

Card news – November 2008 edition – Keeping you in the know

Important information – Please keep this in a safe place

Variation to your Card Processing Agreement

Impacted: All merchants

Please note that a new section 8.5 was inserted into the agreement terms in July 2004. The remainder of section 8 has been renumbered accordingly. The new section reads as follows:

8.5 If we incur additional fines, fees, charges, costs or expenses imposed on us by any card scheme or any other third party as a result of:

- you breaching the Agreement in any way, *or*
- the volume of chargebacks which arise in respect of transactions accepted by you, *or*
- the failure by you to implement systems or procedures designed to reduce fraud, *or*
- any other action or omission of yours,

we may pass these on to you. If so, we will submit a claim to you in writing at least 30 days prior to a stated payment due date with a supporting explanation.

Update to Authorisation Cancellation Procedure

Impacted: All merchants

Please note that with immediate effect, should you wish to cancel a pending authorisation over £500 we will need to call you back to validate your request. This contact will be made from the details that we hold on our records and will not be made on any contact details provided at the time of call.

Therefore, in order for us to expediently action your cancellation requests, please ensure that you notify us of any change to your contact details.

Please note that not all Issuers will accept authorisation cancellation requests irrespective of the value. You may wish to notify your customers accordingly of the potential need for them to contact their Issuer directly to undertake an authorisation cancellation.

PCI DSS – a reminder

Impacted: All merchants

Payment Card Industry Data Security Standards (PCI DSS), which we have referred to in previous editions of *Card news*, are now well established. Compliance with PCI DSS gives your customers

increased confidence when using their cards to make purchases from you knowing their card data is safe. And it could protect you from unwelcome publicity.

We are currently in the process of writing to a number of merchants including those who trade where the cardholder is not present, be it online or by mail/telephone order, as we wish to increase compliance in this sector where we are seeing a significant growth in security breaches.

We wholeheartedly encourage you to comply with the PCI DSS requirements to reduce your exposure to potential financial and reputational risk. Potentially, the fines and costs that could be passed onto you were you to suffer a data breach, are substantial.

We have worked with a third party vendor, SecurityMetrics, on this programme and they may contact you, by e-mail or telephone, in this regard.

If you choose to enrol for the service offered by SecurityMetrics you will enter into a contractual relationship with them and you will have to satisfy yourself on the terms and conditions attached to it. HSBC Merchant Services is not party to your contract with SecurityMetrics.

Should you wish to have further information please visit the SecurityMetrics website at: **www.securitymetrics.com** or call them on **0844 561 1662**.

Important action required by all merchants accepting card payments online

You **MUST** use MasterCard Securecode if you wish to continue to accept Maestro cards, ideally as soon as possible but certainly **by the end of January 2009**. If you do not do this, the authorisation requests are likely to be declined, resulting in lost sales, and you will be exposed to substantial fines from the card scheme which we will pass on to you.

These could be hundreds of thousands of Dollars, regardless of the number of transactions you process – a typical fine is expected to be USD\$25,000 (circa £13,500) per month EVEN if you only process one transaction a month! And these fines could be backdated to July 2008.

Important information continues overleaf...

...Important information continued

If you do not do this, you must remove the ability for your customers to pay by Maestro online AND remove all references to this payment media on your website. Failure to do this could result in the same substantial fines – as detailed above – being passed to your business. If your customers wish to continue to pay by Maestro, you will have to process these transactions as mail order or telephone orders, encouraging them to contact you in the appropriate manner.

The card scheme will review transactions in 2009 to identify those merchants who are not abiding by the rules and pass on the appropriate fines – there is **NO ESCAPE**. And these fines could still be levied even if the transaction is declined by HSBC Merchant Services or the card issuer.

Please ensure your business is not financially impacted by this by taking the appropriate action NOW.

If you transact via a Payment Service Provider (PSP) you should contact them as soon as possible to undertake this development. We would also recommend that you implement all Securecode and Verified by Visa (VbyV) requirements as part of this development.

Compliance with these requirements will, in addition to removing the risk of potential fines, allow you to benefit from a liability shift, from you to the cardholder/card issuer, for certain transaction types.

Furthermore your customers increasingly expect to see this functionality when transacting online.

Point of Sale security best practices

Impacted: All face to face merchants

Criminals have recently been attempting to compromise Point of Sale (POS) Pin Entry Devices (PED) by inserting electronic equipment into the devices to capture card data to use fraudulently elsewhere. Card fraud affects all parties within the payment chain and it is important that the cardholder feels comfortable using payment cards at your premises. Cardholders often learn very quickly where a merchant has been compromised and avoid using that location again.

Extra vigilance by you will enhance POS security and deter criminals from attempting to tamper with equipment. Ensure that you can account for all of your POS equipment and are aware of any changes in the immediate environment around each device. Only allow authorised individuals access to your POS equipment.

A Point of Sale security checklist can be found within the card processing fraud section of the HSBC website at <http://www.hsbc.co.uk/1/2/business/info/card-fraud>.

New and available now!...

Gift and Loyalty Card

For businesses with Sagem payment terminals only

We are implementing a Gift and Loyalty Card solution that could help your business grow and benefit from the following:

- ▶ Opportunity to increase sales and release working capital
- ▶ Giftcards styled by you and branded with your business name
- ▶ Replace existing paper based gift voucher schemes
- ▶ Increase customer retention and profit
- ▶ Straightforward packaged pricing
- ▶ Less administrative work resulting in significant operational savings
- ▶ Extensive management reporting and expert support
- ▶ Reduced theft and fraud
- ▶ Available as an integrated solution on your Sagem payment terminal.

Our Gift Card solution has been produced in conjunction with Card Commerce Ltd. If you choose to enrol for the service offered by Card Commerce Limited you will enter into a contractual relationship with them and you will have to satisfy yourself on the terms and conditions attached to it. HSBC Merchant Services is not party to your contract with Card Commerce Ltd.

For further details, including pricing with regards to this service, please call Card Commerce Ltd direct on 0870 7352829 between 8:30am – 5:30pm Monday – Friday and quote “HSBC”.

Coming your way soon!...

Electronic Management Information (eMI)

For all businesses

eMI is an online Management Information tool which helps you to see customer card transaction data that you take through your business, at the convenience of your own computer screen. Being able to view your customers' card transactions online with eMI gives you the following benefits:

- ▶ Identify and track spending patterns
- ▶ Reconcile transactions to your accounts quickly
- ▶ Help to avoid errors
- ▶ Saves time and administration costs
- ▶ Filter and customise your own reports
- ▶ Ability to download data and manipulate it to your requirements
- ▶ Keep your own permanent records instantly
- ▶ Details of card transactions are uploaded so you don't have to wait for your monthly paper invoice via the post
- ▶ Securely access the information online whenever and wherever you want, giving you peace of mind and flexibility.

Further details about eMI, including pricing, will become available when the service is launched in the coming months.