

# TRANSFIRST In Focus

## Insightful. Innovative. In depth.

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TransFirst  
Provider of Internet, PC  
software, or terminal  
solutions



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**Credit and Risk Management** Jim Moore, Manager Group Operations in Credit Underwriting gave us an update on credit and risk management on the October ABC call. He emphasized the need for accuracy in establishing the average ticket and monthly volume presented on the merchant application. This is key in managing the risk. The following are two areas Jim covered in his presentation. For additional details see the October 2008 ABC call presentation or contact your account manager.



**Credit Underwriting** Credit uses a Risk Acceptance Criteria list. Correct documentation needed with each application so it is not delayed.

Core Documentation– At minimum, merchant application packet needs to include

- ⇒ Good understanding of merchant's business model
- ⇒ Premise inspection
- ⇒ Patriot Act
- ⇒ Previous processing statements
- ⇒ Signed contract

Additional requirements for certain riskier businesses

- ⇒ Financial statements-at minimum 2 reporting periods
- ⇒ Bank reference-to show deposit levels, NSF history, credit facilities, credit experience
- ⇒ Trade reference
- ⇒ Marketing materials

Alternatives-not all merchants fit into one box: These options can be utilized for approvals

- ⇒ Cash reserves
- ⇒ Funding daily
- ⇒ Daily discount
- ⇒ Hard volume and average ticket caps

### **Industry Update**

- ⇒ Merchant processors are taking action to mitigate risk: This can include merchant reserve requirements or cancellation of services for some merchants
- ⇒ High risk industries: furniture, construction, home remodeling, Internet based businesses
- ⇒ Business failures on the increase: new and existing businesses
- ⇒ Credit crunch

### **Triple DES Encryption Method**

TransFirst is pleased to announce the release of the Triple DES Encryption Method for the TSYS, Paymentech, and Bancnet Networks.

Effective November 21st all PIN pads and terminals with internal PIN pads encrypted on the TSYS, Paymentech, and Bancnet networks will be encrypted with the Triple DES Encryption Method. This encryption method is truly a plug-and-play situation so no reprogramming is necessary to the terminal in order to accept this encryption method. You can tell if a PIN pad or a terminal with an internal PIN Pad is Triple DES encrypted by looking at the sticker on the bottom of the PIN Pad and it will say TDES if Triple DES encrypted.

This change is being made to support the requirements of Visa and MasterCard related to PCI PED compliance. The change will be transparent to clients and merchants. No request is necessary to take advantage of this new encryption method.

Please remember any merchant switching debit processing to TransFirst will still require an Encryption Exchange or new PIN pad in order to process debit with TransFirst. We will only encrypt our core list of PIN pads and terminals with internal PIN pads, these include:

VeriFone PIN Pad 1000SE, Vx Series terminals, Hypercom PIN Pad 1300, Way Systems 1581, Hypercom PIN Pad S9 ( Petro Partner only ), Nurit 8020 terminal.

## **CrossCheck Programs**

**Premium program:** The CrossCheck Premium program turns the check submitted into an ACH deposit. This program is good for merchants who take a high volume of checks and do not want to take their checks to the bank for deposit on a daily basis. Merchants who use an imager during the process will return the check to the check writer stamped "void". Merchants who do not own an imager will retain the check and submit those to CrossCheck directly. Merchants may opt to use either the guaranty or verification programs in conjunction with the Premium program.

**Standard program:** The CrossCheck Standard program keeps the check a paper transaction and the merchant must take the checks to the bank for deposit. The Standard program is good for merchants who do not take a high volume of checks, or wish to limit the cost of check processing. Merchants may opt to use either the guaranty or verification programs in conjunction with the Standard program.

### **Definition of terms:**

**Check verification:** is a good product for merchants who may not typically have a problem with bad checks, but would like a level of reassurance when accepting checks. When processing the check the merchant will use their terminal or call in the data. It will then be verified against a list of known check writers that have written bad checks previously, and they will get an approval or decline message. If a check is returned after it is deposited, the merchant will have to pursue collection of those funds. This program can be used with either the Premium or Standard programs.

**Check Guaranty:** is a good product for those merchants who are more apt to take bad checks, or have a higher volume of checks processed. It works similar to the Verification program except that if a check is returned under the guaranty program, then CrossCheck will cover those funds. This program can be used with either the Premium or Standard programs.

Also keep in mind: Premium guaranty programs don't verify funds in the check-writers account.

Please refer to the certified software list for the most up-to-date list of hardware available for CrossCheck service. There are also some businesses that are not accepted by CrossCheck. Contact your account manager for more details.

## **Quiz Terminal questions:**

1. Are any of our supported terminals bilingual?
2. Does TransFirst support Store and Forward or Batch Auth Mode on any of our terminals?
3. Are we aware of any Omni Vx510LE's that are non compliant?

### **Terminal answers:**

1. The Omni series of terminals can have the language changed, along with the Nurit 8020, 8000, 8320, and Elite terminals. The Hypercom has a choice for language, but only affects the language in boot mode, not for the transaction prompts.
2. Store and Forward is supported on the Nurit line of terminals and can be accessed on the Hypercom T7RR application, but it is not supported officially on Hypercom terminals. It is recommended to avoid placing a merchant on Store and Forward (Batch Auth Mode on Hypercom) due to the risk of lost merchandise if the stored transactions decline upon authorization once the terminal is connected to a land line.
3. The Vx510LE is a compliant version of the non-compliant Omni 3730LE. All terminals deployed by TransFirst are compliant in accordance to regulations, as the internal PIN pad is PCI/PED compliant. The version of this terminal deployed by TransFirst is the Vx510LE/3730LE and is certified. We are only injecting the internal PIN pads on compliant terminals.



## **Bridge the Gap: PCI**

Meredith Avery presented an ABC call in September on PCI. Here are a few highlights to remember about PCI.

- ⇒ TransFirst has chosen Security Metrics as a recommended preferred PCI vendor.
- ⇒ TransFirst is mailing out a three part series in the November, December, and January merchant statements on PCI. We also did this type of mailing last year.
- ⇒ The mailing includes merchant education, tips, requirements, and how to get enrolled.
- ⇒ Copies of the statement inserts were sent out to financial institutions by email.



## **TransLink Enhanced**

TransLink has been enhanced to provide more comprehensive merchant status information. TransLink users will be provided an additional nine new statuses on the Application Status Report, on the Merchant report menu. It will provide a more complete view of the merchant boarding process. Specifically you will have detailed information on the steps within the terminal and software build process, including pending applications, quality control, and terminal processing.

