

MERCHANT SERVICES

PROPER TRANSACTION PROCESSING COMPLIANCE WITH MASTERCARD AND VISA REGULATIONS

All merchants are required to adhere to MasterCard and Visa regulations when accepting these cards as a form of payment. 1st National Processing is committed to keeping our customers informed of these regulations through a variety of methods. The Merchant Services Agreement discloses requirements compliant with MasterCard and Visa regulations. Also, look for messages on your monthly processing statements as well as general mailings. Additional information is available in 1NP publications such as the Discount Rate Tier Requirements quick reference sheet and the Chargeback & Retrieval Guidelines brochure, all part of the Merchant Services Guide. Listed below are steps to assist our merchants in complying with MasterCard and Visa regulations when processing transactions.

- ✓ Check the valid date and the expiration date of the card and only accept cards that are between the two dates.
- ✓ Compare the embossed account number on the card to the account number displayed in the terminal, printed on the receipt from the terminal, and indented on the signature panel on the back of the card. Pick up any card where the account number comparisons do not match and call the authorization center for further instructions.
- ✓ Obtain an authorization number for every transaction regardless of the dollar amount and record the complete authorization number on the sales draft. The authorization request must be for the full amount of the transaction.¹
- ✓ Contact the voice authorization center with a “Code 10” request when suspicious about the authenticity of any card and/or cardholder.
- ✓ Obtain the cardholder’s signature on the sales draft. Compare the signature on the sales draft with the signature on the back panel of the card. If the card is unsigned, require the cardholder to sign the card and ask for additional identification to verify the signature. The words “See I.D.” in the signature panel is not considered a valid signature.

¹ The authorized amount may be lower than the actual transaction amount by 15% only for hotel or car rental agency merchants.

- ✓ Obtain a manual imprint of the card if the card's magnetic stripe is unreadable through the terminal. The card information may be keyed into the terminal to complete the transaction; however, a manual imprint must be obtained to prove the card was physically present during the transaction.
- ✓ Do not complete a transaction if the card is not physically presented by the cardholder. This excludes merchants that are authorized by INP to conduct mail order, telephone order, or electronic commerce transactions. For card-not-present transactions, request the 3-digit code printed on the signature panel on the back of the card immediately following the account number. Include this 3-digit value (referred to as CVV2, or CVC2) in your authorization request.
- ✓ Retain all cardholder information for no less than three (3) years from the transaction date. Store all cardholder information in a secure manner to prevent access by unauthorized persons and destroy all sales drafts only after the three (3) year period in a manner that renders the information unreadable.
- ✓ Include the following information on all sales drafts:
 - Business Name
 - Business location and/or website address
 - Transaction Amount
 - Transaction Date
 - Card Number
 - Card Expiration Date
 - Cardholder's name and/or signature
 - Authorization Code
- ✓ Description of merchandise or services rendered
- ✓ Present the cardholder with a completed copy of the sales draft upon completion of the transaction.

Prohibitions

- W** Do not split a single transaction into multiple transactions to avoid any type of authorization request. This may occur in a deposit and balance situation. In this case, the words "deposit" and "balance" must be notated on each applicable sales draft. This also does not apply for separate items placed on separate sales drafts if a separate authorization is obtained for each item or if multiple cards are presented for one transaction and a separate authorization is obtained for each separate card transaction.
- W** Do not impose a surcharge to the customer due to use of a MasterCard or Visa card for payment. A discount from the regular price may be offered for payment in cash.

- W** Do not establish or post signs to indicate minimum or maximum transaction amounts below or above which the customer may not be able to use a MasterCard or Visa card for payment.
- W** Do not sell, purchase, provide, exchange, or otherwise publish cardholder names or account information in any form obtained by reason of a MasterCard or Visa transaction.
- W** Do not require the cardholder to record any card account information on an exterior portion of any order form to be mailed by the cardholder.
- W** Do not charge a MasterCard or Visa card for any transaction representing a cardholder's existing debt that has been deemed to be uncollectible or has arisen from the dishonor of a cardholder's personal check.
- W** Do not charge a cardholder for incidental charges such as damages to hotel rooms or rental cars without the cardholder's prior written authorization upon discovery.
- W** Credit cards are not to be used for age verification. Authorized credit card usage can be issued to all age groups.