

# Payment Cards Processing at UNL

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University of Nebraska —Lincoln  
Bursar's Office

## Learning from Heartland Payment System's Breach



*To prevent confusion by customers, consider notifying them at the time of payment what they will see on their credit card statement.*

*A short note such as,*

***"This payment will appear on your credit card statement as: UNL Bursar."***

*could reduce the number of retrieval requests and chargebacks that you see.*

While looking at the information available on the recent Heartland Payment Systems breach, I found the following helpful information on Fraud Prevention. This is taken from:

<http://www.2008breach.com/ProtectYourBusiness.asp>

### Face-to-Face Key-Entered Transactions:

- Make sure your terminal or point-of-sale system prompts for Address Verification (AVS) using a billing zip code and/or the street number of the billing street address. If the authorization comes back warning the zip code does not match, this is a red flag. Ask for another zip code (maybe

the cardholder recently moved and had not changed the address). If there is not a match, this may be a sign of potential fraud, and you should take additional steps to validate or deny the transaction.

- Make sure the terminal is programmed to prompt for CVV2—the security code on the back of the card. The CVV2 is a three-digit security code printed on the back of a credit or debit card and is an important fraud prevention measure. This proves the cardholder has the card in hand. If the incorrect code is provided, almost all issuing banks will decline the transaction.

### Internet / E-Commerce Transactions:

- Make sure your site is on a certified SSL—Secure Sockets Layer—technology that protects your website.
- Do not allow credit card numbers to be submitted via email since email is unencrypted and it exposes the cardholder and merchant to fraud.
- Make sure your website is protected from “defacing” - criminals who can access your site, change your page to direct payments directly to them via a toll-free number or even to another payments page.

## Credit Card Processing Meeting –April 2nd

Mark your calendar! We will be holding an informational meeting of all credit card merchants on April 2nd at 2:00 in the NE Union. The room will be posted.

We will inevitably be talking about PCI and our on-going efforts to protect our credit card processes, but we would

also like to gear this meeting towards topics / questions / concerns you would like addressed. Please contact:

Jennifer Hellwege

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or 2-9004

with any items you might have for our agenda.

Some of our best resources are right here at the University—all of you! We're also hoping to have a representative from First National Bank on hand.



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The Office of the Bursar is responsible for administering the University of Nebraska-Lincoln money handling policies and procedures. Don't ever hesitate to contact us with any receipting questions you may have.

## Understanding Interchange –Minimizing Fees



The following excerpts are taken from the Heartland Payment Systems article *What is Interchange, and Why is it Important to You?* at:

<http://www.heartlandpaymentsystems.com/article.aspx?id=92>

I find it's difficult to get a hold of straightforward information on credit card fees and found this article to be quite refreshing in my search. I would recommend reading the entire article, but here are some of the highlights:

### **What is interchange, and why is it charged?**

Interchange is the fee charged for passing financial transactional information back and forth between you (the merchant), a payments processor (such as Heartland Payment Systems or Verisign), the bankcard companies (Visa® and MasterCard®), and the banks that issue credit, debit and pre-paid cards. This fee is imposed by Visa and MasterCard, not by the processor. You pay this fee on every card transaction you process.

### **How can you reduce your interchange charges?**

There are three fundamental actions that impact the rate you're paying:

- Are you swiping the card or key entering cardholder information?
- Are you using address verification service (AVS) on keyed transactions?
- Are you settling your terminal and account on a daily basis?

How you handle these three scenarios will affect your chances of qualifying for the best rate and avoiding being "downgraded." When a transaction is downgraded, it means you pay a higher interchange rate because certain qualification criteria were not met. Every time a transaction moves further away from the requirements of the expected rate — and closer to the possibility of fraud — the transaction is downgraded, and you pay more for interchange.

Let's examine the three common downgrades to see how they impact the interchange rate, and let's use a Visa in-store retail transaction of \$100 to illustrate the effect. (See the sidebar "The Effect of Different Scenarios on the Interchange Rate of a Retail Purchase of \$100" for a quick comparison of the effects of the different rates on

your bottom line.)

The lowest interchange rate on a transaction occurs when a card is swiped through the terminal. The interchange rate of a card-swiped, \$100 retail transaction equals 1.54 percent + 10 cents (\$1.64). If, for some reason, the terminal can't read the card's magnetic stripe (the card is damaged, for example), you can key enter the information. That, however, increases the interchange rate. If you must key enter information, you can help lower the increased interchange rate by using address verification service (AVS), a fraud prevention tool.

Another step to reduce your interchange rate is settling (or "batching") your terminal and transactions at the end of each day. Your payments processor only has two days to get your retail transactions processed and forward them to Visa and MasterCard, which in turn forward them to the issuing bank. If you settle your accounts only weekly or monthly, your transactions will downgrade due to missing the two-day time frame. Late batching results in higher interchange and delayed payment.