

MERCHANT PROCESSING NEWS



PURPOSE OF THIS NEWSLETTER

It is my desire to both educate and assist business owners on the subject of “merchant services”.

This month’s newsletter is longer than normal but I feel it will be worth your time to go more in depth on the topics covered.

POINT OF SALE (POS) TERMINAL



There is a large variety of POS terminals in today’s market. Because of this, it’s not surprising for Merchants to become confused as to which terminal delivers what technology, is most reliable and which works best with their merchant service provider. Despite this vast jungle of equipment however, it *IS* possible to simplify the market and make it easier to understand.

Though there is a multitude of POS equipment manufacturers, the current US market is

February 2007

What’s Inside:

- Purpose of this newsletter.
- Point of Sale (POS) Terminal
- Types of Terminals.
- What is a POS System?

dominated by three: Verifone, Hypercom and Lipman.

Modern POS terminals are complex and sophisticated machines that are tasked to capture and transmit very intricate and sensitive information to elaborate bank and third party processing platforms. Lets say for this discussion that a terminal is just like a computer; it is a piece of hardware that is driven by special proprietary software developed by the manufacturer. A brand new terminal off the shelf usually comes with a pre-loaded Operating System (OS) generic to any user. However, when a terminal is set up for a specific merchant, a special software program called an “application” has to be loaded on top of the OS which is tailored to the specific merchant that includes the business name, merchant account information and which processing platform it is connected to.

The most important aspect to know about POS equipment is which processing platforms it is compatible or certified with. For example, a POS terminal that is only certified to work on the Vital platform cannot work with the Global East platform and so on. (Verifone, Hypercom and Lipman are certified to be compatible with a large range of processing platforms.)

The second most important aspect to be aware of is that there are numerous applications and application settings known as “parameters”. For example, an application for a retail store using the Global East platform is different than an application for a restaurant on the same

platform. A restaurant that applies tips on the credit card slip has different “parameters” than a restaurant that does not - - such as a fast food restaurant.

TYPES OF TERMINALS

As you can imagine, with the variety and needs of businesses, there are a number of programs or applications requiring specific “parameters” in order to work in concert with the various and different POS terminals in the market.

The sheer number of these terminal types and models available are more than I could possibly cover in a brief newsletter. However I feel it would benefit you to know something about the basic variety and where each work best.

ALL - PURPOSE TERMINALS

... are great for most merchants; they have the basic functions such as Sale, Void, Credit, Auth-Only and Force. The machine comes with a built-in thermal printer meaning there are no messy ribbons to change and a built-in Pin Pad for debit transactions.

FULL - FEATURED TERMINALS

... or as we call them - - “multi-application” terminals - - come with added features such as the ability to hold more than one application. This feature comes in handy when more than one merchant account, such as a dental practice, is loaded so that each dentist can have their own merchant account. Additional applications such as Gift Card or Check Conversion products are managed on the same terminal.

ADVANCED TERMINALS

... And then there are those elite terminals capable of high-speed Ethernet (IP) connectivity allowing for authorization response time in a mere second or two as well as the ability to read chip-based “smart cards”. Features perfect for the more sophisticated merchant but certainly not to the exclusion of the smaller merchant.

WIRELESS TERMINALS

... allow the merchant real-time authorizations resulting in lower risk and faster funds. Remember, not all merchants experience “over the counter” sales where customers purchase a

good or service “in store”. Businesses offering services such as Towing, Limo & Taxi, Pizza and other Delivery Services, Tradeshows and Flea Market Merchants are some examples of where a wireless terminal is recommended - - no, may be a necessity! Wireless terminals eliminate the need to call in cards over the phone or obtain an imprint. The card can be swiped and the transaction can be completed right on the spot!

CERTIFICATION

As previously stated, all devices that connect to a front-end platform have to get certified to work properly with that platform. There are mainly two types of certification classes: Class A where the device is certified by the front-end platform and the front-end offers helpdesk support for the device and Class B where the terminal is certified for the platform but the platform itself does not offer helpdesk support for the device. Class B terminals are handled by the ISO or bank supplying the terminal.

WHAT IS A POS SYSTEM?



This is a high-end system generally found in restaurants or large retailers. These systems have a magnetic strip reader attached to a keyboard, touch screens, an integrated cash register system, inventory controls, remote printers, time card features and so on. Some systems even link into surveillance equipment that can be monitored from a remote location.

****WARNING:** I feel it is vital to obtain an agent both trained *AND* knowledgeable in tailoring your business’s specific needs to that wonderful yet complex technology available to you.

... *more to come next month.*

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