



How A Little Seasonal Staff Training Saves Big on Credit Card Costs

Many merchants hire seasonal staff. The new employees usually receive some sales and customer service training. Often overlooked is training on credit card processing. Improperly trained staff can cost merchants a significant amount of money and effort. One of our ski resort clients found a few hours of training saved them over \$15,000 a year. We've outlined some of the more common situations where improperly trained staff may make costly errors. Any sound familiar to you?

Each of the processes below, if not followed properly, can cost extra unnecessary fees.

1. A credit card does not swipe properly - Key entering transactions incur additional fees. If done properly, merchants can avoid further "downgrade" costs. In a retail environment, additional information is required for proper processing. The cardholder's zip code must be entered in addition to the account number, expiration date, and amount of the sale. The zip code entered should be the zip code for cardholder's statement billing address.

To minimize the additional cost of this type of transaction, the terminal or software must receive an exact match response. Skipping prompts or inputting incorrect data will cause the transaction to further "downgrade" and will cost even more to process. Additionally, Visa and MasterCard require a merchant to imprint the card on a sales draft. The imprint is proof the card was present and can assist in protecting merchants against chargebacks.

2. Address Verification Service (AVS) and Card Verification Value (CVV) isn't collected - Providing the cardholder's address (street number and zip code) in a mail order, telephone order (MOTO) or Internet environment helps avoid additional fees and provides some security by confirming the person placing the order does know the billing address of the credit card. Entering the three digit Card Verification Value found on the back of a credit card is an additional security feature used in the MOTO or Internet order processing environment. By obtaining the CCV you are assured that the physical card is in the hand of the person placing the order. Using AVS and CVV together and paying attention to the responses received back from the processor helps avoid costly chargebacks and fraud loss.

3. When to void and when to credit / refund a transaction - It is best to Void a transaction when the transaction needing to be refunded or voided is still in the current batch. By voiding a transaction, you delete it from that day's sales and avoid paying the processing fee for the transaction. A refund should be done for returned items when the original transaction has already been settled and thus can not be voided.

4. Use of Signature Debit or Check Cards - These cards look like a regular Visa or MasterCard but are tied to an individual's checking or savings account. Since these cards immediately hold funds from a cardholder's bank account for up to three weeks, mistakes are not easily reversed and mishandling can lead to customer dissatisfaction. Therefore, it is critical to correctly identify the type of card for a seamless transaction.

5. Backup your transactions with receipts and reports - It is important to have a backup of all transactions. You may need to recreate transactions due to terminal or software failure or transaction batch corruption. Save copies of all receipts, take reports before closing a batch, and save all settlement reports.



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6. A terminal does not settle - All terminals and systems should be settled daily. Merchants not fixing settlement problems in a timely manner can incur additional fees. When you have a settlement problem it should be addressed immediately by calling the Help Desk.

7. Minimizing Chargebacks - Many chargebacks are legitimate, but merchants may feel they are unwarranted. The Visa and MasterCard regulations and federal banking laws are designed to give the consumer protection of disputed purchases. As a merchant, dealing with a chargeback can be a time consuming and expensive process. Processing transactions properly and keeping records can help you minimize chargebacks and avoid losing the entire amount of a sale. Following proper procedures, such as those described above, can assist a merchant in reducing the number of chargeback's that they receive. It will also assist in the defense of a chargeback. Settling a dispute directly with a cardholder will avoid a chargeback and the associated expense that go along with them.

A little bit of training and re-enforcement will ensure most of these situations (and a host of other questionable circumstances) will be handled properly. Can a combination of top-notch training and the right credit card processing system lead to big savings you? Contact TRI today for a free, no-obligation analysis of your current program.