

# MA The Merchant Advisor

News and Advice for America's Merchants

## ID Theft: A Growing Threat to Your Business! *How to Avoid Being an Easy Target*

**T**he battlefield in the war on identity theft may be coming to your business soon! Two years ago Visa began a campaign to get the nation's largest merchants to comply with 12 key card data security requirements to combat an epidemic of fraud that is estimated to cost merchants and banks some \$30 billion a year.

The campaign includes some financial incentives, as well as some big fines for merchants who fail to comply.

Now a primary focus for cardholder security compliance is smaller businesses known as Level 4 merchants, where Visa reports that 80% of card data compromises identified since January 1, 2005 occur.

"As large merchants tighten their data security practices, we are working with our acquirers (companies like International Payments) to get ahead of the fraud migration to small business," said Visa's Michael E. Smith, Vice President for Enterprise Risk and Compliance.

Other industry experts have echoed Visa's assessment by pointing out that while progress is being made among larger merchants to protect cardholder data, it is clear that criminals will attack smaller companies that have not adequately addressed data security.

The frightening news is that a recent study conducted by Visa found that 57 percent of small businesses do not consider protecting cardholder data something that requires formal planning.

"This is a huge mistake," according to Len Marmino, National Sales Manager for International Payments and an industry veteran who has been analyzing identity theft for the last five years.

"What we are seeing with the recent lawsuits against some of the nation's largest retailers is that everyone is liable for

the costs associated with data compromises. Not only are lawsuits aimed at merchants, but at the companies who provide them with card processing equipment and solutions."

According to Marmino, the focus of the lawsuits has been to recover the costs incurred for issuing replacement cards, which can be \$25 per card, as well as the damage done to company reputations when sensitive customer card data is lost.

"The potential impact for any business losing the data for just 500 cards and then being sued for \$25,000 should

get just about any merchant's attention," says Marmino.

### Protecting Your Business

The key to protecting your business and avoiding losses is understanding and complying with the 12 requirements contained

in the Payment Card Industry (PCI) Data Security Standard.

The details of the requirements for validation can be found online at [www.visa.com/CISP](http://www.visa.com/CISP), and a copy of the 12 requirements is available from any International Payments Account Executive. ■



## Consumers' Love Affair with Debit Cards is Great News for Your Profits

**D**on't expect your bank or current credit card processor to share this very good news with you, but the latest Federal Reserve Bank survey shows the rapid growth of debit

card usage is a staggering 18% a year. In fact, the usage of debit cards now exceeds credit cards by a substantial margin.

If you are not jumping over the counter of your store or restaurant right now to celebrate the news, then you are like many business owners who have not discovered how this trend can easily impact their bottom-line profits by thousands of dollars a year and potentially decrease the profits of banks and credit card processors.

You may be aware that most ma-



for retailers are well aware of the savings potential and will accept your debit card, but instead of having you swipe and sign for your purchase, they encourage or require you to enter a Personal Identification

Number or PIN into their card terminals. This is how the savings occurs!

Chances are you are going to be very excited with the savings that can be realized when you learn to process debit cards like the big boys do.

For more information on efficient debit processing contact an IPC Account Executive who will perform a free, no-obligation analysis of your statement. The Federal Reserve survey on debit usage can be found at [federalreserve.gov](http://federalreserve.gov), then enter "debit" in the website's search engine. ■

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# New Pay-at-the-Table Technology Pays Off Fast for Restaurants

An exciting new wireless technology that allows patrons to pay their bills at the table is set to revolutionize the restaurant business by serving up more profits and better customer service.

"This isn't a flash in the pan," says David Wren, Vice President of Marketing for International Payments. "We have spent considerable time looking at this technology for our restaurant clients, and it's clear why pay-at-the-table has already taken off in Europe and other parts of the world."

It's no secret that the traditional method of taking card payments from restaurant customers is poor at best. A server must complete at least seven time-consuming payment steps that include presenting the check to the customer, returning to the table to accept a credit card for payment, processing the payment without the tip included, returning to the table and presenting the credit card receipt, waiting for the customer to calculate the tip, add the total and sign the receipt, retrieving the signed receipt, then returning to the processing terminal to

edit the transaction with the tip included. The new wireless technology not only eliminates four of these steps but, also allows patrons to automatically calculate tips, use debit cards with their personal identification numbers (PIN), complete payments in record time and enjoy a greater measure of security by not surrendering their cards when making payments.

While it is easy to see that pay-at-the-table can increase table turns at peak periods and can satisfy customers with shorter wait times for tables and payments, there is a big benefit for restaurateurs that's not so obvious.

The new state-of-the-art terminals not only accept credit cards but can also process PIN-based debit transactions.

"Most restaurant owners are not familiar with the advantages of PIN-based debit," explains Wren. "This type of transaction, where a debit card is swiped and the customer enters a

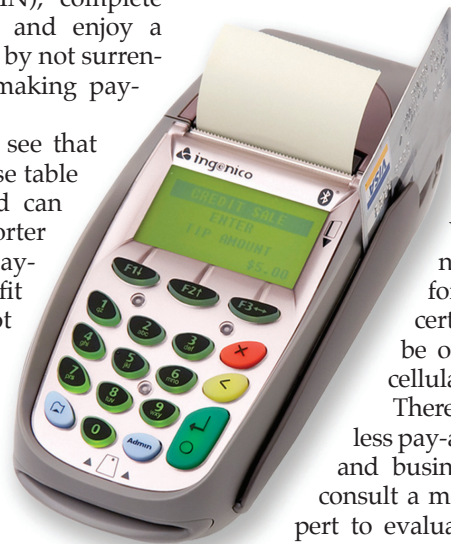
personal identification number or PIN into a processing terminal, was clearly not practical in most restaurant settings until now."

As our newsletter article on page one shows, processing PIN-based transactions (as opposed to having customers sign a credit or debit card receipt) can produce dramatic processing savings.

The deployment of pay-at-the-table technology is much like the wireless ordering systems currently used in many restaurant environments. Multiple terminals are linked to a base-station or Point-of-Sale system using Bluetooth® or WiFi. When a restaurant needs greater range for a delivery service, certain terminals can be operated over GPRS cellular networks.

There are several wireless pay-at-the-table systems, and business owners should consult a merchant services expert to evaluate their needs and seek qualified recommendations.

Pay-at-the-table is a great new recipe for increasing the productivity and profits of restaurants everywhere! ■



## Four Reasons Why So Many Will Go Wireless So Soon

While some of us were amazed at how fast cellular phones took off after they were first introduced, nobody should be surprised by a report that estimates that one in four credit card terminals sold this year will be wireless.

Wireless terminals that operate over cellular networks are now readily available because manufacturers have seen the writing on the wall (or maybe they have heard voices) as the cellular revolution marches on.

Here are just four of the many reasons that mobile merchants — such as pizza delivery, electricians, taxi, plumbers, outdoor vendors, and others

who process payments on the go — will adopt this technology so quickly.

**1. Lower Processing Cost.** When a credit card is present and swiped at the time of the sale, it costs significantly less to process. PIN-based debit can be processed, too. (See page 1.)

**2. More Sales.** Research shows that sales can increase by 30 to 50% when credit cards are accepted, compared to cash-only sales.

**3. Security and Convenience.** Mobile merchants who carry cash can be at risk. Credit cards offer more security.

**4. Customer Satisfaction.** America is moving away from cash, and people tend to prefer to pay with plastic. ■



## Information & Resources

### About This Newsletter

The Merchant Advisor is published quarterly by International Payments for the education of business owners, including retail, restaurant, and online merchants. Information is collected from IPC's expert staff, current industry research and outside sources that are deemed reliable by our editorial team.

### Contact Us

To learn more about any topic discussed in this newsletter or to arrange a free consultation with an IPC Account Executive, please contact International Payments' corporate headquarters:

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