

MERCHANT PROCESSING NEWS

... EDUCATING AND ASSISTING BUSINESS OWNERS ON THE SUBJECT OF
"MERCHANT SERVICES"



PURPOSE OF THIS NEWSLETTER

This month's newsletter covers topics focusing on "financial" awareness.

Recently I read an interesting blog by Stuart Rosenbaum the CEO of a well known and respected merchant services provider located in Fremont, California. Stuart is also a very close and personal friend of mine.

As I began to read, I was initially struck by the title and curious to see how Stuart addressed this significant issue. Please take a few moments and read along with me.

WHY SOMETIMES PAYING MORE TO YOUR MERCHANT SERVICE PROVIDER WILL COST YOU A LOT LESS

When businesses decide which merchant service provider to use, many will make a decision based on one simple criterion- the lowest rates. In very few cases is this the most valid method of choosing a company.

When choosing a merchant service company- larger companies are not always best and lowest rates are also not always best. What business owners have to keep in mind are all of the associated non-quantifiable or non-monetary costs involved such as:

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What's Inside:

- Purpose of this newsletter
- Why sometimes paying more to your merchant service provider will cost you a lot less
- Are you PCI DSS compliant?
- Does this company have a technical staff that can support my specific need (which might apply to businesses with integrated point of sale systems, recurring payments or e-commerce sites)?
- Does this company provide good and timely service (time on hold waiting for a customer service rep is costly)?
- Will this company really understand my business and help me be a better merchant? Pay close attention to this one.

If you have a non-traditional business, (web-based, a business that sells a service- perhaps consulting, one that is highly seasonal or any number of variations that put your business outside the norm of a retail type business) then you have to ask yourself how much time and effort will be used on the part of the underwriter to understand how your business works, why it is growing, and what your specific needs might be for card acceptance.

For many large processing companies your business is just a number. When you do something that causes them to perceive there's some risk, you may find your funds are held, or worse, your processing privileges have been terminated- not a good place to be when a large portion of your sales are from credit card payments. A very large processing company may have no compunction about shutting down your account or holding funds even if this potentially causes the demise of your business- and they have every right to do so.

To some of these providers you may be just a number- maybe one of hundreds of thousands of accounts. Sometimes a smaller service provider has a more vested interest in the health of your business.

What's important to find out is whether or not the service provider is prone to work with you when you have a problem, which can be anything from your volume rapidly growing to you being the victim of a fraudulent transaction, which could cause account closure. To find out, pay close attention to the questions a sales rep asks you when taking the application. Is he really trying to understand your business so the underwriters and technical people can fully understand your needs? Next, look at the paperwork before signing it and make sure your business has been accurately represented. Then ask a lot of questions about how issues are handled at that company such as charge back disputes, education about issues such as fraud, or even re-underwriting if your account volume greatly exceeds your expectations. Get a feel for the company and go with the company that shows you they care enough about your business to understand your business- even if that company wants to charge a little more.

Last of all- don't be alarmed if occasionally the company contacts you to investigate a transaction. This can seem annoying but it also can mean that the company is on the ball and looking out for your best interests.

ARE YOU PCI DSS COMPLIANT?

As you probably have already heard there is a ton of talk about being PCI DSS compliant and for good reason, identity theft is more common than hay fever. The Payment Card Industry, better known as MasterCard and VISA require banks, member service providers and merchants to protect cardholder information by adhering to a set of security standards. The Payment Card Industry security standard (PCI) includes MasterCard's Site Data Protection (SDP) program and Visa's Cardholder Information Security Program (CISP).

It is now required that every business be PCI compliant. To do so means following a regimented set of guidelines.

Such as:

1. Determining what level of compliance is required for your business.
 - A. Level 1: Greater than 6 million credit card transactions per year or ANY business that has succumbed to a data breach or any business deemed Level 1 by card associations.
 - B. Level 2: Any merchant processes more than 1 million transactions regardless of channel.
 - C. Level 3: Any merchant who processes more than 20,000 on line transactions per year.
 - D. Level 4: Less than 20,000 e commerce transactions or 1 million total transactions per year.
2. Fill out the self-assessment questionnaire. Call us to inquire.
3. Fix every area to which you answered "no" on the self assessment questionnaire.
4. Hire an approved scanning vendor to perform quarterly scans of all external networks.
5. Fix and maintain any failed area of the scan.
6. For all Level 1 merchants – Complete an annual on-site audit by a qualified security assessor.

Once all the steps are completed you are now PCI compliant.

----- End of blog -----

So protect yourself, protect your customers and rest assured that our friends at [JG Consulting Group, Inc.](#) are dedicated to educating you in an effort to protect your business interests.

If you have any questions feel free to contact [JG Consulting Group, Inc.](#) or refer to the PCI Security Standards website.

... more to come next month.

For more information and timely updates visit: www.merchantprocessingnews.com