Telephone Order (MOTO), Pre-Authorized Order (PO), & World Wide Web Orders (WO)	7
11 - Delayed delivery or a deposit balance	7
12 - Recurring Transaction Regulation	7
13 - Chargeback	7
14 - Fraud Transactions	8
15 - Merchant Account Changes	8
16 - Merchant Termination	9
Glossary of Terms	10

Merchant Processing Tips for Credit Card Transactions

* Merchant Agreement

The Merchant Agreement is printed on the backside of the Merchant Application as well as in booklet format. Please keep available for a complete reference to all Terms and Conditions.

The Merchant Processing Guide has been developed to provide you, our valued merchant, with the information needed to process efficiently and effectively. All of the information provided here and more is in your **Merchant Agreement**.*

We recommend you refer to that to further assist you with your daily credit card processing.

Credit card processing is divided into the issuing and acquiring side. Issuing is the act of granting credit cards with credit limits to consumers. Acquiring is the act of granting credit card processing to merchants wanting to sell goods and services by this payment method. Card One International is an Acquirer that works in conjunction with Associations such as Visa /Mastercard, American Express, Diners, Discover and Debit cards to process all your credit card transactions.

To help you build customer loyalty, encourage repeat business, and increase profitability, we have compiled the latest guidelines in acceptance and authorization. There are many specific guidelines as well as more general rules a merchant must adhere to when processing. This Merchant Processing Guide provides detailed information needed to protect your assets. You are strongly encouraged to familiarize yourself with the rules and regulations, thereby greatly reducing your risk of loss. When necessary contact Card One for additional support, questions or concerns regarding your credit card processing and fraud prevention.

Card One as your partner in processing your credit card transactions is committed to increasing your cash flow by processing your sales as accurately and quickly as possible. In addition, our goal is to give you every possible training advantage to reduce your chance of monetary loss due to a fraudulent or incorrectly processed transaction.

TIP

1 - ADVERTISING

Visa/Mastercard, Travel & Entertainment Cards, Bank and Card One require that you provide adequate signage to inform the public that Cards will be accepted at your place of business. Your use of any trademark, trade name, service mark or logotype is subject to approval by Visa/MasterCard Bank or Card One.

TIP

2 - HONORING CARDS

As a responsible merchant when a customer uses a card for his / her means of purchase at your business you are responsible for adhering to the following rules and regulations:

- You cannot impose a minimum or maximum transaction amount as a condition for accepting a card.
- You cannot impose a surcharge or fee on a cardholder as a condition of sale
- You must honor all valid cards presented by a cardholder
- For retail (card present) transactions in most states you may request picture or signature identification from the cardholder in the form of a driver's license or other photo Id, but unless instructed by the Authorization Center, you may not record other personal information, such as phone, address or drivers license number. The exception to this is a Mail/Telephone order or delivery required transaction.

- Any tax collected must be included in the total transaction amount and not collected in cash or by an alternate method.¹
- You can require a Cardholder to present the Card for examination as a condition for accepting a Card Transaction and should by utilizing a Manual Imprinter, obtain a Card Imprint of any Card presented not having valid magnetic stripe, with the exception of mail order / telephone order (MOTO) or pre-authorized sales to the extent permitted in this Agreement.
- You shall not make a photocopy of any Card under any circumstances nor request the Cardholder to provide a photocopy of the card as a condition for accepting a Card Transaction.



3 - CARD EXAMINATION

At the point of sale, the card should be carefully examined to determine whether it is a legitimate card. The name of the card, e.g. Visa/MasterCard, American Express, Diners and or Discover, should appear in bold letters on the card.

As a qualified merchant, you shall prior to completing a Card Transaction:

- Confirm that the four digit printed number printed directly above or below the embossed account number matches the first four digits of the embossed account number
- Confirm that the embossed account number on the face of the Card matches the account number indented on the signature panel
- Confirm that the expiration date on the card is valid
- Confirm that the embossed account number on the Card matches the number displayed or printed by processing equipment
- Check the back of the credit card to make sure the card is not tampered or disfigured in any fashion. The signature on the back of the card must compare favorably with the signature on the sales slip. The sales slip must be signed in the same format as the signature panel. If the card is not signed and the cardholder refuses to sign the card, do not accept it for a transaction. If the cardholder is willing to sign the card in your presence, request two pieces of valid and current identification, e.g., driver's license, state ID, another bankcard, etc.
- Be aware that a cardholder may NOT authorize another individual to use his/her card for purchases. Be sure the signature on the card matches the one on the sales slip. Furthermore, any card having two signatures on the back panel is invalid and if a sale is made with this card, it can result in a chargeback. For cards bearing a photograph, ensure that the cardholder appears to be the person depicted in the picture. If you have any doubts or questions, call the Authorization center for the applicable company or our Customer Service at (877)-729-7323.
- Examine any Card security feature, such as a hologram included on the Card.
- If the signature panel on the card is blank, review Cardholder Identification consisting of a current, official government document (such as a driver's license or passport) that bears the Cardholder signature to determine that the purchaser is the Cardholder. *The identification number and expiration date, if any shall be written on the Sales Draft, provided that the law of the state in which the transaction takes place permits this.*

To complete the transaction, the quantity, description and price (including taxes and other miscellaneous fees) of the products and services sold must be entered in the terminal. Cardholder's signature is required on the Sales Draft (or electronically printed receipt) and a copy must be provided to the Cardholder at the time of delivery. The completed sales slip copy must contain the following information;

- cardholder's account number
- cardholder's signature
- date of transaction
- amount of transaction (including any gratuity)
- surcharges, and taxes if applicable
- the name of merchant
- the location of terminal at which the transaction is initiated (address)
- the legend "No Refunds" if refunds are not permitted
- the authorization number
- merchant's signature

If you use an electronic authorization/draft capture terminal, swipe the card to read and capture the card information via the magnetic stripe, and use an electronic printer, you do not have to imprint the card.



However, if you are unable to swipe the card, due to a defective magnetic stripe or your terminal or printer is down, you MUST imprint the card to prove that the card was present at the time of sale. In addition, the imprinted sales slip MUST have the cardholder's signature.



4 - AUTHORIZATION

All transactions must be authorized via terminal or Authorization Center. Failure to authorize a sales transaction may result in a chargeback and/or the termination of your Merchant Agreement. An authorization only indicates the availability of the cardholder's credit at the time the authorization is requested. It does not warrant that the person presenting the card is the rightful cardholder, nor is it an unconditional promise or guarantee that you will not be subject to a chargeback or debit.

All goods and services purchased must be placed in one transaction on the same sales slip and processed as a single sale. Splitting the sales can result in termination of the merchant account by the Bank or CRI.

In the case of a "Call Center" response, a call must be made to the appropriate Authorization Center for resolution:

MasterCard/Visa..... (800) 291-4840
American Express/Optima..... (800) 528-2121
Diners Club/Carte Blanche..... (800) 525-9040
Novus/Discover Card..... (800) 347-1111

Available 24 hours a day, 7 days a week

Remember: An authorization code only indicates the availability of a cardholder's credit at the time of the transaction. It does not warrant that the person presenting the card is the rightful cardholder. If

proper procedures were not followed at the time of the transaction you are subject to a chargeback and could be debited for the amount of the transaction.

If you do not receive credit card approval, return the card to the customer and quietly inform him or her that the transaction has been declined.

TIP 5 - BALANCING YOUR TERMINAL DAILY

Balancing must be done on a daily basis. You must compare the amount and number of sales slips to the total number provided by the terminal audit trail. In addition, you must then balance your audit trail against the host total. Failure to follow these balancing procedures may result in lost sales. Refer to your terminal Reference Guide for detailed instructions.

TIP 6 - EXCHANGES, RETURNS, REFUNDS, CREDITS & ADJUSTMENTS



If you have special store policies, you must clearly disclose your policy on the sales slips. e.g. "NO REFUNDS," "EXCHANGE ONLY" or "IN-STORE CREDIT ONLY."

- You should maintain the same policy for returns, or exchanges for credit card transactions as you do for cash and check transactions.
- You must promptly complete and process a credit slip (with your name, address, and merchant account number) for the total amount of the refund due a cardholder.
- Full refunds must be for the exact dollar amount of the original transaction including tax, handling charges, etc.
- A description of the goods or services is required.
- The transaction date of the credit must appear on the voucher.
- All dollar amounts and other handwritten information must be clearly written.
- Do not circle or underline any information.
- Imprint the slip with the same card used by the cardholder to make the original purchase.
- Never credit a different account number than the one used in the original transaction.
- Never give cash, check or in-store credit for refunds for credit card sales.
- Sign the slip, give the cardholder the appropriate copy, and process the credit slip immediately. Failure to process a credit within the set time frame may result in a chargeback.
- You cannot intentionally submit a sale and an offsetting credit at a later date solely for the purpose of debiting and crediting your own or a customer's account.

TIP 7 - COLLECTION OF PRE-EXISTING DEBT

As a merchant you are not allowed to process for payments any transaction(s) representing the refinancing of an existing obligation of a Cardholder. This includes obligations previously owed to merchant, arising from the dishonor of a Cardholder's personal check or representing the collection of any other pre-existing debt.

TIP 8 - CASH ADVANCES

It is not acceptable under any circumstances, to deposit any transactions for the purpose of obtaining or providing a cash advance either on merchant's card or the card of any other party. Engaging in any such transactions shall be grounds for immediate termination.

TIP 9 - DUPLICATE TRANSACTIONS

If a duplicate transaction occurs, your account will be debited for any adjustments and you will be liable for any chargebacks resulting therefrom.

TIP 10 - MAIL ORDER/TELEPHONE ORDER (MOTO), PRE-AUTHORIZED ORDER (PO), & WORLD WIDE WEB ORDERS (WO)

Since you will not have an imprinted or magnetically swiped transaction, cardholder's signature on the sales slip as you would in a face to face transaction, you will assume all risk associated with accepting a mail/telephone order transaction. With this in mind we recommend the following:

For selling goods and/or services by telephone or other means whereby the cardholder is not present you shall (i) obtain as much information concerning the cardholder as possible, including a telephone number and statement billing address, (ii) perform an Address Verification System (AVS) check against the statement billing address or zip code provided by cardholder, (iii) obtain tracking information including signatures from the person receiving the goods as confirmation that goods were received. (iv) do not submit a transaction for processing until after the merchandise has been shipped or the services has been provided to the customer.

Lastly, notify the cardholder of delivery time frames, special handling or of a cancellation policy. If after the order has been taken, additional delays will be incurred, notify the cardholder.

TIP 11 - DELAYED DELIVERY OR A DEPOSIT BALANCE

In a delayed delivery transaction whereby a cardholder makes a deposit toward the full amount of the sale, you should execute two separate sales slips, one for the deposit and the second for payment of the balance upon delivery of the merchandise or the performance of services.

TIP 12 - RECURRING TRANSACTION REGULATION

If you are a recurring transaction client who will be charging a cardholder's account periodically for recurring goods or services, e.g., (membership or subscription fees) the cardholder shall complete and deliver to you the merchant, a signed, written request for such goods or services to be charged to his account. The written request must at least specify the transaction amounts, the frequency of recurring charges and the duration of time for which the cardholder's permission is granted.

TIP 13 - CHARGEBACKS

After a sales draft has been processed, there are several reasons that a merchant's account may be debited. These debits are called chargebacks.

The following list details the main reasons for a chargeback:

1. Expired-Card
2. Warning Bulletin (Customer's account was listed in the current Warning Bulletin)
3. Floor Limit- The sale exceeded the floor limit and was not authorized
4. Split Sales - Merchant has split a single purchase onto more than one slip.
5. Invalid Account Number

