The Green Sheet

GS

The Financial Services Industry Source for Education, Inspiration and Actionable Advice

Certified Merchant Services Reaches Settlement with FTC

C ertified Merchant Services, Ltd. and its affiliates announced that it has entered into a settlement agreement with the Federal Trade Commission (FTC) over the FTC's first-ever and only complaint to date against an Independent Sales Organization (ISO).

The settlement is for an undisclosed amount and will be paid to the FTC over an extended period of time. In addition, it was announced that Mary Dees, acting receiver of CMS, has accepted the position of General Manager for the company.

In February 2002, the FTC filed a complaint alleging CMS participated in "unfair and deceptive practices related to the marketing of credit and debit card merchant accounts to small businesses nationwide."

In its complaint, the FTC stated that the defendant and its principals misrepresented the terms of – and then inserted fine print into – merchant account agreements, allowing the company to fraudulently debit previously undisclosed fees from the merchants' bank accounts.

"Although there has been no finding of guilt, we decided that in the best interests of our merchants and our company, we would resolve this matter through a settlement," Jonathan Frankel, founder and majority shareholder of CMS, said in a statement. "Now we can focus on growing and expanding our business again."

CHS

"Although there has been no finding of guilt, we decided that in the best interests of our merchants and our company, we would resolve this matter through a settlement. Now we can focus on growing and expanding our business again."
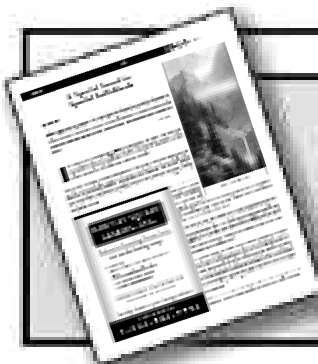
– Jonathan Frankel, founder
Certified Merchant Services

Notable Quote:

These paintings were presented to the Heartland organization after a companywide dinner celebration at the Huber Orchard Winery in downstate Indiana a few weeks ago. If there ever has been a more inspiring sales celebration, I haven't seen it.

Simply the BEST!

Vital Merchant Services and Ingenico are teaming up to provide the best check reading and imaging products in the industry. Combined with Vital Merchant Services' single source service offerings, Ingenico's check products are simply the best.

INGENICO 2600 CHECK IMAGER/READER

The Ingenico 2600 is a cost-effective, flexible, robust check reader and imager that sets a new standard through superior ease of use and optimum connectivity. The 2600 images checks and documents using gray scale imaging to ensure that the imaged check retains all hand-written information. The 2600 can selectively "read only" or "read and image" checks, reducing the overall cost of check acceptance. The 2600 is the only imager to provide an optional printer and magnetic stripe reader.

eᴺ-CHECK 2500 CHECK READER

Continuing the tradition of providing the highest performance check readers in the industry, Ingenico designed the eᴺ-Check 2500 with an array of superior features. Its ergonomic design enhances its appearance and improves its read rate. Its compact size, installation options and versatility allow it to be placed virtually anywhere. The intuitive check staging area and increased processing speed make it the check reader of choice for improving customer service and reducing fraud.

eᴺ-CHECK 3000

Protecting yourself from bad check losses is as easy as plugging the eᴺ-Check 3000 into your telephone jack and power outlet. The large bright display and keyboard are incredibly easy to use and the keyboard layout is similar to that of a credit card terminal, making it easy to operate. The eᴺ-Check 3000 can be wall-mounted or placed on a counter for optimum operator convenience. Integrated modem provides direct access to electronic check processing service.

VITAL MERCHANT SERVICES

Vital Merchant Services is the single source to get merchants up and running for optimal electronic payments acceptance. The company provides same-day order fulfillment for POS equipment and supplies as well as online equipment ordering and tracking. Vital Merchant Services' customers take advantage of a full suite of deployment services including POS equipment programming, PIN pad injection, terminal application downloading, debit/credit test transactions and application overlays. POS equipment procurement, merchant location(s) deployment, new merchant training, equipment installation and a 24 X 7 Merchant Help Desk as well as comprehensive replacement and repair services make Vital Merchant Services your single source..

For more information or to order these products call Vital Merchant Services.

ingenico

1-800-252-1140
www.ingenico-us.com

VITAL MERCHANT SERVICES

1-800-348-1700
www.vitalps.com

The Green Sheet

The Financial Services Industry Source for Education, Inspiration and Actionable Advice

INDEX TO ADVERTISERS:

ADVISORY BOARD

Shopping Around

We're looking for a new ISO program with great rates, outstanding customer service and setup, quick pay, residual reports online, status reports online, and fax signatures without paper followup. My group and I are running 30-50 deals per month.

Trent Long

Trent:
Please check out our Web site. First, go to ISO Forum and post this in the Forum area: www.greensheet.com/forum. Then, go to Resource Guide Online and look in "ISOs Looking for Agents" and other headings: www.greensheet.com/resource. Also, all of our back issues are available online in PDF format with ads: www.greensheet.com/alternate.html

Good Selling!
The Green Sheet Staff

Back Issues of GSQ

We would like to receive your November 2001 publication, "Credit Card Acquiring in America." Can you please tell us how subscribers can get this?

Terry Crowley
The Bancorp Bank

Terry:
All of our GSQs are available online. Simply register to access this area (no charge). The issues are available in HTML text and PDF format: www.greensheet.com/gsq/

We are currently finishing the research for an update of this report. It will be published as GSQ Vol. 6, No. 1 in January 2003.

Good Selling!
The Green Sheet Staff

Questions about ISOs

I am putting together a business plan for a solution intended for use by ISOs. I have a few questions regarding this specific market and would greatly appreciate your help.

- Do you have any estimates of the number of ISOs and merchant banks in the U.S. and Canada?
- Do you have any information regarding the distribution in terms of market share in the top 10, 50, etc.?
- Do you have any estimation regarding the size of the market in terms of merchant locations/terminals in particular small and midsize locations using a dialup service?
- Do ISOs usually contract with only one processor or do they contract with different processors for each point-of-sales service they offer to their merchants (credit card, debit card, EBT, check authorization, check conversion, loyalty programs, gift cards, stored value card, etc.)? Do ISOs manage their terminals or is this activity subcontracted to a processor or a third party?

Thank you very much for your help in this matter.

Best regards,
Richard D. Brown
Founder and CTO
Kedemon, Inc.
Austin, Texas

Richard:
Much of the information you seek is included in various issues of our GSQ publication. We have published annual analysis of the bankcard acquiring and ISO markets. These publications are available online in PDF format at no charge. Simply register for access to the GSQ Online at www.greensheet.com/gsq/

At this time, our research is focused on the U.S. marketplace.

Good Selling!
The Green Sheet Staff

The defendants in the FTC's complaint were Certified Merchant Services, Ltd.; Certified Merchant GP, Inc.; Certified Merchant Services, Inc. (collectively CMS); Jonathan Frankel; Craig Frankel; and Randal A. Best, of Plano, Texas.

CMS has been operating under a federal court-appointed receivership since mid-February 2002, when Judge Paul Brown in the U.S. District Court for the Eastern District of Texas, Sherman Division appointed a receiver team for CMS, initially led by Garrett Vogel, certified public accountant.

Mary Dees, President and CEO of Creditranz.com Inc., President-elect of the Electronic Transactions Association (ETA) and part of the original receiver team, has been acting as sole receiver for CMS since September 2002, when the remaining members of the team, including Vogel, were granted release from duty at the request of CMS, Jon and Craig Frankel and the Federal Trade Commission, in order to lower costs associated with the receivership.

"It was rewarding to know in September that as a result of the company's efforts, the FTC and the Court were

comfortable allowing the company's supervision to be decreased to just one person," said Dees.

Along with the announcement of the FTC settlement, Dees has agreed to continue to lead CMS as General Manager on an ongoing basis. She also will continue to serve in her current positions at Creditranz. "I accepted the opportunity because I believe that I can make a difference," said Dees in a statement. "I believe the future is bright for CMS, and I believe that CMS represents what our industry should embrace in terms of ethics, compliance and business practices.

"We are pleased to have the case settled and behind us. We have all worked very hard over the past several months to meet all of our compliance requirements with the highest degree of ethics and integrity. I am excited about the opportunity to be responsible for and direct the efforts of one of the most FTC-compliant companies in our industry."

CMS has come a long way since that dark day in February 2002 when a federal district court issued a temporary restraining order against the defendants, froze the defendants' assets and appointed a receiver to oversee the company's operations.

In December 2002, Dees reported that under guidance of the receivership, CMS had significantly improved its customer service stats, retrained its entire independent sales force and implemented its first Ethics and Compliance Director position, currently held by Angela Papas.

The Ethics and Compliance Director conducts periodic audits of all areas of CMS business, including sales practices and disclosure, rate confirmation and underwriting, contract documentation, customer service and sales call monitoring, analysis of customer service requests and resolutions, and employee ethics and compliance training.

Through an order filed in November 2002, CMS will continue to be supervised and protected under the federal court. CMS and its receiver sought the court order after learning competitors were engaging in activities harmful to the company, such as making false and misleading statements against CMS and using the receivership as a reason for trying to solicit CMS merchants for business or solicit CMS employees or CMS sales agents for employment.

CMS, a private company, anticipates its 2002 revenues will be within 5% of revenues reported in 2001. Plans are in place to grow the business, and CMS hopes to enlist partners to assist in this process.

"Now that we have resolved our issues with the FTC, we

expect to see more people express interest in our business, including the opportunity to invest in our future," Jonathan Frankel said. "Finding the right strategic partner is a priority, and we look forward to partnering with someone who shares our intentions to expand this business."

CMS' financial information and the settlement amount have been sealed by the court. Redacted documents concerning the settlement were not yet available to the public at the time this publication went to press.

For more information about the CMS case, you may refer to The Green Sheet:

"First Federal Trade Complaint against an ISO"
Feb. 28, 2002, issue 02:02:02

"An Open Letter from Certified Merchant Services"
March 25, 2002, issue 02:03:02

"CMS Appoints Permanent Receiver"
May 27, 2002, issue 02:05:02

"Certified Merchant Services Granted Court Order"
Dec. 23, 2002, issue 02:12:02

You also can visit the FTC's Web site, www.ftc.gov.

"It was rewarding to know in September that as a result of the company's efforts, the FTC and the Court were comfortable allowing the company's supervision to be decreased to just one person. ... I am excited about the opportunity to be responsible for and direct the efforts of one of the most FTC-compliant companies in our industry."

— Mary Dees
General Manager
Certified Merchant Services

A Special Award to Special Individuals

By Bob Carr

Editor's note: Since its inception, The Green Sheet has focused on providing information to support ISOs. I asked Bob Carr to write the following article when I heard about his unique incentive program. I felt as if this program would be of interest to our readers and that it might inspire other sales-team leaders to think "outside the box" when designing their incentive programs.

– Paul Green

ISO stands for Independent **Sales** Organization. At least that was the nomenclature chosen by VISA in the late '80s during the creation of the regulations requiring registration of our companies. MasterCard later coined the term MSP – Merchant Service Provider.

ISO or MSP. It doesn't matter. Salespeople 'R Us – that's who we really are. We are the outsourced sales engines of our sponsor bank members and all of the vendors of processing services, equipment and software. We are the people who understand the value of different products and payment services. We are the people who build valuable portfolios because of our knowledge, tenacity and yearn to earn.

"Out of the Woods"

In our business we don't grow until somebody sells something. In this day and age if you aren't growing, your business is eroding. It took me a long time to understand the "grow or die" theory, but I reluctantly have come to believe it is true.

So how do you say thank you to the individual entrepreneurs who built your company into the 57th-fastest-growing company in the U.S.? What is an adequate way to say thank you to a sales team that sold, installed and serviced $20 billion of small and medium-size merchant contracts in less than 60 months? How do you reward folks for such an amazing accomplishment?

It comes down to three things, really – integrity, money and respect. Like everyone else, our individuals want to work for a company they are proud of, and they want to be paid handsomely for a job well done. But each of us also wants to be treated with respect and to be given credit and to be recognized for what we achieve. All of us also want to be pointed in a direction that is inspiring for us so that we are on the path to a great future for our careers and for our families.

There is an entire industry built around recognition and awards. Today's sales awards include trips, cash, clothing,

Vital Merchant Services℠.
An inventory of successful solutions.

CAPABILITIES INCLUDE:
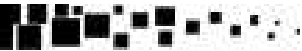
- **POS Equipment & Supplies**

- **Deployment**

- **Merchant Training**

- **Repair & Replacement**

- **Web-based Order Entry via VitalSync**

- **Just-in-Time Inventory Management**

QUALITY EQUIPMENT FROM:

- **VeriFone**

- **Hypercom**

- **Lipman**

- **Thales**

- **Ingenico**

- **RDM**

- **MagTek**

From POS equipment supplies and deployment to on-line order management, Vital has what it takes to keep business moving. Our responsive support team can get your merchants what they need, when they need it. To find out more about Vital Merchant Services, call 800-348-1700.

VITAL your commerce connection ®

But when you have been around the track lots of times ... it is time to start thinking about a very special way to say thank you to the people who are responsible for your success.

"Inspiration Point"

watches, briefcases, paperweights, crystal ware, jewelry, the ubiquitous wall plaque and tons of other trinkets and tokens. Of course, a timely "thank you" or "great job" also is well received if it is sincere.

But when you have been around the track lots of times and the AARP mailings started coming long ago and 60 doesn't seem "that old" anymore, it is time to start thinking about a very special way to say thank you to the people who are responsible for your success.

A couple of months ago, Mike Hammer, Heartland's Chief Marketing Officer, and I commissioned an outstanding artist, Charles Pabst, to paint a series of three paintings symbolizing the long journey up the mountains and eventually to the highest peak in the mountain range.

The journey starts with a couple of hikers who have found their way "Out of the Woods" and for the first time have a clear view of "Inspiration Point." The second painting shows these same two hikers having attained the peak they had seen, but they are beaconed by the highest mountaintop in the entire range.

The third painting, "Journey's Reflections," is a view from the very top looking back to "Inspiration Point" and back to the very woods that marked the genesis of the long upward march to a remarkably difficult but successful journey.

Wishing you a prosperous New Year.

At Bridgeview, we're looking forward to a year filled with unparalleled profit potential.

Give us a call to see what lucrative ISO/Agent packages we can offer you.

Bridgeview
payment solutions

Your Bridge to Better Merchant Processing

710 Quail Ridge Drive
Westmont, IL 60559
630.321.0117
888-DO APPLY
www.bridgeviewbank.com

Bridgeview Payment Solutions is a wholly owned
subsidiary of Bridgeview Bank and Trust.

It is something that cannot be duplicated, and it will only be meaningful to those who have been part of the growth. Now everyone, new and old, is eligible to win each of the three paintings as they build their portfolios, wealth and careers with Heartland.

These paintings were presented to the Heartland organization after a companywide dinner celebration at the Huber Orchard Winery in downstate Indiana a few weeks ago. If there ever has been a more inspiring sales celebration, I haven't seen it. All of the vested salespeople in the company were presented with a copy of "Out of the Woods," as were all five-year non-sales employees.

"Inspiration Point" was presented to the grizzled veterans who had attained a defined earnings mark, and "Journey's Reflections" was presented to the longtime salespeople and staff who had built a specific level of stock, stock options and portfolio equity.

These paintings were reproduced by computer with original oil paint in a process known as Giclee (similar to that used by the Kincaid studios). It is impossible to distinguish the original oil painting from each unique copy. Each recipient also was presented with a booklet that included color prints of all three paintings and a copy of the presentation comments for each of the paintings as well as the story of the origin of the ideas developed by the Carr-Hammer-Pabst team.

"Journey's Reflections"

So this is how we decided to create a special legacy of recognition for the producers and achievers who build our company. The uniqueness of the award is that it symbolizes the stages of growth achieved by both individuals and by the company, and it reflects the originality of our sales model.

It is something that cannot be duplicated, and it will only be meaningful to those who have been part of the growth. Now everyone, new and old, is eligible to win each of the three paintings as they build their portfolios, wealth and careers with Heartland.

As these paintings have been shipped and uncrated by our folks across the country, the letters and e-mails of appreciation have not been far behind. There are lots of walls in living rooms and offices across the United States that provide a heartfelt thank you to the people who have built a remarkable company in just five years. We look forward to awarding many more paintings to existing and new professionals over the coming years.

(To see color copies of the paintings, to read the story behind these paintings and to read the narratives for each of the paintings, visit www.hpsteammates.com/roc)

ETA

Midyear Meeting No Longer Will Be an Expo

The Electronic Transactions Association (ETA) announced that the 2003 Midyear Meeting will take place this fall, but without a trade show. ETA's Board of Directors voted to hold only one trade show per year, effective in the 2003-04 ETA fiscal year, which begins July 1, 2003.

The ETA attributes its change in plans to feedback from members and attendees of the 2002 Midyear Meeting in Seattle. Attendance at the Seattle show was less than expected: 1,512 attendees and an estimated exhibitor-to-attendee ratio of 3 to 1. Opinions on the low turnout ranged from the poor economy and time constraints to the show's location.

The 2003 Midyear Meeting will be a forum with panel presentations, roundtable discussions and still plenty of networking opportunities.

Without vendors attending, the size of the show is expected to be significantly smaller.

The ETA said its 2003 Annual Meeting and Expo, scheduled for April 8-10, will be "business as usual" with exhibitors, meetings and training classes coming together in Las Vegas.

The theme of this year's show, scheduled to be at the MGM Grand, is "Beat the Odds." The event opens on Tuesday, April 8 with an all-day golf tournament and evening welcoming party with exhibitors. General and educational sessions and numerous networking opportunities with exhibitors will follow on April 9-10.

A preliminary schedule of the meeting and registration information is available on the ETA's Web site, www.electran.org.

MasterCard Asks for Dismissal of Class-action Suit

In a supplemental brief filed Dec. 13, 2002, MasterCard International asked federal Judge John Gleeson to dismiss the Wal-Mart antitrust litigation before it goes to trial in April 2003. The request was on the basis that "the retailers' claims are legally and factually deficient, and do not merit being presented to a jury."

This is the latest news in the Wal-Mart class-action lawsuit filed against Visa/MasterCard in 1996. Wal-Mart and other retailers claim that as part of accepting the associations' credit cards and an "honor all cards" policy, Visa and MasterCard forced retailers to accept their more costly offline debit cards, which require a signature, rather than cheaper online debit cards, which require a PIN.

The retailers are claiming $10 billion in damages from fees they paid from accepting the offline debit cards; MasterCard says Wal-Mart and other retailers have made billions of dollars in sales on MasterCard debit and credit card purchases.

"What the retailers behind the lawsuit want is to continue reaping huge profits from accepting MasterCard cards, while shifting their cost of accepting those cards to the American consumer," said Noah Hanft, MasterCard's general counsel, in a company statement.

Hanft added that retailers participating in the suit want to choose which debit option their customers use instead of the customers themselves being able to choose.

"The retailers' case is at odds with both the law and the reality of how consumers pay for goods and services at stores like Wal-Mart," said Hanft. "Wal-Mart's customers can choose to pay using any of the wide range of payment options Wal-Mart accepts, including cash, checks, MasterCard and PIN debit. No MasterCard rule stops Wal-Mart from suggesting – as it routinely does – that customers pay with PIN debit."

MasterCard says the papers it filed with the supplemental brief provide the most recent evidence of competition in the payments industry and disprove the belief that MasterCard and its rival Visa conspired to choke competition from PIN debit networks.

"Antitrust laws, which are designed to protect consumers, encourage practices like MasterCard's 'Honor All Cards' rule, which creates a greater range of choice for consumers and protects their freedom of choice," said Hanft.

Teach Your Merchants Well: Card Fraud Tips

Signs of Credit Card Fraud

Do you know when a customer will leave you holding the bag? They might be using bad plastic if they …

In-Store

… Are first-time shoppers. Do you recognize the customer? Criminals usually hit once, then disappear.

… Are on shopping sprees – larger than normal purchase totals, big-ticket items, orders of several of the same item, and buying a lot with no regard to size, color, style or price.

… Ask no questions on major purchases.

… Make purchases right at opening or just before closing.

… Try to distract or rush you.

… Make purchases, leave, then return to buy more later.

Internet and MOTO

… Don't fill in all information requested on order forms – no name, phone number, expiration date, etc.

… Provide information that doesn't add up – area codes and phone numbers should be from same region.

… Place orders on multiple cards to ship to a single address.

… Place rush orders.

… Use a free e-mail service.

… Place orders from overseas.

What Merchants Can Do

• Study the card – Visa accounts always begin with "4." Visa and MasterCard both use special security features, such as holograms and numbers on signature strips. Visa says "See ID" is not acceptable in place of a signature.

• Ask for more information – day and evening phone numbers, the card's issuing bank name.

• Call directory assistance to verify name and phone number, then dial the number.

• Confirm the order – call or e-mail.

• Use the card companies' Address Verification Services or added-verification options.

• Sign up with an anti-fraud service.

Caught somewhere in the middle of the battle against credit card fraud, often left unmentioned in the shadows of financial institutions and consumers, are merchants. As fraudsters get more creative in their methods for stealing and replicating the identities and account information of unwary victims, there are strategies both retailers and e-tailers can implement to stop bogus transactions.

At the frontlines are ISOs, whose relationships with merchants, their customers, position them to pass on information and share tools and tips. (See chart for a brief outline of fraud-prevention tips to copy and give to your merchants. Visit www.greensheet.com for a full-length, printable version to pass on to them.)

Where consumers are responsible for only the first $50 in illegal purchases, the businesses who accepted and put through the false charges have to cover the rest of the bad tab, which is estimated to be as high as $2 billion – and growing – a year. Chargeback fees can range from $15 to $25 per incident. Transaction fees and discount rates often increase.

Beyond direct revenue losses and increased fees, there are hidden costs that merchants incur with fraudulent purchases. Loss of staff time is the most significant; the loss of customer goodwill is hard to quantify.

There are steps businesses can take to reduce tangible and intangible expenses from fraud. Vigilance will pay off for merchants in the long run, but they should establish a system to investigate questionable purchases that makes sense for the business.

First, make sure all of your employees can recognize the signs indicating fraudulent transactions. These can include first-time shoppers (criminals usually hit once and disappear), larger-than-normal purchases (shopping sprees, big-ticket items), orders consisting of several of the same item and orders shipped to a single address but purchased with several cards.

Customers using bad cards might buy a lot with no regard to size, style, color or price. They might make major purchases with no questions asked, try to distract the clerk or rush the sale through. They also tend to make purchases right as the store opens or closes, and they might make purchases, leave the store and come back later to buy more.

Visa USA's Web site points out other ways to spot a bad card: Visa accounts always begin with a "4," and a special security feature shows a dove on the front of the card when placed under ultraviolet light. Visa offers merchants prevention information as well as an address-verification service; it also warns merchants to never risk their own safety if they become suspicious that card fraud is taking place.

Off-site purchases via Internet, mail or telephone are more difficult to police but not impossible. Process orders only with complete information – name, billing address, card number, etc. Review orders to see if everything matches up – area codes, zip codes and addresses should all be in the same region geographically. Don't accept overseas orders.

If an alarm bell rings, get more information. Ask for the bank name on the card or day and evening phone numbers. Confirm large orders with a note, call or e-mail. Call directory assistance to match names and numbers, then make an order-confirmation call.

As consumers make more online purchases, more merchants are taking more precautions against fraud. In a report released by CyberSource on online fraud for 2002, 65% of merchants surveyed said they have beefed up investments in managing and preventing card fraud.

Merchant Processing Costs – Part II

Part I of this article included this statement: **"It is Visa's and MasterCard's level playing field of dollar-volume cost structure that allows for free market pricing that, in turn, gives the small players the opportunity to compete with the big players."** The article also went on to discuss how this level playing field provided by Visa and MasterCard is now being challenged in court by First Data with its First Data Net service.

In Part II of this article, I will discuss the variable costs of transaction processing and also pass along some important news about First Data's countersuit against Visa.

What exactly does it cost to process a credit or debit card transaction? The answer depends largely on who is doing what. If you are outsourcing your transaction processing to First Data or Vital or Global or Concord, then your cost is whatever you negotiate and depends on your volume and the tasks you wish your outsource provider to perform.

KNOWLEDGE IS POWER
By Bob Carr

For authorization and capture (front-end) and settlement (back-end) services, ISOs using outsourced providers pay in the range of 5 to 12 cents per transaction, depending mainly on the volume of transactions provided. Some folks pay a lot less than 5 cents and some pay a lot more than 12 cents, but the bulk of ISOs pay in the 5- to 12-cent range. This, of course, does not include the 10 cents paid to Visa or MasterCard for interchange.

But the real questions I would like to drill down on are: What are the variable costs associated with processing a credit card (or offline debit card) transaction? If all of the infrastructure is in place, what does it cost to process the next transaction?

There are only two variable costs: telecom costs and association fees. If there are other variable costs to process "the next transaction," I am not aware of them. (Member sponsorship fees often are charged by transaction, which will be discussed in Part III.)

Obviously, there are a lot of costs involved in running a processing company. These include salaries, benefits, occupancy, power, leased lines, depreciation and amortization of hardware and software, and the costs of redundancy and disaster recovery sites, etc. Tremendous overhead must be expended to pay for a 24/7/365 payment-processing center. There are huge fixed costs.

But the question remains: "Assuming you have adequate capacity, what is the cost of **the next transaction**?"

Let's first address the cost of the telephone call. There are lots of ways a payment processor can accept a telephone call, and they all have different costs. The most expensive method (telecom costs only) of delivering a transaction is via an asynchronous dial-up credit card terminal or PC. The least expensive way (variable costs only) to deliver "the next transaction" is via a fixed-cost leased line.

Most VeriFone, Thales, Lipman and POS computer systems are built with asynchronous, dial-up modems that typically run at 300, 1200 or 2400 baud. Hypercom ICE and T7 terminals and some Ingenico Elite 510 terminals use synchronous dial-up modems. Asynchronous modems are "serial" while synchronous modems are "parallel."

Those of you familiar with PCs know that most of the slower input/output devices (such as keyboard, mouse, credit card reader and RS-232 interface) plug directly into serial ports at the back of the computer while the printer normally plugs into a different kind of port – a parallel port. Look at the number of pins on each of these posts

sometime. There are a lot more pins on a parallel port, and this allows for larger amounts of data to be transported in a given time frame than through a serial port.

In addition to a higher transport speed of parallel over serial, asynchronous modems are slow because they require special handshake arrangements once the phone call is received by the processor and continuous chatter (ACKs and NACKs) back and forth to validate the integrity of the data. Synchronous modems are not bothered by this kind of "telecom overhead" if properly installed; hence, a synchronous transaction is quite a bit faster.

This is important because the cost of telecom for a dial-up transaction is directly related to the length of connect time. During the connect time after the handshaking is finished, the transaction data is sent to the issuer for authorization, the authorization code is received, the receipt data and authorization code are sent back to the POS, the transaction is saved and the line is disconnected.

All processors burn a lot of calories negotiating low costs for reliable telecom services. Telecom costs have declined markedly in recent years. Even small processors can receive six-second billing, and the cost of telecom is well

below 5 cents a minute for almost everyone. Some have speculated that the largest processing platforms pay 1-1.5 cents per minute with one-second billing!

Our experience is that 1200 baud asynchronous devices average 9.8-second connect times while 1200 baud synchronous devices average 6.0-second connect times. With a 6-second billing contract, the asynch devices cost about twice as much because the connect time consumes two billing units compared to one for synch devices. Connect time for slower, asynch devices often consumes three or four billing units.

Along with dial-up authorization costs, batching and uploading costs and telecom costs of downloading terminal software must be added to the mix at the end of the day/shift. These costs are impacted in a similar manner by the speed and protocol of the POS device.

When you do the math on all of this, it is difficult to believe that any of the larger processors are paying more than a half-penny per transaction when taking into account all of the above items. The very largest processors are possibly paying less than a quarter-cent per transaction for telecom costs.

Of course, the higher the percentage of asynchronous devices, the higher the cost of the transaction. I predict that in the not too distant future you will begin to see

KNOWLEDGE IS POWER
By Bob Carr

higher fees being assessed for slower devices to cover the increased costs of telecom.

So what are the other variable costs of transaction processing? They are the fees charged by Visa and MasterCard to the third-party processors and member banks for using their authorization, capture and settlement systems.

MasterCard has a tiered pricing structure based on weekly transaction volumes for the MasterCard settlement system known as INET. While I am contractually prohibited from disclosing these fees, I can tell you that the cost of these fees at the lowest-tier range is higher than the telecom costs of most processors. These fees are charged directly to the member bank each week and may or may not be included in the billing you receive from your processor.

Visa also has a fee for its Base II settlement system. Since writing Part I of this article, I have been able to obtain a copy of the 40-page countersuit filed by First Data against Visa. Here is the last full sentence on page 15 of the lawsuit: "Visa also demanded that First Data guarantee transactions in the event of the insolvency of a Visa member,

even though Visa collects processing guarantee fees on every Visa transaction – even for the transactions that First Data (and not Visa) processes."

The Visa Base II fees are also tiered based upon volume. They are quite a bit lower than MasterCard's settlement fees and could even be a bit lower than the actual telecom costs for the larger processors.

Taking all of this and telecom into account, I believe that the cost of processing "the next transaction" is between a half-cent and 1 cent for the larger processors. Of course, this does not cover the very high fixed costs of operating a processing center, and it does not include things like profit and taxes.

FDC's Ominous Lawsuit

I am going to defer discussion of the fixed monthly costs of merchant processing to Part III of this article so I can talk more about the FDC lawsuit against Visa.

In the last issue I speculated that if FDC is successful with Visa litigation, FDC might indeed challenge the Visa dues and assessments for "on-FDC" traffic. I had seen nothing in the trade press on this subject, but it just seemed logical that a private network would logically want to try the

"As we enter our 20th year of business, we'd like to say thanks to the sales professionals that have contributed to our success."

J. David Siembieda, President and CEO

When CrossCheck was founded in 1983, the payment industry was on the eve of a revolution. Bankcard services, previously available only through financial institutions, were starting to be sold by independent agents. Huge opportunities became available as new equipment and services were introduced to retailers nationwide. With an eye towards the future, CrossCheck's founders embraced the energy, excitement and challenges of this new marketplace and, with a group of ISOs, grew a successful and profitable check guarantee company.

It's the "feet on the street" that have helped make CrossCheck the nation's largest privately-held guarantee company and the third largest of all of the check guarantee companies.

Today, many of our original ISOs are still with us, reaping the benefits of our lifetime residuals and partnership programs. In addition, we've offered innovative sales programs, sales support, free supplies, and private-label opportunities unique to our industry.

We're looking forward to the next twenty years and think they'll be as exciting and challenging as the past. New services for conversion, wireless and Internet applications will take payment processing in directions we couldn't have imagined years ago.

If you are currently selling our services, thank you, and get ready to make money as we take on the industry. Not yet selling CrossCheck's services? Then join us now. The opportunities are bigger and better than ever and we guarantee it'll be an interesting ride!

Best Wishes
J. David Siembieda
President & CEO

(800) 654-2365
WWW.CROSS-CHECK.COM
PARTNERS@CROSS-CHECK.COM

KNOWLEDGE IS POWER
By Bob Carr

failed Citibank strategy I previously discussed.

Bad news for non-FDC acquirers: First Data is already making the challenge! In paragraph 72 of page 21 of the complaint, First Data states, "… Visa also requires merchant acquirers to pay 'assessment fees' based upon gross sales volume (which includes transactions that are authorized and settled outside the Visa network). In 2001, this fee constituted 0.084% of the gross sales volume generated by the acquirers' merchants. … *By requiring merchant acquirers to pay to support Visa's new product development, Visa is attempting to stifle competition: Merchants are forced to underwrite Visa's costs of developing new products that will compete with their own products as they attempt to enter the Visa credit card network services market*." (I added the emphasis.)

The conventional wisdom in our industry is that "scale is the primary driver of profitability." That is a valid argument to a point. But there is an important counterpoint to this argument, which I will make specifically in Part III.

To summarize, let's look at the two topics covered in Part I and Part II: dollar-volume-based costs and variable cost of transaction processing.

Dollar-volume-based costs (interchange, dues and assessments) have been a level playing field for all of the acquirers since the beginning days of BankAmericard and Interbank. Transaction costs certainly are scalable in the overhead of running a data center, but the variable costs of transaction processing boil down to (1) telecom and (2) association fees.

If the largest processors are all paying less than a penny a transaction for telecom and association fees, and the smallest processor is paying even two or three times that amount (not likely), scale gets at most 1 cent or 1.5 cents per transaction advantage on the totality of variable costs!

Even with the advantage of huge scale on fixed costs, there isn't enough opportunity to scale down costs to keep the small players from being competitive unless …

… The big guy can eliminate 8.4 basis points of costs plus the association fees assessed for settlement, as is being attempted in this lawsuit. An advantage of 1 cent to 1.5 cents hasn't been enough to conquer the market. But 8.4 basis points plus no association fees plus a scale benefit of a half-cent to 1 cent for telecom will clinch the deal.

AFirst Data victory in this lawsuit would mean that none of us would be able to compete for merchants processing any reasonable volume of business with our hands tied behind our backs.

If this isn't a subject to get the attention of the merchant acquirers, I don't know what is. I have never seen a legal challenge to the competitive landscape of merchant acquiring before. This challenge should rally all of us to fight for the level playing field we require to survive.

It looks as if 2003 is going to be a very interesting year.

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

1-800-BANKCARD

COMPANY PROFILE ◄ ◄ ◄

MAGTEK®

MagTek, Inc.

ISO contact:
Pat Oven, VP Sales
Phone: 800-788-6835
E-mail: poven@magtek.com

Company address:
20725 S. Annalee Avenue
Carson, CA 90746
Phone: 800-788-6835
Fax: 310-631-3956
Web site: www.magtek.com

ISO benefits:
• Provides broad range of card-reading, check-reading, card-issuing and cardholder-verification solutions.
• Aims to be the lowest-cost provider with the best technology.
• 24/7 live-voice call center guarantees a solution to any problem.
• Same-day turnaround for orders.

Making the Right Moves with Mag Stripe

You've got a great idea and a willing colleague, but the company you're working with to develop that idea goes under. Do you give up? Lou Struett and Thomas McGeary sure didn't. When they wanted to implement magnetic technology into the payment-processing industry in 1972, they founded MagTek, Inc.

"We surveyed technology that was out there or in infancy," says Struett, Executive Vice President of MagTek. (McGeary is the company's President.) "While mag stripe had been around since 1965, it was really only being used for rapid transit. Then in 1969, ATMs were introduced, and that was the first use of mag stripe cards in the industry. They were a novelty in those days with just a few leading banks trying them."

Around that time, Struett and McGeary joined a company with significant venture capital hoping to help them capitalize on magnetic stripe technology. Within a couple of years, that organization called it quits, but Struett and McGeary vowed to continue with their vision.

"Here we were, unemployed in April of that year," Struett says. "It was either go back to a large company or start our own. We had learned in two years a lot of technology and believed in it. We approached it from a philosophy of making money from the get go, scaling the operation to fit what the market was.

"The other company was unfortunate in that, in order to attract venture capital, they had to present a business plan with 'x' amount of dollars in 'x' years. Realistically, we knew the market wasn't there, so we started extremely small – myself, Tom and two engineers, one of who is still with us. We set out to pursue what little business there was and built upon it."

Thirty years later, that small entity has evolved to 300 employees and has become one of the world's leading providers of electronic transaction technology. From magnetic stripe card readers and writers to MICR check readers and imaging equipment, secure PIN issuance and cardholder verification systems, MagTek's products and components are in use today at branch banks and thousands of point-of-sale locations around the world. They're also incorporated into kiosks and ATMs as well as restaurant and hospitality equipment.

Ever-evolving, MagTek continues to provide a broad range of card-reading, check-reading, card-issuing and cardholder-verification solutions through developments in imaging both magnetic stripe and smart card technologies. It is committed to expanding its product capabilities through new applications of those technologies.

"We have had the pleasure of growing up as our industry has grown," Struett says. "When we started building a couple of hundred read-

ers for ATMs in 1972, there were no POS terminals then. Today, we make millions of readers for POS terminals.

"Our philosophy is to be the leader in technology. We have ventured a bit afield because customers say the fact that you read my credit card is great, but I do 70% of my business with a check. We realized reading checks is magnetic technology as well. We want to be the leader in technology in terms of making the best reader for all applications."

According to Struett, that involves understanding the physics of technology and building the best reader. The next step involves being the lowest-cost provider with the best technology.

"You can have great technology, but you also need to produce it at the lowest cost at the end of the day," Struett says. "We have competitors, two U.S. companies and three or four in Japan, a few Taiwanese and Korean as well.

"We approach the competition by having the better product and really emphasizing the technology. There are times when we say to a customer, 'If you are purely buying price, you may be better off buying a competitor's.' There are some manufacturers that, for whatever reason,

their price is paramount. Their attitude is that the chip is important but the magstripe is not important, so they don't need to read it well. Our core is magnetic stripe reading."

MagTek's commitment to that core competency has resulted in a hot new product that will hit the market soon. It incorporates a new read circuit that MagTek promises will significantly simplify and reduce the cost of readers.

"Currently we read three tracks, one read circuit per track," Struett says. "We've built a simple read circuit that contains three tracks of reading in one ASIC. We believe this is going to greatly reduce the amount of circuitry required to read a card."

Already in place in the field is MagTek's check-imaging reader, and Struett sees a huge opportunity for MagTek to increase that area of business in the near future.

"We have a very large installed base of MICR readers," Struett says. "There is no question about check conversion, but conversion without imaging is dangerous. In the short term, you can take our existing check reader and get the economic benefits of check conversion without capital investment, but as soon as you get returned checks, there's a need for capital investment for imaging. Over the next few years, this is definitely going to happen. Imaging will be a necessity."

Another area of future advancement, in MagTek's view, is smart cards, and the company already is deeply involved with developing that technology.

"No one is really buying it yet in the U.S., but they are rolling it out at a rapid rate in Europe," Struett says. "We make a hybrid reader that does both magnetic and smart cards. We intend to be a significant player in providing both since both are going to exist longer than I like to think about, unless I live to 130."

MagTek's target market is universal, especially because it makes a reader that is incorporated into millions of dialup POS terminals across the board. MagTek boasts 25 million terminals employing its technology.

"That's a particular target market where you don't see our name," Struett says. "We would love to do an 'Intel' type of label saying 'MagTek' inside. A big segment of our business is inside. We're also inside thousands of hotel door locks."

Will all those millions of merchants take the plunge and invest in MagTek's new terminal technology? Absolutely, Struett says.

"Say a merchant has spent $300 for his original terminal. He'll spend that again for a new terminal, and he'll do it

for two reasons," Struett says. "One is the age of the terminal if it's 10 years old. The other will have to occur with an incentive such as achieving economic benefits with, say, check conversion and smart card.

"The U.S. market will need an incentive for smart card, like what happened in the U.K. a year ago. There wasn't a great acceptance then. Merchants were up in arms about buying new terminals, especially since they were spending the money and the banks were getting the benefits.

"Then the banks put out a new policy that, starting in 2005, any losses or fraud would go to the retailer if they didn't have smart card capability. Now those U.K. merchants are lining up to buy smart card terminals."

While Struett admits it is different in America, particularly because the U.S. has thousands of banks compared to just a few in the U.K., he believes that if U.K. fraudsters relocate to American shores and fraud here accelerates, smart card solutions might be accepted that much more quickly. He admits there isn't a strong business case for smart cards yet, but he is hopeful.

In the meantime, MagTek stays focused on providing quality service with its solutions.

The company ships same-day orders, producing and warehousing its inventory in California. In fact, MagTek considers its quick turnaround one of its strongest features.

Another strong service is its quick and efficient in-house repair and refurbishment department. "We range from 24 hours to three to five days, depending on the pricing of level of service," Struett says. "For a big retailer with 50 lanes, getting same-day service isn't critical. For the mom-and-pop store that has one or two, it is. There are also a lot of independents that repair our products as well."

MagTek also has a direct sales force but doesn't see any conflict of interest with the ISO community. "We focus on the big retailers and prefer the ISO channel for small to midsize retailers," Struett says. "They are our feet on the street, and it works well."

MagTek also provides quality customer support in the form of a 24/7 live-voice call center that guarantees a solution to any problem. For ISO dedicated support, MagTek has a strategy just as specialized.

"We have our local salespeople in their particular area develop ISOs in their territories," Struett says. "We've convinced them that developing ISO relationships increases their personal share. Our approach is dual, both direct and independent accounts, and our sales force is very happy to work with them."

Struett continues, "We like to think we can work with everybody. We're not exclusive, and our goals are not to compete with our customers. We want to be good at what we do, and that is to make product and sell it to as many as are out there in the market. Of our 300 employees, we have 50 out in the field and 50 in product development alone. That is our strong suit, to stay ahead of the curve. We invest in that like some invest in other areas."

Because of MagTek's commitment to its investments, it seeks partners who share its vision.
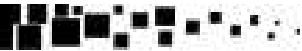
"We look for reasonable forecast in our partners, and that's our biggest problem," Struett says. "We do look for more established, more long-term players. In our 30 years, there have been a lot of companies that have come and gone. We try to work with people that are for real. We've seen a lot of people take a shot at this industry and are gone in a year or two.

"We want to work with ISOs that have been in business for a number of years and have good references. We will be conservative. We would rather not take a risk."

MagTek is also aware of the risks of the current economy. "Sometimes I wonder whether being bigger is better," Struett says. "We are suffering like everyone else from the general slowdown of the economy. But we are still proud of the industry. Thanks to Visa and MasterCard and the magnetic stripe, we've created the only global currency. It's quite an accomplishment to travel anywhere in the world and know your card is going to work."

Struett predicts the biggest challenge to the future of the industry will be new technology acceptance, such as smart card.

"It's been overpromoted in some respects," Struett says. "I believe smart card is today what mag stripe was years ago. When it first started years ago, ATMs used mag stripe but with different types of technology. Then standards were produced and mag stripes became what they are today – efficient and productive.

"It's a similar situation with smart cards. The technology needs to be standardized. The worst thing that could happen to any company is a big investment in equipment that will be obsolete in a relatively short period of time. That would be a disaster."

For check imaging, Struett sees more widespread acceptance except for one area. "I don't understand why banks don't want to participate with retailers," Struett says. "There is no reason why the image shouldn't go to the bank. The banks are not participating right now, and they need to be involved right now to where the retailers pass them the image. Conversion will happen and the banks will wake up too late. They will have missed it."

Struett predicts the future of the industry is check imaging and smart cards.

"I can't see it not happening, and gradually over the next 10 years smart cards will happen as well," Struett says. "MagTek is strongly positioned to meet this wave. Mag stripe will still be there with check conversion and the combination of hybrid smart card and mag stripe.

"We're well positioned, but if the credit card goes away and we start using mobile phones ... we're in trouble!"

COMPANY PROFILE ◀ ◀ ◀
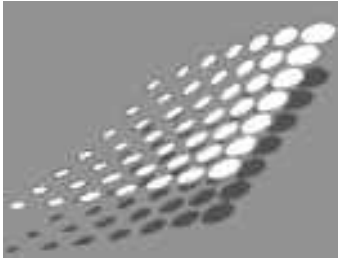
Radiant Telecom, Inc.

ISO contact:
Apurve Mehra, Vice President, Strategy
Phone: 305-914-3420
E-mail: amehra@radiantholdings.com

Company address:
1020 NW 163rd Drive
Miami, FL 33169
Phone: 305-914-3434
Fax: 305-914-3435
Web site: www.radianttelecom.com

ISO benefits:
• Higher revenue per location generated via risk-free prepaid activations.
• Additional services provided to merchants make the terminal harder to replace.
• Merchant's inventory replenishment is done through the mail.
• Access to real-time reports over the Web; no more waiting for commission statements.
• Free terminals provided to ISO for the "right" location.
• Cards are worthless until activated; no inventory risk.

Selling Prepaid without the Risk

It's the classic story of Jack and the Beanstalk: Determined boy plants magic beans, climbs beanstalk and challenges giant. Except this is not a fairy tale. The determined boy is Radiant Telecom, Inc., the magic beans are prepaid wireless products and the giant is a monster telecommunications company or two.

Radiant Telecom, Inc., a subsidiary of Radiant Holdings, Inc., founded in 1998, is a provider and distributor of point-of-sale technology, especially prepaid and point-of-sale activated long-distance, wireless and bankcard products and their support services.

However, unlike phone card brokers who resell minutes and contract for switching time, Radiant is a full-service telecommunications company that owns and operates its own switches and has developed its own POS software, minimizing network and access costs while ensuring quality and value for its customers.

Four-year-old Radiant has 300 employees and brought in $272 million in sales in 2001. The company is hustling to surpass giant telecoms. "We believe that a lot of the older giants are in trouble," said Apurve Mehra, Vice President of Strategy for Radiant. "What are they going to do? They've got billions sunk into networks that are inefficient and obsolete. It's cheaper for them to tell us to carry traffic for them than it is for them to carry it themselves."

Radiant offers stored-value cards for long-distance calling, credit and debit, bank accounts, ATM usage, wireless telecommunication and Internet and dial-tone service.

Mehra says prepaid wireless is one of the fastest-growing segments of the telecom industry – already a $6 billion industry growing at 30% a year. "Right now in Europe, 90% of new cell phone accounts are prepaid. In America, it's way behind – only about 10-15% of cell phone accounts are prepaid," he said.

However, prepaid cards are selling fast in convenience stores and grocery stores. "Convenience and grocery stores are just going crazy about the repeat business generated by the consumers' constant need for airtime," Mehra said.

Consumers like the program because there is no contract or credit check required for gaining access to a wireless network – a lot of people get denied accounts in the credit check.

"There is a very strong underlying factor as to why prepaid will be the future of telecommunications," said Mehra. "Think about this: The problem with post-paid is that the carrier carries the risk of the consumer not paying. The credit risk automatically gets factored into the price. No matter what happens with technology, people will still not pay their bills. But in prepaid you eliminate that risk.

"With prepaid wireless, remember

this: In 2007, you probably will have a pre-paid account. I definitely will have one, and most of the people around you will have one. Right now we mostly have post-paid accounts, but by then we'll all have prepaid."

As part of its stored-value solution, Radiant offers a POS program for prepaid wireless and long distance cards. Cards are activated or recharged at the point-of-sale for any dollar amount more than three dollars, and retailers, agents and customers all can benefit from using this type of program.

For instance, retailers participating in the program are provided with an unlimited supply of cards without having to pay inventory costs upfront. Inventory is replenished automatically as cards run low, and the merchant remits no payment to the agent or card company. Payment settlement is completed daily by ACH bank drafts directly from the retailer. Since the cards have no value until activated, there is no risk from theft.

"The problem with [regular] prepaid wireless is that it's an expensive product," said Mehra. "One card costs 50 bucks, let's say, and that's a Cingular card, so you buy 10 Cingular cards and that's $500. The same thing goes with VoiceStream, the same thing with AT&T, etc. By the time you are done carrying inventory from every single provider, you're looking at a $10,000 investment right there. And guess what? If someone comes in and steals it, you're out of it. You can't do anything about it."

ISOs like the POS program because there are no advance payments required for inventory, no collections to make and no remittances to provide to carriers. Radiant replenishes inventory through the mail, so once a merchant is signed up, an ISO won't have to keep coming back. ISOs also don't have to wait for monthly commission statements or to see how their accounts are doing. They have access to full reporting capabilities so they can track their accounts daily, even hourly.

All of the reporting for Radiant's POS program is done in real time on the Web. If a merchant wants to see how much has been sold, the merchant can view reports in detail down to the clerk level from the terminal. If the ISO wants to see how each of its stores is doing, the ISO can log on to Radiant's Web site.

"ISOs love it because their margins in the industry have gotten beaten to the ground. ... You go there to your existing merchants whom you already have a relationship with and just program an empty key. And guess what? That same location that made you 20 bucks a month will now make you 100 bucks a month."

— Apurve Mehra,
Vice President, Strategy
Radiant Telecom

Most important, the program gives ISOs a unique product to sell to merchants. "Credit card machines were always a necessary evil to a retailer – they lose money each time they do a transaction," said Mehra. "Our program, which works on any credit card device – Lipman, VeriFone, any of them – will change that little device into the biggest money-making thing in the whole store."

Terminals already in place at a merchant location can be reprogrammed to connect to Radiant. Or, if the location is right, Radiant will provide a free terminal.

"It's got to be the right kind of location, not a doctor's office or a bridal shop or something like that, but a convenience store or a grocery store – a place that has a high propensity to sell my products," said Mehra. "[ISOs] can put in a whole new terminal and forget about it. It's already pre-programmed."

Mehra also pointed out that Radiant's system is compatible with STAR networks.

"Any terminal that's connected to STAR debit networks can load a card for us ... so you don't even need to run a new program, you don't even need to put in a new terminal," he said. "If you have a terminal that's running debit, you can load a phone or wireless card out of it. The program looks like a win-win for ISOs and their clients.

"ISOs love it because their margins in the industry have gotten beaten to the ground. Instead of going and finding a new merchant and haggling with them over 1.54 or 1.55, you go there to your existing merchants whom you already have a relationship with and just program an empty key. And guess what? That same location that made you 20 bucks a month will now make you 100 bucks a month.

"And I'm not kidding about this – I've dealt with some ISOs before that stopped selling credit card processing altogether."

A smart solution, a hardworking team and lots of ambition might be just the recipe for success. "We work insane hours," Mehra added. "We have people who sleep here practically – they go home for four hours every night. We believe we are the next thing. We've just got a better system [than the big guys]. They have a legacy system. We have the future system."

NEW PRODUCTS ◄ ◄ ◄

Tap it or Wave it, Payments Add Up

PayPass
MasterCard International

I t's an ongoing quest in the payment industry: how to make non-cash payments faster and simpler. Well, what could be more effortless than tapping or waving a card when paying? MasterCard International announced it is testing a new contactless card payment program, in partnership with Chase, Citibank and MBNA, where consumers tap or wave their cards to pay. The new program is called PayPass, and MasterCard is testing it at several merchant locations in Orlando, Fla.

The MasterCard PayPass card contains a magnetic stripe, an embedded computer chip and an antenna. When card users tap or wave their card on any compatible payment terminal, account information is transmitted wirelessly, communicated directly to the terminal and then processed through MasterCard's network.

Since the PayPass card also has a magnetic stripe, consumers can use it at any location where MasterCard is accepted.

MasterCard says merchants will benefit from PayPass because the solution is even faster than accepting cash, so consumers speed through the checkout process. Average transaction amounts increase as compared to cash, and PayPass may help attract new customers and increase their loyalty to the store.

Financial institutions will like it, says MasterCard, because gross dollar volume increases with non-cash payments, new acceptance opportunities would become available for quick-pay environments and accountholder loyalty could increase for their card programs.

MasterCard's pilot in Orlando builds on a successful employee pilot that was tested at MasterCard's New York headquarters. Results from the employee program showed that purchase transaction time was reduced by up to 64 percent and the average transaction amount increased by 10 percent when using a PayPass payment card instead of cash.

If the Orlando pilot proves successful, MasterCard plans to introduce PayPass in more cities across the U.S.

MasterCard International

Global Headquarters
2000 Purchase Street, Purchase, NY 10577 U.S.A.
Telephone: 914-249-2000
www.mastercardinternational.com

A Quick Fix for 3DES

3DES FIX

Pi Systems International, Inc.

Payment industry suppliers hoping to give their ATMs a security upgrade to Triple DES (3DES) encryption in order to meet conversion schedules from credit card companies should be aware of a new device from Pi Systems International.

Pi Systems offers a solution called 3DES FIX that enables older ATM units to become compliant with 3DES security standards. 3DES is a data-encryption standard algorithm that encrypts input data three times and raises the level of fraud protection for PIN-based transactions initiated at ATMs.

MasterCard and Visa have been pushing migration to 3DES in order to protect customers' account data. Visa says that as of January 1, 2003, all newly deployed ATMs must support 3DES. MasterCard says all new ATMS should have been compliant by April 1, 2002.

The 3DES FIX device looks similar to an existing ATM PIN pad but includes features that make it both DES and 3DES compliant. All data is sent to the processor in 3DES. PIN encryption occurs within the PIN pad, meeting the encryption standards published by Visa.

According to Pi Systems, there are three ways to upgrade your equipment to be 3DES compliant: (1) buy completely new equipment, which can cost tens of thousands of dollars, (2) upgrade the processor, keypad and software of the current ATM, which can cost up to $5,000 or (3) install Pi Systems' 3DES FIX.

Pi Systems says the 3DES FIX can be installed within two to three hours and costs $3,200. The device is designed for Diebold 906, 910, 911, 1060, 1062, 1064i, 1072, 1073, 1074, MDS and STP-based units as well as NCR 50xx and 56xx units.

Pi Systems International, Inc.

2170 Regal Parkway
Euless, TX 76040
817-831-5723, ext. 200
www.3-des.com

NEWS

A Gift of Credit

Gift card popularity with retailers grows each gift-giving season and some banks also have jumped on this bandwagon, according to a recent story in The Indianapolis Star. Banks are offering the latest generation of gift cards – those that carry a prepaid amount and a Visa or MasterCard logo.

The cards can be used almost anywhere Visa and MasterCard are accepted as well as many ATMs. Some of the new cards include the National City gift card, Key Bank's "Key Possibilities" card and the Simon Visa gift card. Although the cards offer convenience, many do charge fees above face value of the card and for each withdrawal from the ATM, cash advance or transaction at a point-of-sale terminal.

2002: The Year of Bankruptcy

The numbers are in. With the recent bankruptcy filings of United Airlines and Conseco, Inc., the insurance and finance company, seven of the 12 largest corporate bankruptcies in the last 20 years were filed in 2002. Here's the list* with total pre-bankruptcy assets and the date of filing:

1. WorldCom, Inc., July 21, 2002, $103.9 billion
2. Enron Corp., Dec. 2, 2001, $63.4 billion
3. Conseco, Inc., Dec. 18, 2002, $61.4 billion
4. Texaco, Inc., April 12, 1987, $35.9 billion
5. Financial Corp. of America, Sept. 9, 1988, $33.9 billion
6. Global Crossing Ltd., Jan. 28, 2002, $25.5 billion
7. UAL Corp., Dec. 9, 2002, $25.2 billion
8. Adelphia Communications, June 25, 2002, $24.4 billion
9. Pacific Gas and Electric Co., April 6, 2001, $21.5 billion
10. MCorp, March 31, 1989, $20.2 billion
11. Kmart Corp., Jan. 22, 2002, $17 billion
12. NTL, Inc., May 8, 2002, $16.8 billion

*Source: BankruptcyData.com

PARTNERSHIPS

Consumers Scanning Own Items

The Home Depot formed a partnership with **Microsoft** and **NCR Corp.** to install and test NCR's FastLane self-checkout systems at four of Home Depot's retail stores in 2002 and 500 stores in 2003. Self-checkout allows shoppers to scan their own items before paying, providing faster checkout times, control and convenience, according to NCR. Home Depot also will install cashier-run terminals from NCR with new operating software and touchscreens.

Wireless Gift Cards

Cingular Wireless, through a partnership with payment processor **Lynk Systems, Inc.**, is offering gift cards for purchase in denominations of $25, $50 and $100, redeemable for accessories, cellular phones and related services. The gift cards can be processed through existing point-of-sale equipment at participating company-owned Cingular Wireless stores.

Certegy Wins Down Under

Certegy Inc. will process Melbourne, Australia-based **Suncorp Metway Ltd.**'s new Visa card program, scheduled for introduction in 2003. Certegy, a leading global card processor, will service Suncorp from its state-of-the-art processing center in Melbourne. Suncorp has total assets of more than $34 billion and is the sixth-largest bank and second-largest insurance company in Australia.

CrossCheck Certifies Ingenico Elites

CrossCheck, Inc. has developed and certified check authorization applications for **Ingenico**'s Elite 510, 710 and 712 countertop point-of sale terminals. The applications support authorizations through CrossCheck's check guarantee services. Ingenico's eN-Check 3000 and eN-Check 2500 check readers also can be used with CrossCheck's check guarantee service.

Kroger Using BioPay's Biometrics

The Kroger Co., a grocery store retailer with stores across the U.S, is using **BioPay, LLC**'s Paycheck Secure solution for check cashing in its Indiana stores. Kroger is implementing Paycheck Secure to eliminate check fraud while providing customers with the option to securely cash payroll checks. The Paycheck Secure check cashing system uses biometrics to verify a person's identity and confirm their check cashing history.

NPC Chooses RDM for Imaging

National Processing Co. has selected **RDM Corp.**'s RDM EC5004 imager, part of the RDM EC5000i series, to provide imaging capabilities to its retail customers.

Cynergy and SPS Form Alliance

Lipman has signed a $1.5 million contract with **Cynergy**

Data. Lipman will supply Cynergy with a customized version of its NURIT 3020 terminal. Cynergy Data will customize the NURIT 3020 with the Cynergy brand as well as a Spanish language application. Cynergy also will market Lipman's ImagePak, a complete receipt, signature and check imaging solution.

eN Touch 3000 Used for $ Transfers

Travelers Express Co., Inc., a subsidiary of **Viad Corp.**, selected **Ingenico**'s eN-Touch 3000 POS terminal with touchscreen and TCP/IP capabilities to provide money orders, money transfers, express payments and utility bill payments to its customers and their consumers. This is the first time the terminal is being used for money transfers.

Global Payments Processing for Chittenden

Chittenden Corp. renewed its multiyear processing contract with **Global Payments Inc.** Global Payments will provide Chittenden with payment-processing services such as front and back-end processing, authorization, capture and settlement.

Chittenden provides merchant card processing services through its five subsidiary banks in New England: Chittenden Bank, The Bank of Western Massachusetts, Flagship Bank and Trust Co., Maine Bank and Trust, and Ocean National Bank.

APPOINTMENTS
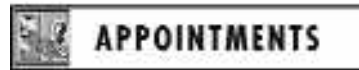
First Data Elects New Chairman

Charles T. Fote, President and CEO of **First Data Corp.** was elected to also serve as Chairman of the Board of Directors of First Data effective Jan. 1, 2003. Fote succeeds Henry "Ric" Duques, who has served as Chairman since the company's inception. Duques will remain a member of the First Data Board. Fote joined the company in 1975 and was named President and COO in 1998. He was named CEO in January 2002.

NACHA Elects Board Chairman and Officers

The voting members of **NACHA** elected **Leonard J. Heckwolf**, Senior Vice President of Bank One, as Chairman of NACHA's Board of Directors. Heckwolf will begin a two-year term Jan. 1, 2003. Other elected NACHA officers include **John C. Kline**, Executive Vice President and COO of Union Savings Bank, as Vice Chairman, and **Francis Lee**, President and CEO of Southwest Corporate Federal Credit Union, as Secretary/Treasurer. To see a complete listing of NACHA's newly elected officers and representatives, go to www.nacha.org.

New ETA Board Member

National Processing Co.'s Chief Operating Officer, **Mark D. Pyke**, has been appointed to the **Electronic Transactions Association (ETA)** Board of Directors.

Datawire Completes Executive Team

Datawire Communication Networks Inc., a provider of Internet-based transaction delivery, recently completed its executive leadership team by appointing **Michael Geihsler** Senior Vice President, Operations. Geihsler has more than 29 years' experience with product and system development, operations, client services and business development in the transaction-processing industry. He previously served as Vice President, Client Services for transaction processor Alliance Data Systems and as Vice President, Electronic Commerce Systems Division at Shared Network Services, Inc. Geihsler also has held the positions of Executive Vice President, Product Development and Senior Vice President, Operations at BUYPASS Corporation. Geihsler will be based in Atlanta, Datawire's U.S. headquarters.

CrossCheck Adds Exec for National Accounts

Ted Lasch has joined **CrossCheck, Inc.** as Assistant Vice President of National Accounts. Lasch will assist in securing partnerships and alliances throughout the financial services and payment technology industries. Lasch was recently Vice President of Sales for W.G. Thompson, Inc. and previously was an Assistant Vice President at Wells Fargo Bank.

w e e p

You did it again?

You chose the wrong acquirer. Again. It's easy to do. We all look and sound the same. But then you get to know us. And you see the things that really make a difference. And you cry.

It's OK. Now you never have to make the wrong choice again.

Because there really is a difference. For instance: most acquirers offer some kind of on-line management tools. But only Cynergy offers VIMAS, a complete back-office system that provides real-time power you won't find anywhere else. Run residual reports for your reps. Have complete, up-to-the-minute merchant information at your fingertips. View transactions sorted by volume, by sales rep, by merchant—even disputed transactions.

In other words, have your own hi-tech, fully-automated back office. See the difference? Cynergy Data does more than service your business. We make you part of our business. With all the tools and support you need to succeed.

So stop crying. Stop choosing the wrong acquirer. Call Danielle Vaughn at 1-800-933-0064 Ext. 5710 and make your next acquirer your last acquirer.

cynergy data
Your Last Acquirer

Credit • Debit • EBT & Gift Card Processing • Check Conversion • E-Commerce • In-House Leasing
www.cynergydata.com

Go 110% with 24/7 Service

It may be a new selling game out there, but some rules still apply and the golden rule of sales success is service. What makes the difference between a good salesperson and a great salesperson? The great ones make service a way of life. They understand what makes people loyal. They understand that service is a feeling. They never forget how it feels to get good service, and they're always eager to give that feeling to others.

Great service is equivalent to friendliness, helpfulness and a positive attitude at all times. Success in delivering great service is measured not by your opinion but rather by other people's perceptions.

One of the most valuable rewards of service is that it builds lasting relationships. If you're dedicated to forming relationships rather than finding quick revenue, consider the following service-building guidelines:

• Work for your customers' success, not your own. When faced with little differences in products or service, merchants will pick providers who have their best interests at heart.

• Every contact counts, so make every contact pleasant.

• Extend a helping hand, no matter what the situation. It may not result in an immediate sale, but it will establish a bond or strengthen an existing one.

• "Yes" translates to success. Don't refuse a customer's request. You're a professional. You can find a way to make it happen.

• Service is about listening. When you're done speaking, customers will start talking ... and that's when you'll discover what they really need.

• Stay close to the customers you already service as well as prospects. Call or e-mail regularly, even if it's just to say hello. Out of sight translates to out of mind.

• In tough times, let go of "I have to do this for me" and embrace "How can I help this merchant get what he wants?" The most successful salespeople dedicate themselves to helping others reach their goals.

INSPIRATION ◄ ◄ ◄

OBJECTION DETECTED!
DISCOVER? ☐ YES ☐ NO

Find the Achilles' Heel

When faced with the challenge of closing a deal, many sales professionals think it's merely a matter of price. The truth is, price is rarely the stumbling block. A prospect's weak spot is more often found in a resistance to making a buying decision.

Getting over, under or around that resistance involves first recognizing the obstacle – and even welcoming it. Successful sales professionals consider objections their best friends. While it does sound a bit ridiculous, there is value in the approach that until you know what's keeping your prospect from buying your products and services, you can't highlight benefits that will minimize resistance.

Consider the following guidelines when seeking your prospect's Achilles' heel:

• **Write it Down.** Planning your presentation is impor-

DATEBOOK

ETA University
E-Commerce Risk Issues Workshop

Highlights: As Internet use increases, so does the potential for domestic and international fraud. This one-day workshop will look at the risks involved with running an e-commerce business where card-not-present payments are standard. ISOs, financial institutions, issuers, acquirers and processors all will learn approaches and strategies and gain tools and tips to protect their business and their merchants' businesses.

When: Jan. 23, 2003, 8:30 a.m. to 5 p.m.

Where: Crowne Plaza Hotel, Los Angeles International Airport.

Registration Fees: ETA members, $199 for first person from company, $179 for each additional person; non-ETA members: $279/$259.

How to Sign Up: Visit www.electran.org

Northeast Acquirers Association
2003 Winter Meeting, Seminar and Outing

Highlights: Issues to be addressed include Visa's Cardholder Information Security Program (CISP), Internet fraud, identity theft and opportunities in the health care industry. Vendors' products and services will be on display throughout the meeting, and there will be many opportunities for networking and socializing. Several winter activities also are planned.

When: Feb. 5-6, 2003

Where: Grand Summit Hotel and Resort, Mount Snow, Vt.

Registration Fees: $100 per attendee. Reserve your room at the Grand Summit Hotel by Jan. 10, 2003 to secure the NEAA's contracted room rate, beginning at $146.

How to Sign Up: Visit www.northeastacquirers.com and click the Registration link, or phone the NEAA 603-692-2408.

Smart Card Alliance
Educational Institute and Mid-Winter Meeting

Highlights: Expert panels will examine and highlight specific roles in which we use our identities: as a public citizen (such as crossing borders, at airports, in voting booths), as a corporate citizen (accessing buildings, networks, private databases), as a private citizen (in retail stores, on the Internet, and using wireless devices), the ways we protect our identities and the risks to our privacy if we do not protect them.

When: Tuesday, Feb. 11, 2003, Pre-Conference Educational Institute Courses: 101, Introduction to Smart Cards, 8 a.m. to 5 p.m.; 201, Advanced Business of Smart Cards, 8 a.m. to 5 p.m.; Wednesday and Thursday, Feb. 12-13, 2003, Mid-Winter Meeting, 8:30 a.m. to 5 p.m.

Where: Salt Lake City Center Hilton.

Registration Fees: Fees vary by membership level, events attended and registration date.

How to Sign Up: Visit www.smartcardalliance.org or phone 801-328-2000.

tant, but don't get so caught up in what you want to say that you don't listen to what your prospect is saying when you do have that face-to-face.

Take notes throughout the pitch. Jot down key points your prospect makes. Be sure to include all questions – and objections – and respond to them.

• **Ask For It.** No matter how many times you've made a presentation, it's always new to prospects. Encourage their questions. Invite them to interrupt at any time if they need clarification on any point.

Make it clear you want them to be part of the presentation. If they don't ask, pose questions for them. Then be sure to answer their questions effectively.

• **Think ahead.** The best way to deal with resistance is to anticipate it. You've been around the block a few times. You know what objections you're bound to hear.

Why not work those objections into your presentation and deal with them before your prospect does? It's all about disarming rather than defending.

• **Support Your Strategy.** Even though you deliver your presentation honestly and informatively, you still might encounter resistance. Another surefire way to dismantle indecision is to share testimonials from satisfied customers. Specific cases that showcase your service can go a long way when it comes to the prospect realizing what he or she is missing.

• **Department of Repetition Department.** Take a page from the advertising world and emphasize one or two key resistance-buster messages throughout your presentation.

Don't be afraid to mention an important point two or three times throughout your discussion. It takes more than one swing of a hammer to drive home a nail.

Good Selling!

Paul H. Green

EARN A $10,000 SIGN-ON BONUS!*

And Offer ...

All new accounts the ability to view transactions on-line using *Merchant E-View*™!
Merchant E-View™ is an online tool that shows the merchant's net deposit and activity.
Using *Merchant E-View*™ allows the merchant to balance their business checking account
statement and their credit card processing statement to their checkbook!

And Best of All ...

IT COSTS NOTHING EXTRA!

$10,000 SIGN-ON BONUS

(ONLY THE HAT IS OPTIONAL)

We are proud to provide unprecedented customer service, on-line merchant reports, a universal "all-in-one" application, faxed applications, same day approval, no risk and no liability to you, full disclosure, along with a merchant agreement that is clear and conspicuous. Who else offers this and more in the payments processing industry? We believe, **No One**.

CMS

- 1.49% & $0.089 (100% above)
- .75% + $.10 mid qual. (100% above)*
- 1.10% + $.10 non qual. (100% above)*
- $4.95 statement fee (100% above)*
- .0288 lease factors (no first & last month)
- Online – Status Reports
- Universal "All-in-One" Application

- No Liability / No Risk
- Faxed Applications
- Same-day Approvals
- Full Disclosure Policy
- Merchant Agreement that is Clear & Conspicuous
- Prompt & Responsive Customer Service

*CALL NOW TO EARN A $10,000 SIGN-ON BONUS!

You never know who will walk through the door tomorrow.

*Some restrictions apply. Call for details

Do business with a company whose methods, practices and procedures are tried and true.
CMS is the organization *Leading a New Era* of ethics, service, and innovation in the payment processing industry!
Leasing program funded by Lease Finance Group, a division of CIT Financial USA, Inc.

CMS Certified Merchant Services
The Innovators of Electronic Payment Processing

(877) 309-1099
Leading a New Era

▶▶▶ RESOURCE GUIDE

The Resource Guide has grown to accommodate increased interest! To add your company to our expanding listing, call 800-757-4441 today.

ATM/SCRIP ISOs LOOKING FOR AGENTS

Access ATM
(866) 874-0384
Amicus/XtraCash ATM
(888) 712-1600
ATM Merchant Systems
(888) 878-8166
Cash Resources, Inc.
(800) 214-1840
Data Capture Systems, Inc.
(800) 888-1431
Financial Technologies, Inc.
(800) 523-2104
NationalLink
(800) 363-9835

BANKS LOOKING FOR ISOs/MSPs

Bridgeview Payment Solutions
A Wholly Owned Subsidiary of Bridgeview Bank and Trust
(888) DO APPLY
Comerica Merchant Services
(800) 790-2670
First American Pymt Sys
(866) GO4 FAPS
Humboldt Bank Merchant Services
(877) 635-3570
National Processing Co.
(800) 672-1964 x 7655
Professional Payment Consultants
(402) 496-6381
Redwood Merchant Services
(800) 939-9942
Retriever Payment Systems
(800) 376-3399

CHECK DRAFTING SERVICES

CFIGroup
(888) FON-CHEX
Checks by Phone/By Web
(561) 998-9020

CHECK GUARANTEE/ VERIFICATION

Abanco Intl., LLC
(866) 231-2030 x2347
CrossCheck, Inc.
(800) 654-2365
ElectCheck Plus
(800) 863-5995
EZCheck
(800) 797-5302 x303
Global eTelecom, Inc. (GETI)
(877) 454-3835
Global Payments
(800) 638-4600 x888
Nationwide Check Services
(800) 910-2265
Secur-Chex
(888) 603-0978

COMPLIANCE/PIN ENCRYPTION

INFORMATION EXCHANGE, INC.
(973) 734-0822

CONSULTING AND ADVISORY SERVICES

First Annapolis Consulting, Inc.
(410) 855-8500
Integrity Bankcard Consultants, Inc.
(800) 816-4224
Novida Consulting
(402) 895-5142
Service Dimensions, Inc.
(800) 578-3800

DEBIT TRANSACTION PROCESSING

CashLane
(800) 325-2862
Global Payments, Inc.
(800) 801-9552

EFT-ACH SETTLEMENT SERVICES

Checkgateway.com
(480) 785-2262
Intercept Corporation
(800) 378-3328

EQUIPMENT

Abanco Intl., LLC
(866) 231-2030 x2347
Assoc. Terminal Mgmt (ATM) Grp
(877) 286-4768
Automated Transaction Tech.
(888) 454-1210
BANCNET
(713) 629-0906
BUDGET Terminals & Repair
(985) 649-2910
CardWare International
(740) 522-2150
CDEServices
(800) 858-5016
Electronic Payment Systems, LLC
(800) 863-5995
General Credit Forms, Inc.
(800) 325-1158
Global Payments
(800) 229-3698
The Horizon Group
(888) 265-2220
Ingenico
(800) 252-1140
Lipman USA, Inc.
(516) 484-9898
MLT & Assoc., Inc. Plastic Refurb
(775) 358-2922
National Processing Company
(800) 672-1964 x 4383
Nationwide Check Services
(800) 910-2265
POSPortal, Inc.
(866) 276-7289
Schlumberger Sema
(800) 732-6868 x202
Teertronics, Inc.
(800) 856-2030
TASQ Technology
(800) 827-8297
Thales e-Transactions, Inc.
(888) 726-3900
Vital Merchant Services
(800) 348-1700

FREE ELECTRONIC CHECK RECOVERY

Gulf Management Systems, Inc.
(800) 947-3156

FUNDING SOURCES

Resource Finance Company, LLC
(866) 211-0114

GIFT/LOYALTY CARD PROGRAMS

CHIPLOGICS
(866) 462-4477
POS Payment Systems
(718) 548-4630 x18

INSTANT MERCHANT APPROVALS

Creditdiscovery, LLC
(877) 789-4976 x8006

ISO RELATIONSHIPS AVAILABLE

Abanco Intl., LLC
(866) 231-2030 x2347
AmericaOne Payment Sys
(888) 502-6374
BioPay Biometric Pymt Svcs
(866) 324-6729
Brennes-Jones Group
(800) 970-2592 x1003
CoCard Marketing Group, LLC
(800) 882-1352
Express Merchant Proc. Sol.
(800) 999-5189 x 7966
First American Payment Systems
(866) GO4 FAPS
First Data Merchant Services
(866) FDMS-ISO
Global eTelecom, Inc. (GETI)
(877) 454-3835
Global Payments
(800) 801-9552
Merchant Data Systems, Inc.
(800) 249-6377
MSI-MerchantServices, Inc.
(800) 351-2591 x9-23
Nationwide Check Services
(800) 910-2265
Partner-America.com
(800) 366-1388
Total Merchant Services
(888) 84-TOTAL x314
United Bank Card (UBC)
(800) 201-0461

ISOS/BANKS PURCHASING ATM PORTFOLIOS

Midwest Bancard Corporation
(888) 272-4325

Momentum Cash Systems
(800) 939-0914

ISOs/BANKS PURCHASING MERCHANT PORTFOLIOS

AmericaOne Payment Sys
(888) 502-6374

CardPoint, Inc.
(410) 592-7485

Concord EFS, Inc.
(800) 778-4804 x66382

Merchant Data Systems, Inc.
(800) 249-6377

Merchant Services Incorporated
(800) CARDSWIPE x7934

Southwest Financial Services, Inc.
(800) 841-0090

Transfirst Holdings, Inc.
(972 249-0037

ISOs LOOKING FOR AGENTS

Abanco Intl., LLC
(866) 231-2030 x2347

Advanced Merchant Services (AMS)
(888) 355-VISA (8472)

AmericaOne Payment Sys
(888) 502-6374

American Credit Card Proc.Corp.
(800) 310-3812

Approval Payment Solutions, Inc.
(888) 311-7248

BankCard USA
(800)589-8200 x101

Brennes-Jones Group
(800) 970-2592 x1003

CardPoint, Inc.
(410) 592-8998

CardReady International, Inc.
(877) PAY READY

Certified Merchant Services
(800) 732-7099

Comerica Merchant Services
(800) 790-2670

Concord EFS, Inc.
(800) 778-4804 x 66382

Cornerstone Payment Systems
(866) 277-7589

CPS Group, inc.
(800) 933-0064

Cynergy Data
(800) 933-0064 x 5710

E-Commerce Exchange
(800) 748-6318

Electronic Merchant Systems
(800) 726-2117

Electronic Payment Sys., LLC
(800) 863-5995

EXS Electronic Exchange Sys.
(888) 949-2021

Fifth Third Merchant Services
(800) 669-7228

First American Payment Systems
(866) GO4 FAPS

Frontline Processing
(866) 651-3068 x133

Imperial Processing Group
(800) 790-2670

Innovative Merchant Solutions
(800) 397-0707

IRN PAYMENT SYSTEMS
(800) 366-1388

Lynk Systems, Inc.
(866) 828-5965

Merchant Data Systems, Inc.
(800) 249-6377

Merchant Services, Inc.
(800) CARDSWIPE

Momentum Cash Systems
(800) 939-0914

Money Tree Services
(800) 582-2502 x100

MSI-MerchantServices, Inc.
(800) 537-8741 x9-12

MSPDirect, LLC
(888) 490-5600 x112

National Processing Co.
(800) 672-1964 x7655

Nationwide Check Services
(800) 910-2265

Netcom Data Southern Corp.
(800) 875-6680

Online Data Corporation
(866) 222-2112

Orion Payment Systems
(877) 941-6500

Retriever Payment Systems
(800) 376-3399

Signature Card Services
(888) 334-2284

Total Merchant Services
(888)-84-TOTAL x314

United Merchant Services
(800) 260-3388 x202

Vequity Financial Group
(800) 442-8380

Worldwide Merchant Services
(800) 847-2662

Xenex Merchant Services
(888) 918-4409

LEADS GENERATORS

Hot Leads Xpress
(866) 244-2593

LEASING

A-1 Leasing
(888) 222-0348

Abanco Intl., LLC
(866) 231-2030 x2347

Allied Leasing Corp.
(877) 71-LEASE

American P.O.S. Leasing Corp.
(800) 349-6516

BARCLAY SQUARE LEASING, INC
(866) 396-2754

Electronic Payment Systems, LLC
(800) 863-5995

First Leasing Corp.
(888) 748-7100

GlobalTech
(800) 414-7654 x 3002

Golden Eagle Leasing, Inc.
(800) WE LEASE

Integrated Leasing Corp.
(800) 398-9701

LADCO Leasing
(800) 678-8666

Lease Finance Group
A Division of CIT
(888) 588-6213

Leasecomm Corp.
(800) 515-5327

Merchants Leasing Systems
(877) 642-7649

Merimac Capital
(888) 603-0978

Nationwide Check Services
(800) 910-2265

Northern Leasing Systems, Inc.
(800) 683-5433 x 8500

TASQ Technology
(800) 827-8297

U.S. MERCHANT ACCOUNTS FOR CANADIANS

PayNet Merchant Services, Inc.
(888) 855-8644

NON-U.S. MERCHANT ACCOUNTS

PSiGate Payment Services
(877) 374-9444

POS CHECK CONVERSION

Abanco Intl., LLC
(866) 231-2030 x2347

CrossCheck, Inc.
(800) 654-2365

E-Chex
(877) 474-8924

ElectCheck Plus
(800) 863-5995

ElectroCheck
(877) 509-9399

EZCheck
(800) 797-5302 x303

Global eTelecom, Inc. (GETI)
(877) 454-3835

Nationwide Check Services
(800) 910-2265

POS SUPPLIES

CardWare International
(740) 522-2150

General Credit Forms, Inc.
(800) 325-1158

TASQ Technology
(800) 827-8297

The Horizon Group
(888) 265-2220

Valdez Paper Products
(970) 689-1655

Vital Merchant Services
(800) 348-1700

PROCESSORS LOOKING FOR ISOs

First Data Merchant Services
(866) FDMS-ISO

Global Payments
(800) 801-9552
Lynk Systems, Inc.
(866) 828-5965
National Processing Company
(800) 672-1964 x7655
POS Payment Systems
(708) 548-4630

REAL-TIME CHECK/ CREDIT CARD PROCESSING

Checkgateway.com
(480) 785-2262
E-Commerce Exchange
(800) 748-6318
eProcessingNetwork.Com
(800) 971-0997
Online Data Corporation
(866) 222-2112
ProPay USA-FaxPay
(888) 486-4701

SITE SURVEYS

Property Resource Network Inc.
(800) 676-1422

SOFTWARE ALTERNATIVE

GOSoftware, Inc.
(800) 725-9264

SUPPORT DESK FOR POS TERMINALS & PC SOFT- WARE

CardWare International
(740) 522-2150
TASQ Technology
(800) 827-8297
The Horizon Group
(888) 265-2220
Vital Merchant Services
(800) 348-1700

VIDEO PRODUCTION

Roaring Mouse Productions
(707) 794-9699

WHOLESALE DISTRIBUTORS

Level2 Distribution
(866) 4LEVEL2

Log on. Sign up. Cash in.

Prizes & Rewards.

↗ **Simple**, **easy** and **free**. *Hy-Inside* is the industry's leading loyalty program that rewards you for doing what you do best – selling terminals and services. Here you can earn free gear and cool prizes. And it's just for ISOs, ISAs and independent contractors.

Keeping score in the game of sales has never been easier. Or more rewarding. Do it today.

↗ **www.hypercomusa.com**

HYPERCOM

focused on excellence.

↗ innovation. results. leadership.