Principles: Credit and Debit Card payments and processing

1 Introduction

Now that your merchant setup and mandatory testing is complete, you are ready to process transactions. All sales transactions begin and end with the cardholder. The cardholder presents the card as payment for goods or services in person at your POS terminal, via telephone, mail, fax, or over the internet. There are three steps that lead towards the completion of the process. Authorization and Electronic Data Capture, Funding and Settlement.

2 Authorization and Electronic Data Capture

Electronic Data is captured by swiping the card through your POS terminal or by keying cardholder's information into your POS terminal. A card holder's information is made up of cardholder name, cardholder number, expiration date and counterfeit detection value. Once the data is entered into your POS terminal, it is passed on to Global Payments for authorization.

The cardholder status is checked by the card issuer (Visa or MasterCard), and the requested sales amount is compared to the cardholder's available spending limit.

If the card is approved, the issuer posts the approved amount against the cardholder's credit line and the card issuer provides the authorization approval. An authorization response (authorization number) is returned by the card issuer to the merchant through Global Payments, the processor (POS terminal).

3 Funding

Funding is the process of moving funds from the cardholder's account to the merchant's account. The issuing bank credits the merchant's Global Payments account with the amount of the authorized transaction.

4 Settlement

Settlement is the process of moving the authorized transaction from you to the cardholder's financial institution.

5 Completing Electronic Deposit Transaction With Cardholder Present

It is imperative that the following steps are taken when processing a transaction with the cardholder present.

- Make sure the card is valid
- Swipe the card
- Compare account numbers
- Obtain and compare signatures
- Request authorization
- Cardholders with chip cards will be required to enter their pin number for authorization.
- A signature is not required from cardholders with chip cards

6 Completing Telephone, Mail, and Fax Electronic Deposit Transactions

This practice is one that is strongly discouraged, but if necessary, it is imperative that the following steps are taken. Be sure to shred this information after goods have been shipped or services are completed.

- For all of the above types of Electronic Deposit Transactions, complete a sales draft with the cardholder's name, account number, expiration date and billing address.
- For all of the above types of Electronic Deposit Transaction fill in a brief description of the goods or services provided and the amount of the sale.

- For mail Electronic Deposit Transaction write mail order number on the signature line.
- For Telephone and Fax Electronic Deposit Transaction, indicate On File on the signature line.
- Enter transaction information into your POS terminal to obtain authorization. Refer to your Global Payments Quick Reference Guide which came with your welcome package, for instructions on manually entering sales transactions.

7 Completing Transactions Manually with an Imprinter

The majority of our departments have switched to POS terminals for processing. When proper guidelines are followed, provides enhanced security and flexibility for clients. If you are among the remaining few who have not already done so, it is imperative that the following steps be taken when completing transactions using a manual imprinter.

- If the cardholder is present, take an imprint of the credit card.
- If the cardholder is not present, neatly print the cardholder's information on a sales draft so that it is clear and easy to read.
- Phone for authorization for every manual credit card transaction, no matter the amount.
- Record the authorization number on the sales draft.
- If the cardholder is present, watch while he/she signs the sales draft.
- Verify that the signature matches the one on the back of the card.
- Do not change or alter the sales draft after the cardholder has signed it – if there is a dispute, the cardholder's copy is treated as correct.
- Save all copies of your sales draft in a secure area, in case of future disputes.

8 Determining Card Validity

- All Visa account numbers begin with 4.
- All MasterCard account numbers begin with 5.
- Name on the card should match the signature, there should be no misspelling.
- The card should have an expiration date.
- The card number should match the number that appears on your terminal.
- Authorization message should only be "approved" or "declined".

9 Credit Card Refunds

The original card number must be used for refunds; NO CASH REFUNDS are to be issued.

- If you are manually processing transactions, record customers information on a sales draft and phone for processing.
- If you are using a POS terminal follow terminal procedures for processing a credit, located in your Global Payments Quick Reference Processing Guide, which you received in your welcome package.

10 Chargebacks

A chargeback is a transaction being disputed by the cardholder or their issuing institution. If you receive a chargeback your general ledger account is debited for the amount in question. Reasons for chargebacks include a cardholder dispute or an error in handling on the part of a merchant's staff. Chargebacks are rare if proper authorizations and processing procedures are followed. In order to properly address chargeback issues, merchants must retain copies of sales drafts with cardholder information. These should be safeguarded with limited access. You can significantly reduce chargebacks by taking the following precautions:

- Do not accept sales that are not authorized for the exact amount.
- Do not accept an expired card.
- Do not accept a card before its effective date.
- Do not deposit a sales draft more than once.

11 Receipting Credit Card Payments
For POS Users

- Run you End of process (EOD).
- Balance your EOD totals to your sales.
- Fill out both sides of your Revenue Remittance Voucher (RRV) as instructed at: Control of Revenue by University Department [1]

For Manual Swipe Machine Users

- Total your sales drafts.
- Balance your sales drafts to your sales.
- Fill out both sides of your Revenue Remittance Voucher (RRV) as instructed at: Control of Revenue by University Department [1]

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