

Updated May 24, 2016

WordStock

Credit Card Processing, Verifone *Point* and EMV **FAQ**



VeriFone
MX925

What is this credit card “liability shift” I keep hearing about?

The basic meaning is that, since credit cards with chips are the new Payment Card Industry [PCI] standard, if you, as a merchant, accept a card that turns out to be counterfeit but you didn't know it was because your store doesn't have credit card terminals that can read cards with chips, then the responsibility – “liability” — for that fraudulent transaction is passed – “shifted” — to you, not the bank.

In other words, if a merchant chooses not to use chip card readers, the merchant — not the bank — will be held responsible for the loss.

According to Visa's “U.S. Merchant EMV Chip Acceptance Readiness Guide”:

“The liability shift only is for counterfeit cards and does not pertain to lost and stolen cards. The party that is the cause of a chip transaction not being conducted (i.e., either the issuer or the merchant's acquirer or acquirer processor) will be held financially liable for any resulting card-present counterfeit fraud losses.”

Two things to note:

1. Only “customer-present, card-present” transactions, in which a customer uses a card in your store, are subject to the liability shift. Customer-not-present transactions, such as Mail Orders, Telephone Orders, and online orders, are subject to the current terms of your processing agreement. WordStock enables you to classify individual card transactions as mail/telephone online order on a per-transaction basis.
2. If a customer pays with a fraudulent magnetic-stripe-only card — a card without a chip — and the transaction is authorized, the bank, not the store, is responsible for the “chargeback.”

NB: In the PCI world, a “chargeback” is not like a book industry chargeback — it occurs when a customer successfully disputes a card payment transaction's validity. If you choose to not to install chip-reading, EMV-compliant terminals, you should monitor the chargebacks section of your monthly bank statement(s) for unusual activity.

How do I find out what my store's chargeback history is?

Your monthly report from Bank of America Merchant Services details chargebacks in a section labeled “CHGBK/REJECT/ADJ SUMMARY.” You may wish to use that information for evaluating your potential liability based on past experience.

What is WordStock's current overall direction with respect to upcoming industry-wide changes in credit and debit card processing?

After investigating the alternatives, we've concluded that the best solution to the liability shift coming later this year, with respect to EMV and PCI compliance, is the VeriFone ‘Point’ product.

What is ‘Point’?

In its most comprehensive form, *Point* is a VeriFone PIN pad that runs VeriFone “middleware” software and handles card swiping, EMV input, PIN entry, and transaction authorization for a monthly subscription fee.

Which VeriFone PIN pad will be used?

Initially, the **MX925**. It is possible that other VeriFone *Point*-capable PIN-pads may be used in the future, but for now we're focusing on the MX925. The MX925 handles all known requirements, PIN, EMV, PCI at a reasonable price point.

What will *Point* cost?

Each WordStock POS register will require a VeriFone MX925 running *Point*; monthly costs are:

MX 925 Base unit, per POS	\$35.00
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Options we recommend:

Priority Exchange	1.50
PCI/SAQ	2.50
Low contour stand	2.00

TOTAL, per POS, w/options	\$41.00
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The total will be billed monthly by VeriFone directly to booksellers.

Can I buy an MX925 instead of paying monthly?

Yes, MX925s are sold by many vendors; our research suggests that current selling prices range from \$613 to \$700, each. If you buy your own unit, you will have to send it Verifone so they can load *Point* software on it. Verifone charges \$20, per unit, for this service. In addition, you'll have to pay roundtrip shipping costs.

You will also need to enter into a Service Only agreement with Verifone, not WordStock, which costs \$19/month, per device.

The downside of buying your own MX925 is that you will be responsible for any maintenance, repair, or replacement costs. In addition, should the *Point* software need to be reloaded for any reason, such as it having been compromised because the MX925 needed repair, you'll need to send the unit to Verifone for *Point* software loading, as described above.

A further consideration to bear in mind is that Payment Card Industry requirements may change in such a way that the MX925 becomes obsolete, in which case you would need to purchase successor units. (Note that Verifone claims the MX925 will be compliant for at least 3 years.)

Conversely, if you use the rental package that we recommend, including the Priority Exchange option, obsolete units would be replaced with then-current units at no additional cost.

What are the POS location requirements?

1. One *Point* PIN-pad/software combo for each WordStock POS register;
2. Each PIN-pad connects via Ethernet, so there will need to be an Ethernet jack and/or a network switch at POS.

Will I still need a dedicated modem/phone line for processing credit cards?

No, because the Verifone *Point* solution includes the capability of storing transactions if the communication connection breaks and transmitting them when the connection is restored.

As Verifone states: "When this Store and Forward [SAF] configuration parameter is enabled and there is loss of connectivity to the server, the payment acceptance device can locally approve transactions below a set floor limit until such time as a total limit is reached."

How will *Point* work with WordStock's POS?

After totaling a sale at a WordStock POS register, if the customer wants to pay with a credit or debit card, WordStock's software will send a message to *Point* containing summary information such as Total, Tax, etc. Then, control is transferred to the VeriFone products which will handle acquisition of the card data, PIN, amount approval, and then initiate a real-time authorization, the results of which are relayed back to the WordStock register.

What are the merits of this approach?

The VeriFone PIN pads and *Point* software are **already certified** as PCI compliant and capable of obtaining authorizations. Should either fall out of compliance, VeriFone will replace/update as required. *This solves the PCI security issue and ensures a compliant platform into the future.*

When will *Point*/Wordstock service be available?

Mid-September 2015, assuming VeriFone certifies the interface within the next 90 days, which seems doable at this time. Updates on availability will be posted on our website as events unfold.

Will EMV be supported?

The MX925 is EMV capable, so EMV will be supported once the certification process is complete. We're working to obtain certification for WordStock's use of EMV via *Point* according to the industry timelines for implementation later this year. Because other parties are involved with that process, we can't be certain at this point when this will be completed.

What is 'Data Breach Insurance'?

Merchants will be entitled to certain benefits related to data breach protection pursuant to an insurance trust held by the North America Data Security Program, a trust administered by RGS Limited LLC [RGS], as outlined at www.royalgroupservices.com/verifone.

The program currently provides protection with an incident/annual limit of \$100,000 per Merchant ID, and \$500,000 per merchant. These amounts are listed for informational purposes only; the program is provided subject to any changes that RSG might make. This is a third party service.

What is 'Priority Exchange'?

A replacement terminal can be expedited to the merchant location prior to VeriFone receiving the device which it is intended to replace. Priority Exchange Services are only available to merchants in the United States.

What is 'PCI/SAQ'?

PCI/SAQ Tool is a support service, provided by a third party company, ControlScan, to help merchants complete the required 'Payment Card Industry Self-Assessment Questionnaire,' abbreviated as 'PCI/SAQ.' (The SAQ is used to confirm that your store's systems and procedures comply with the latest credit card security requirements.)

PCI/SAQ Tool includes services and resources, such as a step-by-step online questionnaire, scanning of your POS system, and guidance for establishing compliant in-store policies, to help merchants establish their compliance with security requirements.

What is a 'Low Contour Stand'?

The SQR Low Contour Stand is a device for holding the VeriFone MX925 securely at the POS:

- Mounts and protects the VeriFone MX925;
- Tilts up 0-90° for easy viewing. Helps meet ADA requirements and prevents screen glare;
- Rotates 180° for customer to associate viewing;
- Security magnet;
- Low profile design hides underneath the device;
- Machined standoffs fit the device perfectly;
- Field adjustable tilt and swivel tension;
- Glue pad system available;
- Integrated cable management.

What VeriFone Rental Documents do I need to complete to sign up for EMV service?

The three documents you need to complete to sign up for EMV service are listed below; you can find links for them on our website at www.wordstock.com/emv_faq.html:

- *Point Service Agreement*;
- *ACH Authorization*;
- *Point Client Survey*.

You'll also want a reference copy of this page to have pricing handy.

When you've completed the forms:

Please email them to **Christina Beard** at Verifone who is working with WordStock customers:

Christina.beard@verifone.com

Also, please email **Norm Gosselin** when you've submitted the forms so that we can monitor your application's progress; thank you: **njg@wordstock.com**

If you have any questions about completing the forms, please email **John McDowell**, WordStock Support, **jmcdowell@wordstock.com**, or call John at **800-444-7224, opt 1**.



Low Contour Stand
for VeriFone MX925