

merchantnews

BANK OF HAWAII MERCHANT SERVICES | SPRING 2011



There have been many recent initiatives implemented in the payment card industry that may have significant impact to your businesses. The following is a recap of a few of the more significant changes. You may also refer to our website: <https://www.boh.com/small-business/banking-products/business-services/349.asp>, for additional information.

NEW & NOTABLE

Discover Full Acquirer

At Bank of Hawaii, we are committed to providing you with the products and services that help your business succeed. That's why we are pleased to inform you that Discover® transactions will soon be supported directly by Bank of Hawaii—the same way we support your Visa® and MasterCard® transactions. Our plan is to enable all merchants to accept Discover and their full suite of cards, by June 1, 2011. Should you decide not to take advantage of this opportunity, simply contact our Escalation Desk at 694-7300 and we will remove the entitlement. Merchants that are already accepting and receive funding from Discover will have their accounts converted and will be provided all of the benefits described below.

How Discover Entitlement Helps Your Business

By accepting Discover cards you are automatically entitled to accept JCB® (61M cardmembers), Diner's International®, China Union Pay® (CUP - 2.1B cards) and BC Cards (52M cardmembers). Customers will always have a preference for the type of card they want to use to make a purchase. Therefore, providing a broad range of card acceptance may increase the likelihood of additional customers frequenting your establishment. Here are other benefits:

Fast Funding Same day (if settled by 2:00 am) or next day—along with Visa and MasterCard.

Simple Reconciliation Only three card types to reconcile; Visa, MasterCard, and now Discover.

Combined Statement Convenience of one monthly statement.

Same Great Customer Service Just one customer service phone number to call: 1-800-279-4195.

Comparable Rates* Similar to your Visa or MasterCard blended rate or your current Visa discount rate plus 0.02% for a consumer card swiped transaction.

**Non-qualifying transactions will be subject to interchange billback adjustments.*

Reminder—New Internal Revenue Code: Section 6050W

The Housing Assistance Tax Act of 2008 included the enactment of *Section 6050W of the Internal Revenue Code*, which requires reporting entities to report payment card transactions for each calendar year beginning January 1, 2011. As a result, reporting entities will be required to file an annual information return with the IRS and provide each merchant payee with a corresponding Form 1099-K, reporting monthly and annual gross sales. Beginning January 1, 2012,

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For more information or assistance, please contact:

Customer Service at 1-800-279-4195 (Available 24/7)

Escalation Desk at 808-694-7300 (Available M - F 9:00 am - 4:00 pm)



reporting entities will be required to perform backup withholdings from merchant funding, deducting and withholding income tax (currently 28%) from reportable transactions, if (a) the merchant fails to provide the merchant's TIN to the reporting entities, or (b) the IRS notifies the reporting entity that the TIN (when matched with the name) provided by the merchant payee is incorrect. To address these requirements,

in the next few months Bank of Hawaii will be sending out correspondence to merchants that have tax filing names or TINs on Merchant Service account files that do not match up with IRS files. Should you receive this correspondence it will be important that you respond immediately and provide documentation confirming your tax filing name and TIN to Bank of Hawaii.



Money Saving & Security Tips— Back to Basics

The following are recommended procedures that will assist you in getting the best rates available and protecting your business against fraud and theft.

Timely Processing

Processing transactions in a timely manner will ensure that they do not downgrade. A transaction that downgrades will result in a higher interchange rate. Transactions must be processed within 2 days to qualify at published interchange rates. A transaction that is processed 3 days later can cost an additional .76%; if processed more than 3 days later it may result in an additional fee of 1.16%.

Responding to Disputes— Retrievals & Chargebacks

Retrieval requests for documentation are occurring far less often than in the past. Retrieval requests are normally faxed and chargeback notices are mailed. Please note that this correspondence is currently being sent with the sender as "MERCHANT SERVICES, PO Box 6602, Hagerstown MD". It is essential that should you receive a retrieval request or a chargeback notification that you respond promptly and provide the information requested. Failure

to respond in the prescribed timeframe will limit your rights in the dispute process.

Terminal Supply Orders

Bank of Hawaii provides free terminal paper roll supplies and will pass through the actual shipping and handling fees. Please keep track of your supplies and order prior to running out. Should you decide to order supplies from another vendor, we would recommend that you ensure that it won't cost more than ordering directly from us. The shipping method is set up to default as "ground" which is the most cost effective and will be delivered in 5-7 days. Supplies can be ordered through Customer Service (select option 4). Please reconfirm your order and method of shipping (ground) prior to hanging up.

Card Not Present Key-Entered Transactions

Card not present key-entered transactions are considered high risk for fraud. The cardholder is not present so it would be advisable to utilize tools which will help mitigate the risk. These tools are **Address Verification Service (AVS)** and **Card Verification Value (CVV)**. AVS will require that the cardholder provide their statement mailing address. CVV will prompt for the 3-digit security number that is printed on the back or front of the card depending on the type of card being used.

Card Present Key-Entered Transactions

Card swiped transactions are the best method to process credit cards. In a situation where a card is presented but the terminal is unable to read the magnetic stripe, the recommended option is to ask customer for another card or form of payment. If you choose to complete and key-enter the transaction then it is highly recommended to:

- 1) Take an imprint of the card with a manual imprinter,
- 2) Ensure that the expiration date on the card has not passed and
- 3) Ensure that the card is signed and the signature matches with the receipt.

If the terminal is not working and an off-line transaction is to be completed, then also:

- 1) Call in for an authorization, and
- 2) Document the approval code on the imprinted receipt and have the cardholder sign the receipt.

Declined Transactions

If a decline response is received for a transaction, do not re-run the card. Advise the cardholder that the card has been declined, request another card or form of payment and advise the cardholder to contact his issuer, should he or she have any questions.