Policies and Procedures

Merchant Card Services
Office of Treasury Operations

Welcome!

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UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN · CHICAGO · SPRINGFIELD

Introduction

Did you know University of Illinois merchants process over 1 million payment card transactions totaling nearly $100 million annually?

Did you know there is an additional $18 million of payment card transactions processed annually for student account receivables?

These transactions are processed by University of Illinois merchants through several different mechanisms that include traditional payment card terminals, point-of-sale systems, and web-based payment card processing.

Introduction

Who is a University of Illinois merchant? A merchant is a campus unit or department that accepts credit and debit cards as a method of payment for goods, services, information, or gifts. Only authorized cash collection units may request to become a payment card processing merchant. We will use the term 'merchant' as a reference to University of Illinois units or departments who are merchants.

Some examples of merchants are:

- Departments accepting card payments for conference registration or event
- Krannert Center for the Performing Arts
- Division of Intercollegiate Activities
- University Medical Centers
- University Bookstores
- University Housing

Hundreds of merchants conduct business throughout the University of Illinois. Merchants who need assistance establishing their payment card payment processing should contact Merchant Card Services.

Introduction

Merchant Card Services is the administrator for payment card transaction processing that is accepted for the sale of goods and services by all entities within the University of Illinois. Merchant Card Services negotiates all banking and card processing relationships on behalf of the entire University.

The role of Merchant Card Services is to:

- assist merchants with payment card processing by acting as the liaison with the University's card processor, Global Payments. Merchant Card Services obtains the merchant ID through Global Payments.

- authorize merchants for payment card processing.

- provide training to merchants for payment card processing and data security.

- obtain the payment terminal equipment and the payment gateway needed by merchants for payment card processing.

- be responsible for the oversight for Payment Card Industry Data Security Standard (PCI DSS) compliance of the payment card processing merchants.

- conduct periodic reviews of the merchant's payment card processing environment to ensure that all policies and procedures are being followed.

Introduction

Merchant Department's Responsibility Reminders, *but not limited t*o:

- Take all steps to secure card information and prevent fraud.

- Follow best practices for payment card acceptance.

- Settle all transactions daily, at end of business day.

- Respond to all card dispute notifications within two business days.

- Follow up with customer transaction inquiries promptly to avoid chargebacks.

- Contact Merchant Card Services to cancel payment card acceptance service and coordination of returning card processing equipment.

- Notify Merchant Card Services of department business status changes of processes, organizational structure, name, address, and contact information.

Introduction

The Merchant's role in payment card processing is to:

- comply with all policies and procedures in accordance with the agreements put in place by the University of Illinois and PCI DSS. The PCI DSS is an industry-wide program designed to help increase the security of payment card processing.

- cooperate with periodic reviews conducted by Merchant Card Services of the merchant's payment card processing environment.

- apply to Merchant Card Services for authorization of the payment methods to be utilized.

Note: Please remember that any business operation is also subject to formal review by the Office of University Audits.

Introduction

The OBFS Policies and Procedures Manual is the resource for the guidelines you should follow for payment card processing.

Please refer to the Merchant Card Services section for the following information:

- Merchant Card Processing, Sec 5.11
- Cash Handling, Sec 10.1
- Credit Card Procedures, Sec 10.11

Establishing Payment Card Services

The available methods of technology, which are the preferred method for payment card processing, are as follows:

- Traditional payment card terminals
- Point of Sale system (POS system)
- E-Commerce-web-based payment card processing

There are two types of payment channels-the payment **card is present** at time of purchase or the payment **card is *NOT* present** at time of purchase.

Merchants may accept the following payment card brands, however, they are not required to accept all of these brands and may choose to accept a smaller set.

- Visa
- MasterCard
- American Express (AMEX)
- Discover
- PIN-Based Debit cards presented at payment card terminal or POS system

Establishing Payment Card Services

Merchant requirements for establishing payment card services:

- The merchant must first meet the requirement of being an authorized cash collection unit, found in OBFS Policies and Procedure manual, Sec 10.1. The merchant will contact Merchant Card Services to become a payment card processing merchant.

- The merchant must also complete and submit the Merchant Card Services Enrollment Request found in the OBFS Policies and Procedures manual, Sec 5.11.

- The approved merchant must follow the procedures for depositing, recording, and reconciling charge sales as outlined in Merchant Card Processing section of the OBFS Policies and Procedures Manual, Section 5.11.

- A merchant must have documented procedures to safeguard the processing, transmittal, and storage of cardholder data information.

Establishing Payment Card Services

Merchant requirements for establishing payment card services:

- A merchant must obtain written approval from Merchant Card Services before entering into any contract or purchase of software and/or equipment for processing of payment card transactions. This requirement applies regardless of the transaction technology used (e.g., e-commerce, outsourced to a third party vendor, or payment terminals).

- A merchant's processing identity (merchant ID) is obtained from Merchant Card Services.

- Merchants may **NOT** set up their own banking relationships for payment card processing. Payment card revenue MUST be deposited into designated University bank accounts. Merchant Card Services negotiates all banking and card processing relationships on behalf of the entire University.

Please Note: PayPal accounts are *not* University-approved bank accounts.

Establishing Payment Card Services

Merchant requirements for establishing payment card services:

Each merchant is required to designate the roles of Fiscal Officer, Operations Manager, and Dispute Resolution Contact as part of the approval process for payment card processing.

The Fiscal Officer is responsible for:

– submitting requests to establish or update unit payment card processing services.

– the unit's compliance with all payment card processing requirements and policies and must sign off on the unit's compliance measures

The Operations Manager is responsible for:

– the oversight of the daily payment card processing operations

– implementing and supervising the enforcement of all payment card processing policies and requirements.

The Dispute Resolution Contact is responsible for:

– responding to requests with the required information for disputed transaction(s) within two business days.

Establishing Payment Card Services

The merchant completes the **Enrollment Request form**. The completed form is submitted to Merchant Card Services for establishing Payment Card Terminal processing, Software POS-System processing, or for E-Commerce processing.

Merchant Card Services will contact the unit once the card acceptance service is established. This communication will occur:

- after Merchant Card Services obtains the bank merchant identity(ID).
- when the terminal equipment is available from Merchant Card Services.
- for units with existing software POS-system. They will be provided merchant ID information to properly configure the system to accept payment cards.

ALL unit personnel involved with card processing must complete Merchant Card Services Training.

Establishing Payment Card Services

Establishing an E-Commerce Payment Processing System

The merchant submits the completed Merchant Card Services Enrollment Request for Online Credit Cards form.

The merchant will review the following information:

- Merchant Card Processing in the OBFS Policies and Procedures manual, Section 5.11
- E-Commerce training resource documents found on the Merchant Card Services website:
    - Getting Started with Online Payments
    - Departmental Payment Message Specifications
    - Merchant Department Operational Overview

The merchant will complete the Payment Card Data Security Training

Establishing Payment Card Services

Establishing an E-Commerce Payment Processing System

Merchant Card Services will contact the merchant once the enrollment request form has been reviewed and approved

The merchant, at the direction of Merchant Card Services, creates secure on-line payment processing using *i-Pay*.

- Merchants must utilize the approved E-Commerce system, *i-Pay*, as the payment gateway for creating secure on-line sales transactions at the University of Illinois. Refer to Sec 5.11, Establishing Service , E-Commerce, *i-Pay* service.

- The system provides the ability for departments to collect payments securely over the World Wide Web.

- Payments are processed in real time and posted to the department's internal funds account (CFOAPAL) the next business day.

Establishing Payment Card Services

Establishing an E-Commerce Payment Processing System

Merchant Card Services will contact the merchant to assist in integrating *i-Pay* with their department website.

- ***i-Pay* is a Payment Gateway that:**
  - is an online connection that ties a merchant's systems to the backend processing systems of the bank processor.
  - receives and sends encrypted transactions between the merchant and the bank processor.
  - supports merchant and cardholder authentication, resulting in the safe transmission of payment data, and the authorization and capture of e-commerce transactions.

Establishing Payment Card Services

Establishing Payment Card Terminal and POS System Processing

Terminal and POS processing allows for flexibility to collect immediate payments for department programs or events, etc. Payments may be processed with the cardholder present or cardholder **NOT** present by mail, telephone, or fax order per the department's business operational needs.

The merchant will submit the completed Merchant Card Services Enrollment Request for Terminal/Point of Sale (POS) form

The merchant will review the following information:

- Merchant Card Processing in the OBFS Policies and Procedures manual, Section 5.11
- The training resource documents found on the Merchant Card Services website:
  – Getting Started with Online Payments
  – Departmental Payment Message Specifications
  – Merchant Department Operational Overview

Establishing Payment Card Services

Establishing Payment Card Terminal and POS System Processing

The merchant will complete the Payment Card Data Security Training.

Merchant Card Services will contact the merchant once the enrollment request form has been reviewed and approved.

Requesting One Time Usage-Terminal Devices

Merchant Card Services have terminals to loan out and are available on a "first come, first serve" basis. If your department or unit needs to use a terminal for a one-time event, please send a request *30 days in advance* to Merchant Card Services at merchantcardhelp@uillinois.edu.

Establishing Payment Card Services

Third Party-Service Provider

- Any third party software POS-system service providers must be a Payment Application Data Secured System listed provider (PA DSS) for University PCI DSS Compliance.

- The merchant is responsible for all costs associated with establishing a third party service provider

- Using *i-Pay,* the University's secure payment gateway, assures the strictest controls are kept over payment card information. *i-Pay* also reduces the risks of a security breach to protect the University Assets.

- If the *i-Pay* system is not appropriate for the type of processing needed by the merchant, a written request must be submitted to Merchant Card Services explaining why *i-Pay* will not meet the merchant's needs. ***Merchant Card Services will review the request. If an exception is granted, Merchant Card Services will assist the unit in establishing service with an appropriate online payment processor.***

Payment Card Acceptance Procedures

Payment card transactions can be presented in person, via telephone, mail, secure fax, or through secure University-approved internet applications.

- Do NOT send or accept payment card information via E-Mail, Wireless Devices, PDAs, Instant messaging, or Chat applications.

Accepting the payment card from a face-to-face transaction:

- The card must be swiped through the payment card processing terminal.
- Do not keep any card information after the transaction authorization has been completed.

Accepting the payment card information via a telephone transaction:

- The card information is manually keyed into the card processing terminal.
- If any card information is written down while performing the transaction, that information must be shredded once the transaction has been completed. Alternately, a form can be created to capture card information that is displayed at the bottom of the form so that it can be perforated and shredded.

Payment Card Acceptance Procedures

Accepting Payment Cards via a secure FAX transmission:

- Most PC-based FAX software does not provide a secure repository for storing incoming FAXes. The required method to accept payment card information is by a secured FAX machine in a controlled location.

- Closely monitor all FAXes containing payment card information as you would a cash transaction.

- Manually key the payment card information into the payment card processing terminal.

- The section of the FAX containing payment card information must be rendered unreadable once the transaction is complete. Marking out the card information with a china marker (grease pencil) is the preferred method. Alternately, a form can be created to capture card information that is displayed at the bottom of the form so that it can be perforated and shredded.

Note: Digital Senders, such as the RightFax system, are not a secure FAX and they should not be used for transmitting payment card information.

Payment Card Acceptance Procedures

Accepting Payment Cards by Mail

- The card information is manually entered into the card processing terminal.

- The part of the mailed form containing the payment card information must be rendered unreadable once the transaction is complete. Marking out the card information with a china marker is the preferred method. Alternately, a form can be created to capture card information that is displayed at the bottom of the form so that it can be perforated and shredded.

Receiving Payment Card information via E-Mail

- Card information must never be accepted via an email message. If a customer sends their card information via email, delete that email and send a response to the sender stating the card information is not accepted via email.

- In the response, give the customer a list of alternative methods of sending their card information (FAX, mail, or phone)

- If you reply to the original email, make sure you remove any card information before sending the message. Also, be sure to delete the message from your email inbox, sent box, and deleted box.

Payment Card Acceptance Procedures

Handling Delayed Processing of Payment Card Information

- It is preferable to accept payment card information when it can be processed immediately.

- If a delay is necessary and the payment card information must be stored, do not store it in an electronic format.

- Secure the paper form containing payment card information following the same guidelines used for securing cash transactions.

Payment Card Acceptance Procedures

Required Procedures for Storing Card Information:

- Sensitive authentication data, such as payment card security codes, PIN numbers, or full magnetic stripe data, must never be stored after the transaction authorization is completed, even if this data is encrypted.

- Limit access to sales drafts, reports, or other sources of cardholder data to employees by a need-to-know basis related to their job responsibilities.

- If electronic records containing card account numbers are stored, all but the last four digits should be removed (rendered unreadable with character replacements of ***, #, X**.

Payment Card Terminal Operation

Information regarding payment card terminal operation can be found on the Merchant Card Services website Training Resources page.

These resources will have information about getting started with the payment terminal; loading paper; processing the sales, refund, and voided transactions; printing receipts; running reports from the payment terminal; and where to obtain supplies and technical support.

There are reference guides and job aids for operating both types of payment terminals:

- VeriFone Reference Guide
- VeriFone Job Aid
- Exadigm Reference Guide
- Exadigm Job Aid

Payment Card Transaction Life Cycle

The payment card transaction life cycle occurs as outlined below:

- A cardholder presents their payment card to the merchant for payment processing.
- The merchant obtains an authorization code for the payment from the payment card terminal or through an online payment processor.
- The merchant submits the payment to the Acquiring Bank Processor.
- The acquiring bank then submits the transaction to the payment card issuing bank of Visa, MasterCard, American Express, or Discover.
- The card issuing bank interchanges the transaction and debits the card issuing bank and credits the acquiring bank processor accounts.
- The card issuing bank bills the cardholder's payment card account
- The acquiring bank processor pays the merchant for the transaction.

Payment Card Transaction Flow for e-Commerce
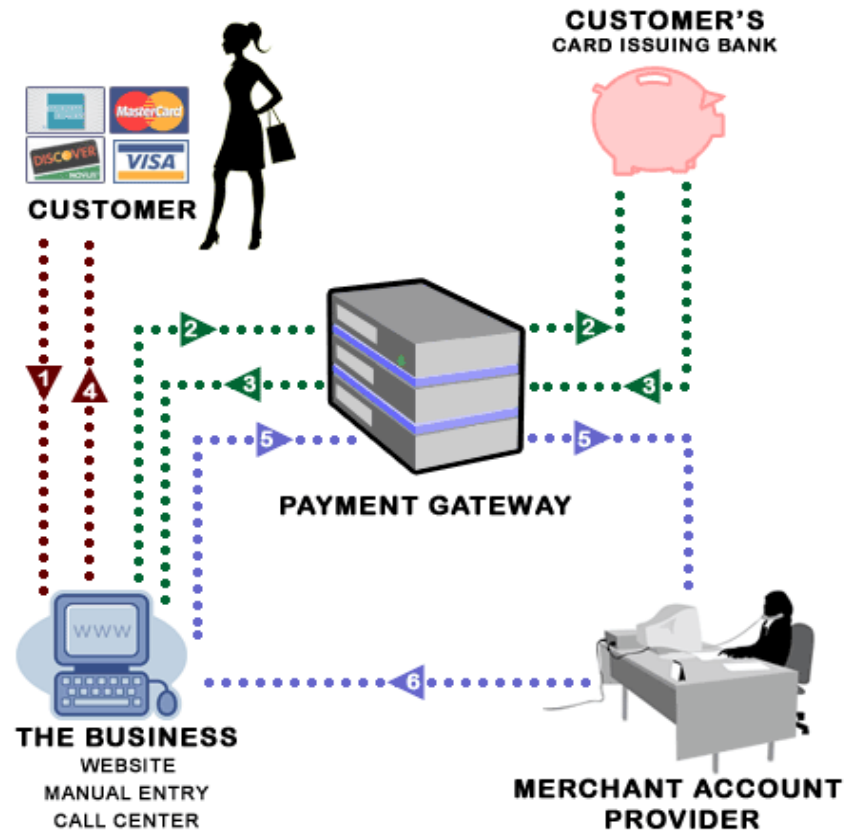
Source: www.merchantequip.com/.../e-commerce-internet/

e-Commerce Transaction Refunds and Reports

Merchant Card Services processes E-Commerce refunds and can provide ad-hoc reports upon request.

- **E-commerce refunds**
  - Send refund requests to Merchant Card Services
  - e-mail address paycenterhelp@uillinois.edu
- **E-Commerce transaction reports**
  - Send E-Commerce Transaction report requests to Merchant Card Services, merchantcardhelp@uillinois.edu
  - Merchants with administrator access to the *i-Pay* system may query reports with their login at: https://www.ipay.uillinois.edu/pc/admin/default.cfm

Note: Refunds and reports for transactions from payment card terminals are processed through the payment terminal.

Paper-Based Transactions

Required Procedures for Paper Containing Sensitive Card Information

- All printed customer receipts and/or invoices that are distributed outside the unit must show only the last four digits of the payment account number (PAN).

- Any materials containing card account information should be unreadable prior to discarding, scanning, imaging or storing.

- Discarded paper forms that contain payment card information must always be shredded.

- Do not store card information in a customer database or electronic spreadsheet.

- Store all materials containing cardholder account information in a restricted and secure area.

- Keep the materials in a locked cabinet, safe, or other secure storage mechanism.

Paper-Based Transactions

Required Procedures for Paper Containing Sensitive Card Information

- Sensitive Authentication data, such as payment card security codes, PIN numbers, or full magnetic stripe data, must never be stored after the transaction authorization is completed, even if this data is encrypted.

- Limit access to sales drafts, reports, or other sources of cardholder data to employees by a need-to-know basis of their job responsibility.

- If paper records containing card account numbers are stored, all but the last four digits should be removed (rendered unreadable masked with china marker grease pencil.

Contact Information

If you have questions concerning payment card services, please contact Merchant Card Services
by email at merchantcardhelp@uillinois.edu,
or by phone at 217-244- 9384
or by Fax at 217-239-6719.

Thank You!