

It's hard to believe we're halfway through August already; the year is flying by! In this edition of 4Sight we have a great story about how Shift4 protects your business in ways you may not even realize. Also, if you're interested in how the Durbin Amendment will affect you as a merchant, be sure to check out the first in a series of articles we'll be publishing on that subject over the next few months.

A Couple of Things You Should Know About Authorizations



First, we'll talk about the "A" you see occasionally in your transactions view when using DOLLARS ON THE NET®. We'll explain what it means and why it's there in the first place. Then, we will address a question Shift4 receives almost every day, "Can Shift4 help me release an authorization from a customer's card?"

What's that "A" mean?

Have you ever noticed a transaction marked with an "A" on your "view transactions" screen? Many of our customers audit their batches and submit daily, but there are still these pesky transactions sitting in the view transactions screen that remain unsettled. What are they? What should you do with them? Why are they there?

Well, simply put, that "A" marks a transaction as authorized – authorized but not yet sold (and therefore not yet settled). Typically, only hospitality and sit-down food and beverage clients will see this message, as they are the major merchant types that authorize a transaction before completing it. (F&B does this to allow for added tip, while Hospitality will use these authorizations to validate reservations or check-ins – waiting for final checkout to complete the transaction.)

It's helpful to occasionally review these "A" transactions, as sometimes computer and/or network issues can cause final authorization signals to not come through. This means even though the transaction may have gone through, you have not closed it out in a batch and therefore will not have received funding for the transaction. Blindly closing without looking for these transactions that could be in limbo can cost you revenue!

The "A" is turned off by default for most users (since many of our clients don't ever need it), but if you would like to turn it on, you may do so by selecting Tools>View Options>General Filters, then check "Auth Only" and click apply.

If you find that there are transactions that should have processed to "sold" but haven't, you can convert these to "sold" in DOLLARS ON THE NET, allowing you to process and get paid for the transaction. Be careful not to wildly select all of these transactions and try to process them. Some of these could have been errant and/or duplicate transactions that should be voided, not processed.

You will need the reports from your POS/PMS to audit and verify which (if any) transactions should have funded but didn't. Once you identify them, the process is quick and easy. Enter the transaction, click "Online Edit," validate the amounts, uncheck "Auth Only," and finally, click "Submit." Done. Now all you have to do is close the batch. The transaction will then be settled, the "A" will go away, and you will be paid!

Releasing Authorizations

Sometimes we need to get rid of these "A" transactions in another way. When a customer cancels their stay, decides to pay with a card other than the one initially presented, or for a myriad of other reasons, it is sometimes necessary for a business to release an authorization they have previously placed on a credit card.

We are regularly asked if we can assist with this and the short answer is, no; unfortunately, we are unable to release authorizations that have been processed.

Shift4, as a payment gateway, does not request (initiate), authorize, or process transactions. Our responsibility is to act as a go-between and ensure that the data is securely and reliably transmitted from the merchant to the processor and back (and to secure it with tokenization before returning it to the merchant).

The authorization comes to Shift4 from the processor after the processor has verified with the consumer's bank that they have enough credit available to cover the charge. So it is the consumer's bank (the issuing bank, as we say in the industry) that is uniquely able to remove any authorizations from the card.

So, as much as we'd love to help you remove authorizations, we can't. It's beyond our control. Your best bet is to call the 800-number listed on the back of your client's card and ask them for assistance.

If they are unwilling to help you, you have one more option, which is to process the transaction for one dollar, and then immediately issue a one dollar credit. As soon as the purchase processes, the authorization hold will be cleared from your customer's account. However, customers should be warned that the one dollar credit may take a week or more to appear. (Banks like taking money much more than giving it back.)

Now you know a little more about authorizations. We hope this helps you be more effective and more productive in your business. If you have any questions, or would like further clarification, you are welcome to contact Shift4 Support.

The Durbin Amendment: *What is it and what does it mean for merchants?*



Between the raging debates, lobbying, legislation, and (finally) the Federal Reserve analysis and modification of the legislation, the Durbin Amendment has maintained a place in the news throughout the year. Now that the debates are over, and both sides have said their piece about the outcome (which seemed to leave all parties underwhelmed and frustrated), it is time to dig into the new rules and determine what effect, if any, it will have on you.

As there is much to this topic, and many things you should consider, we will break our analysis and suggestions into three articles to be published in this newsletter over the next few months.

What is the Durbin Amendment?

Let's start with a brief overview for those of you who may not have been following the news.

The Durbin Amendment (an addition to the Dodd-Frank Wall Street Reform and Consumer Protection Act) was primarily written by, and named for, Senator Dick Durbin of Illinois. The legislation has two main points that we are concerned with.

First, it requires all banks with assets of more than \$10 billion to charge debit fees that are "reasonable and proportional to the actual cost" of processing the transaction. (In layman's terms it requires them to stop charging huge markups on debit transactions.)

Second, the Durbin Amendment gives the Federal Reserve the power to regulate debit card interchange fees. On June 29, 2011, the Fed set this interchange fee at 21 cents plus .05% of the transaction value. Issuing banks may charge an additional cent under the legislation if they implement a set of fraud-prevention measures. These new rates will take effect on October 1, 2011. Under the current system, given an average debit transaction of \$38, interchange would be approximately 44 cents. Under the new regulations it will be capped at 24 cents – a savings of nearly 50%, much of which will (hopefully) be passed on to business owners.

What does it mean for merchants?

Well, for merchants lucky enough to use debit (and smart enough to only work with MSPs and Issuers who are passing along these savings) it means a nearly 50% reduction in processing fees for debit transactions.

If you are a merchant whose business type allows for debit, and are not currently using a PIN debit solution, now is the time to reconsider. This legislation will make the vast majority of transactions substantially more cost effective (and therefore more profitable if processed as debit instead of credit).

Yes, we understand [debit can be difficult to implement](#), but now more than ever it pays off. If you're interested in adding PIN debit service to your business, give us a call or send an e-mail to myaccount@shift4.com. We will help you determine if debit is a good fit for you, determine if it's supported by your POS provider (and if it isn't we'll help you encourage them to add the integration or help you find a new provider), and get you set up to enjoy the new, lower rates that will only be available to PIN debit merchants come October.

Another Way Shift4 Protects our Merchants



Shift4 is recognized as an industry leader in PCI compliance and information security. But as your business partner, we safeguard your organization in other ways as well. Here's a quick story that illustrates just how Shift4 – and our admittedly stringent regulations – help protect our customers.

Recently, we received a request from a merchant service provider (MSP) asking that we initiate a processor change for one of our hotel customers. As a matter of policy, we do not initiate any processor changes without direct authorization from our customers. Adhering to this policy, our account maintenance representative contacted the customer for confirmation that they wanted to make the change.

Our customer was livid. He had not spoken to *anyone* regarding a processor change. He called the MSP that had submitted the request, who told him they had received the request from an ISO they worked with. The ISO said the application initially came from an independent contractor.

The contractor who had started the process had an old application with our customer's name on it, a copy of the customer's driver license, and a voided check the customer had used to change processors previously. According to our customer, his name was forged on this current application, and that forged document was submitted to his MSP without his knowledge.

To make things worse, the property had gone through a few processor changes over the past year due to changes in ownership. While ownership had changed, the original owner was still involved in a minority role, and was still our contact. However, his bank account (the one fraudulently entered from his old check) was no longer the account used by the property. Had the change had been made, all the money would have gone into the previous owner's account, not the new owners; had our policy not been in place to catch this, this could have been a significant issue for our customer.

The vast majority of MSPs out there do a great job and we have good relationships with them. But, as we all know, one miscue can have devastating results when financial information gets into the wrong hands. As your business partner, we want you to know how our process works and why. When we take extra steps that other companies don't that require your involvement, it is because at Shift4 we want to protect your business in the same way we protect your credit card transactions.

So next time you're thinking Shift4's process is too involved, or that we ask too much of you, please consider the alternative and realize that we truly have your best interests in mind.

Settlement Windows



Settlement windows. You may not even know what they are, but there's a chance they're costing you extra money.

Simply put, your settlement window is the time window during which you must submit transactions to your processor in order to receive prompt funding. Missing this window can cost you in terms of downgrades, and delay funding of the transactions.

The way you lose money here is when the other elements of your payment processing and auditing cycle don't line up properly with this window. There are four elements here you should be concerned with: the close of business time you report to Shift4, the date roll on your POS/PMS, your auditing/batch settlement timeframe, and your processor's funding window. Each must occur in correct sequence for a transaction to fund properly.

For instance, if your close of business time and date roll are not aligned, all transactions that came in after 11:59 p.m. on Friday will be held and settled on Saturday – even though your “Friday night” may not have ended until 2 a.m. Because Shift4 groups transactions by business day, having the POS label transactions that came after midnight as a separate day's transactions will also lead to discrepancies in your accounting records.

Speaking of accounting, you should ensure that you are closing out (batching) each day's transactions after the close of business and before the next settlement window. This will keep your transactions from downgrading and help you obtain the lowest possible discount rate. (If you manually audit each batch, your auditor may have to work a night schedule to make this possible.)

While the default settings usually work well for 9-5 merchants, coordinating these settings for 24-hour establishments can be difficult. For resort hotels with multiple revenue centers (all with different hours of operations) or national chains with stores across multiple time zones the difficulty increases exponentially.

Perhaps the easiest way to spot potential errors in this setup is to check your DOLLARS ON THE NET for each fiscal day against the day's earning in your bank account. (Be sure to subtract any regular fees charged by the bank.) If these numbers don't match up, contact us at myaccount@shift4.com and we will be happy to help you review your settlement windows, date roll, and close-of-business settings to determine where the problem might be. We may also be able to add additional Merchant IDs to your account to split processing by time zone or business type – all of these things will help you keep more accurate records, get your money faster, and secure the best possible discount rates.

If you have any questions or concerns, please do not hesitate to contact Shift4 Support at 702.597.2480, option 2.

DID YOU KNOW Shift4 Processes Directly to American Express?

Did you know that Shift4 maintains a private, direct connection to American Express? Why do we do this? Well, the answer is quite simple: we do it to make life easier for you, our merchants. Shift4's direct connection means we don't have to pay a third-party to submit this information for us – that saves you up to \$.25 per transaction, which adds up quickly! Our private connection also means that your transactions will fund faster. In other words, you'll get your money sooner (sometimes *days sooner*) than you would if we used another solution. Also, because we run these transactions through our own connection, you get some added redundancy. If your main processor goes offline, you can still process American Express cards through our connection. So, why do we pay to maintain a private connection to AMEX? We do it for you; it's part of our commitment to merchant advocacy that we don't just advertise, we live by.