



POINT OF SALE PROCEDURES

MERCHANT GUIDE

About this guide	1
How Visa helps your business	1
Accepting Visa cards	2
Identifying Visa cards	3
Authorizing transactions	5
Electronic transactions - more profit, less risk	8
How to avoid and reduce problems	11



About this guide

This guide contains important information that will help you get the most from accepting Visa at your business. You and your employees need to know about a few simple procedures and policies –which you will find in the next few pages. Then, once you have read and understood them, your bank can answer any remaining questions and provide more training materials. For further information, please contact your bank.

How Visa helps your business

By every measure Visa is the world's leading payment card brand. No other card is more widely held or widely accepted – which means it is used by more people, to make more purchases than any other card anywhere in the world. Common standards make Visa work for you. By placing Visa and Visa Electron decals on the door or window of your business, you give Visa and Visa Electron cardholders an open invitation to do business with you.

By using Visa, it is easier for cardholders to spend more money with your business. It makes buying quicker and more convenient. And it gives them immediate access to their full spending power. You get more sales and higher value transactions - with less risk - than you can expect from customers using cash or other forms of payment.

One reason Visa is so popular with customers is that, all over the world, merchants agree to accept the card according to a common set of standards, without imposing any special requirements and conditions. Customers know exactly what to expect, including a consistently high level of service.

Visa offers you:

- **Improved sales**

Visa is convenient and popular with customers. It attracts new customers to your business, and it helps you provide better service for the customers you already have.

- **Improved profits**

The Visa system is fast, accurate and efficient. Prompt payments into your bank account can reduce the cost of your financial arrangements. And Visa can increase the value of each transaction, thus lowering your costs per sale.

- **Less Risk**

Visa gives you more protection against fraud and counterfeit cards and is safer to handle than cash. Visa procedures are also easy to learn, so there is little chance for your employees to make costly errors.

Accepting Visa cards

If you have signed a merchant agreement to accept Visa cards, you should accept all Visa cards, irrespective of which bank issued them. Banks right around the world offer their customers a range of different Visa cards. This includes Visa Classic, Visa Gold, Visa Infinite, Unembossed Visa, Visa Electron, Visa Business and Visa Purchasing cards – as well as cards issued in conjunction with other major corporations.

Display approved promotional materials

To show cardholders that you accept Visa cards, your bank will provide a range of decals and other promotional materials. You should display these where cardholders can see them.

Clear and visible signage increases cardholder awareness and drives usage and sales. Doors and cash registers are effective locations for signage, as well as store windows and counters.

Research has shown that good signage does influence consumer spending behaviour and can lead to significant increased revenues.

Do not set minimums and maximums

You should not set value limits as a condition for accepting payment by Visa cards. Doing so can damage your relationship with your own customers and you may also lose new sales opportunities. Visa's research has shown that many cardholders won't do business with merchants who require minimum purchases on their Visa cards.

Include taxes in the sales draft

If you are required to collect local taxes, these should be included in the total transaction, as it appears on the sales draft. You should not collect these separately– as cash, for example.

Many customers need to have records of the taxes they pay for goods and services, so showing the tax amount as a separate item on the sales draft is a service they will appreciate.

Do not offer cash refunds for Visa transactions

You must not give cash refunds for returned goods or cancelled services. Offering Visa refund vouchers for returns and adjustments, protects you from loss through fraud. A dishonest person, using a stolen or counterfeit card, could purchase goods and return them for cash.

When the legitimate cardholder complains about card misuse, the transaction maybe charged back to your bank who may consider charging it back to you. If that happened you would lose the sale and the cash you have refunded.

Identifying Visa cards

Basic security features

All Visa cards include features that prove they are genuine and valid for use. This helps protect you against losing money to counterfeit cards and fraud.

You should train your employees to recognize Visa security features and to know what to do if they are offered a card that does not contain them. Your employees should also know what to do if they have any reason to be suspicious.

If your employees know that a card is invalid, they should not accept it. If they suspect that a card may be altered or counterfeit, that it is being improperly used or is not signed, they should telephone the voice authorization center or bank and request a Code 103 authorization or contact their bank.

How to identify a Visa card



There are many different kinds of Visa cards. All share the same essential card elements and security features. The unembossed Visa card is the new Visa product which has the card number and information printed on the front of the card, making the surface of the card smooth instead of being raised. The unembossed Visa card does not share some of the card elements as the normal Visa card, and these have been included below. Visa Electron cards also have slightly different features, can only be accepted at an electronic terminal and always require authorization. See the following section for more details.

- 1 **Visa flag symbol** – always on the front, right hand side, but can be above or below the hologram.
- 2 **Microprinting** – should be visible around the Visa flag symbol.
- 3 **Dove hologram** – always on the front right hand side, and the dove appears to fly when the card is tilted back and forth. The Visa Infinite card, issued by some banks to their very best customers, has a different hologram design.
- 4 **Four-digit number** – printed above or below the account number. This should always begin with a '4', and should match the first four digits of the account number. If it does not, or if it is missing, the card may be counterfeit.
- 5 **Account number** – must be even, clear and straight, with all numbers the same size and shape. May be embossed or unembossed.
- 6 **Embossed letter V** – will be present on embossed Visa cards. On some cards, it may be shown as CV, BV, or PV. For unembossed Visa cards, this feature will not be present.

- 7 **Cardholder name** – letters must be even and straight. Whenever you are processing a transaction, this should be compared with the cardholder's signature. For unembossed Visa cards and for some prepaid Visa cards, a cardholder name may not be present.
- 8 **Dates** – whenever you are processing a transaction, you should check the dates are valid. If you are presented with a card where the dates are not valid, you must obtain authorization.
- 9 **Signature Panel** – look for the signature on the signature panel. You should see the repeated word "Visa" printed diagonally in blue and gold.
- 10 **CVV2** – there should be a unique three-digit code printed after the account number on the signature panel.
- 11 **Chip** – many Visa cards now have a chip. If you still have a magnetic stripe terminal, these can be accepted in the normal way. If you have a chip-capable terminal, the card should be inserted into the chip reader for the duration of the transaction.

How to identify a Visa Electron card



- 1 **Visa Electron symbol** – always on the front, right hand side at either the top or bottom of the card. These cards may have a Dove hologram. Occasionally they may also have the Visa flag symbol and well as Visa Electron symbol.
- 2 **Last four digits** – a full account number will not always be printed on the card. Check that the last four digits on the card correspond to the last four digits shown on your terminal.
- 3 **Electronic use only** – printed on the front of the card to remind you that Visa Electron cards cannot be used with manual systems. This may appear in other languages.
- 4 **Signature panel** – may appear on the front or back of the card. You should see the repeated word "Electron" printed diagonally in blue, red and yellow.

A word about suspicious behaviour

If you or your employees have any reason to suspect that a customer is acting suspiciously, you must telephone your authorization center and ask for a Code 10 authorization or contact your bank. The customer may have a good reason for acting in a particular way, so your employees should be polite and use common sense.

Be alert for any customer who:

- makes indiscriminate purchases without regard to size, style, colour or price
- makes purchases, leaves the establishment and returns to make additional purchases
- hurries you to complete the sale at closing time.

Authorizing transactions

When a Visa transaction is authorized, the card issuer is given responsibility for accepting or refusing a transaction.

By obtaining an authorization for your Visa transactions, you can get additional protection against fraud. You can be sure that the cardholder's account is valid. And certain that they are within their available spending limit.

Authorization must always be obtained if the value of the transaction is above your floor limit. Also you **MUST** authorize transactions when:

- the transaction is after the expiry date
- the card is not signed
- your employee is suspicious of the card or the card holder
- a Visa Electron card is presented (Visa Electron transactions must always be authorized through your POS terminal, irrespective of the floor limits set by your bank.)
- an unembossed Visa card with the words "Electronic Use Only" printed on the card.

If the value of the transaction is below the floor limit, and you decide not to get it authorized, then you are taking some additional responsibility. This means that, in addition to the security checks mentioned on the previous pages, you must compare the card number with any hot card file or warning you have received from your bank.

Authorization responses

When your employees authorize transactions, any of the following responses may be given:

a) Approve/Approved

This is the usual response. More than 95% of Visa transactions are approved.

- *what it means:* The card issuer will allow the purchase
- *what to do:* Provided signatures match and you are not suspicious of the card or cardholder, complete the transaction normally.

b) Decline or Card not Accepted

Only the card issuer can tell the customer the reason a card has not been accepted.

- *what it means:* The cardholder's bank or card issuer will not allow the purchase
- *what to do:* Your employee should tell the customer politely, that the card issuer has not approved the sale. The employee may suggest that the cardholder telephone the card issuer for an explanation. The employee may also ask the cardholder for another Visa payment card.

c) Call or Call Center

If you are using electronic systems, your terminal may give this response. It is essential that your employees follow instructions.

- *what it means:* Card issuer needs more information before the purchase will be allowed
- *what to do:* Your employee should telephone the voice authorization center and follow the instructions that are given. Usually this will involve asking the customer to provide more information. Your employee should hold onto the card until the transaction is authorized or the voice authorization center gives other instructions.

d) Pick up

- *what it means:* The card issuer wants you to keep the card
- *what to do:* Your employee should hold on to the card and follow the bank's instructions. But remember, your employee should take and keep the card only if this can be done peacefully and without risk. In some cases, the authorization center may ask to speak to the customer. It is essential that, after the conversation has finished, you speak to the center to confirm what further action to take.

e) Special Security Authorization – CODE 10

This is an optional special security code which can be used by your employees in suspicious situations. By using Code 10 your employees will not alert the customer that a security check is being made and will not offend an innocent cardholder.

- *what to look for:* Use of this code tells the authorization operator that there is reason to suspect a card may be counterfeit or a transaction fraudulent
- *what to do:* Hold on to the card. Telephone the voice authorization center and say "I have a code 10 authorization request". A special operator will ask a series of questions that can be answered by yes or no. These questions let you determine whether the card is being used properly without alarming the customer. If the operator instructs you to keep the card, do so only if this can be done peacefully and without alarming the customer.

Split sales

Sometimes, the customer will offer payment with the card and another method such as cash, cheque, another card or a combination of these.

Authorization for the Visa card part of the transaction must be obtained - even if the amount being paid with the card is below your floor limit.

Whenever you seek authorization for a split sale:

- inform the authorization operator that the transaction is a split sale
- follow the instructions of the authorization operator, who may need more information.

If more than one card, each with a different account number, is being used, you must use a different sales draft for each card. You must not make a transaction above your floor limit by writing more than one sales draft each below the floor limit.

These rules are for your protection. They significantly reduce the risk of fraud –which could be charged back by the card issuer to your bank who may then charge you with the total value.

Exchanges and returns

There are several circumstances in which an exchange or refund may take place, each of which is explained below. However, the following principles should always apply:

- do not offer cash refunds for goods originally purchased with the card
- if a refund voucher is required, it should be imprinted and completed in the same way as a sales draft.

a) Exchanges for goods of equal value

No further action is required.

b) Exchange for goods of greater value

Prepare a sales draft, in the normal way, for the difference in cost between the old and new item. Obtain authorization if the incremental cost of the new item is more than your floor limit.

c) Exchange for goods of lesser value

Prepare a refund voucher for the difference in cost. If you allow a partial refund, for any reason, you must prepare a credit voucher.

d) Returns

Never offer cash refunds. If the customer is to receive credit for the full amount, fill out a credit voucher for that amount.

- you must sign the credit voucher
- write a brief note about the refund or exchange on the voucher
- if the original transaction required an authorization, you must inform your authorization center of the return, partial credit refund or additional payment.

Banking your transactions

Your bank will give you detailed instructions about how to deposit sales drafts and credit vouchers. Make sure you understand them and follow them carefully.

You and your bank should also agree to the best way of paying the value of the Visa transactions into your accounts.

It is good practice to bank your Visa transactions properly. Before you make your deposit, batch and total the transactions, being sure that the total agrees with your own records.

Some do's and don'ts

The Bank Processing Copy of the sales draft or credit voucher is electronically processed by your bank. To make sure this is done quickly and efficiently, keep these points in mind:

- Do make sure all the necessary information is written clearly
- Do use a metal or plastic tipped ball point pen. A felt tipped pen will not make clear copies
- Do not pin, staple, fold or damage the Bank Copy
- Do not alter the sales draft or credit voucher. Your bank will not accept altered paperwork. In some cases, an altered sales voucher may not be allowed by law. If you have an error or wish to change the details of the transaction, complete new paperwork and tear up the old paperwork, in view of the customer. In the event of having to adjust the sales tax, you must obtain guidance from your bank.

Electronic transactions - more profit, less risk

Although it is still possible to process transactions manually, electronic devices will make Visa's strengths work even harder for you.

All over the world, millions of businesses have discovered that electronic systems at the point-of-sale improve profits and customer service while reducing risk.

Point-of-sale (POS) terminals, electronic cash registers and personal computers replace clumsy, time-consuming paperwork.

The benefits to be gained by using POS terminals to process other Visa cards include:

Improved profitability

Manual transactions cost you and your bank more time and money to process. Those costs may be passed on to you in the form of higher service charges. At the point-of-sale, where the price and transaction details must be handwritten, manual transactions take longer and are more open to human error.

Reduced risk

When the information contained within the card's chip or magnetic stripe is automatically read, your risk of accepting fraudulent or counterfeit cards is dramatically reduced.

Faster settlement

Some systems capture sales transaction information and automatically deposit these details with your bank, allowing you to get paid more quickly.

Better customer service

The speed of electronic transactions cuts queues at your point-of-sale. Businesses that rely on a high volume of turnover should be able to process more customers through their tills.

Of course, customers will still have to sign paper sales drafts or POS receipts and there are some circumstances - telephone or mail order sales, for example - where key-entry or manual entry will still be required. But POS systems can quickly pay for themselves in improved business.

Know your systems

The actual equipment used may vary from place-to-place. Some businesses have electronic point-of-sale terminals that do everything from entering a transaction to keeping track of and re-ordering stock. Others use electronic cash registers or even personal computers. Once you have decided to use POS equipment, you and your bank should work out the best approach.

Take advantage of all the training your supplier provides so that your employees know how to get the full benefit of your POS systems.

Card readers - the basic tool

Magnetic stripe readers

No matter what POS system you choose, it will always include a magnetic stripe reader. This is a very important part of the Visa system. By automatically recording all card details there is a reduced risk of fraud, counterfeit and usage of stolen cards.

Make sure your employees know how to use it and understand why using the magnetic stripe reader is safer than manually entering card details on the sales drafts.

Chip card readers

Chip cards and chip card readers are increasingly being introduced into the market. If a customer presents a chip card, it may or may not be compatible with your existing POS system, particularly if it is an international card. However, the magnetic stripe will always provide a fall back solution.

If a chip card is presented, the following steps should be followed:

Visa Smart Debit/Credit card (chip card)

If the card has a chip, read the chip first.

Beginning a Visa Smart Debit/Credit transaction

To begin a transaction, the chip card is inserted into a chip capable terminal. The chip on the card connects with contacts in the terminal, so they can communicate with each other. The card remains in the terminal until the transaction is complete.

Application selection

The terminal compares the applications it supports to the applications available on the card.

If the card and terminal have no applications in common, a standard magnetic transaction is conducted. If the card and terminal have one application in common, that application is used.

If the card and terminal have more than one application in common, the terminal displays a list of applications to the cardholder. For a Visa Smart Debit/Credit transaction, the cardholder selects their credit or debit application. Once the application is selected, the card sends information to the terminal to be used during the transaction.

Transaction processing

The card and terminal work together to determine the appropriate cardholder verification method for the transaction (either signature, Online PIN, or the newer cardholder verification method of Offline PIN).

If the cardholder verification method is Offline PIN, the terminal requests the cardholder to enter the PIN. The cardholder entered PIN is then compared to a reference PIN placed on the card by the Issuer during personalisation of the card.

Some useful pointers for magnetic stripe transactions

- Do make sure the magnetic stripe is facing the correct way. The terminals vary but most include a picture or diagram that shows which way the stripe should face
- Do swipe the card in the direction of the arrow shown on the reader
- Do not swipe the card in both directions. This prevents the card reader from reading the stripe properly
- Do not hold the card at an angle. Always keep the card straight and level with the reader.
- Do try again. If the reader fails to record details, swipe the card again. Make sure your employees tell you about any problems with the reader promptly
- Do keep the card reader clean and clear of scraps. Clean reader heads regularly. Ask your bank for a supply of Reader Cleaner cards and follow the cleaning instructions supplied
- Do keep the customer area clean. Keep magnetic devices (such as anti-theft devices) away from areas where cards are handled. Remove food or beverages
- Do visually check terminals. Remove any obstacles or cables. Position the terminal to make it easy to fully swipe a card. Report any faults to your bank or manufacturer.

Some useful pointers for chip transactions

- Always follow instructions on terminal screen
- Make sure the card is correctly inserted in the terminal. Follow the picture or diagram on the terminal that shows which way the chip should face
- Keep the card inserted in the terminal during the entire transaction (do not swipe the card unless the terminal instructs you to do so)
- Keep the card reader clean. Follow cleaning instructions supplied with the terminal.



How to avoid and reduce problems

Copy request - Why good records matter

Occasionally the cardholder or the card issuer may request a copy of the original sales draft. This can happen because the cardholder does not recognise the transaction or because the card issuer is investigating a suspect fraud.

Either way, the card issuer sends a request for copy to your bank. Because a request for copy can delay settlement or result in a chargeback, it is important that you keep good records and respond to requests promptly. *Visa requires that you keep your copies of sales drafts and refund vouchers for at least 18 months.*

a) Prompt response matters

If you are late in responding to a request for copy, you dramatically increase your risk of a non-fulfilment chargeback. A chargeback is a transaction that the card issuer returns to your bank. Usually your bank returns the transaction, and the cost, to you. A non-fulfilment chargeback occurs when you do not respond promptly to a request for copy. It is almost completely preventable by you. In fact, more than 80% of copy requests that are promptly fulfilled are never charged back.

b) Avoid copy requests

Monitor the number of copy requests you receive. If the ratio of copy requests to your total Visa sales (less returns and adjustments) is more than 0.5%, review your procedures to see if improvements can be made. Some requests for copy can't be helped. Most occur because the cardholder doesn't recognize the transaction as it appears on the statement.

Minimizing copy requests

To minimize the number of requests for copy received by your business, you should:

- make sure your business name, as it will appear on the cardholder statement, is correct and easy for the cardholder to recognise. If necessary, refer to your bank for guidance
- train your employees to review sales drafts for accuracy and completeness. Take special care with prices and total values
- describe goods or services clearly
- write your return and exchange policies on all copies of the sales draft at the time of the transaction
- be aware of the card's valid dates. Always call for authorization if the card is expired
- if authorization is required, be sure that the authorization code appears on the sales draft
- make sure the customer signs the sales draft and compares the signature with the signature panel of the card.

Chargebacks and how to prevent them

A chargeback is a transaction that is returned, unpaid, to your bank by the card issuer because of a problem. This may be a dispute, a mistake or an improper transaction. Most chargebacks happen because correct procedures have not been followed at the point-of-sale.

Chargebacks cut your profits. Your bank may return the transaction to you, so you lose the value of the sale. You may also have lost the goods involved. Processing a chargeback through your own bookkeeping systems also cost you time and money.

Since you control how your employees handle transactions, you can prevent many unnecessary chargebacks by simply training your staff to pay attention to the few details outlined below.



Prohibited transactions

- **Missing or questionable signature**
If the cardholder has not signed the sales draft, or if the signature does not look reasonably the same as the signature on the card, authorization must be obtained before the transaction is completed.
- **Expired card**
You must get an authorization if a cardholder presents a card after the expiry date.
- **Authorization denied**
If the card issuer refuses to authorize a transaction, you must not complete it.
- **Duplicate sales draft**
Each transaction can be submitted only once. If you had to write another sales draft - because of a mistake - make sure you tear up the old draft in view of the customer. This will avoid the confusion of accidentally submitting more than one sales draft for the same transaction.

Incorrect sales drafts

- **No goods or services description**
Make sure the goods or services are clearly and adequately described on the sales draft.
- **Invalid account number**
If you are entering the number manually, take extra care to write it correctly. Electronic systems can prevent this problem. Magnetic stripe readers show the account number. Electronic point-of-sale (POS) terminals print the account number on the sales draft. If these numbers do not match the actual card, you should not complete the sale until you have called for a Code 101 authorization. If the machine cannot read the magnetic stripe, you can key enter the account number (ensure that your bank approves of this practice). If the machine is not working at all, you must use an imprinter (except for Visa Electron cards) to record the account number on a manual sales draft and follow manual authorization instructions.
- **Unreadable sales draft**
A sales draft that cannot be read cannot be processed properly and will be returned. Encourage your employee to write clearly, with metal or plastic tipped ballpoint pens and make sure that imprinters are kept free of scraps and dirt. If your imprinter is not making clear copies, you should speak to your bank.

Failure to get an authorization

- **Mail and telephone orders**
Always get an authorization when the cardholder is not present.
- **No card**
If the cardholder has the account number but not the card, you must get an authorization. You should be very careful about such transactions because if the transaction turns out to be fraudulent, you may be responsible for the cost even if you get an authorization.
- **No signature on the card**
You must get an authorization even if the cardholder signs the card in front of you and presents acceptable identification.

Staff training is good for business

Accepting Visa cards and inviting Visa cardholders to do business with you can make a big difference to your profitability and volume. Good customer service is the first step in getting the full benefit of your relationship with Visa - and the service you provide depends on your point-of-sale employees.

It is important that they understand the proper card acceptance procedures. They are easy to learn, and they can help you. Your bank will produce a variety of point-of-sale training manuals and quick reference guides for retail businesses like yours. No matter how much experience your employees have, you will find these materials very useful for teaching your staff.



Training improves customer service

Your customers will have used their cards in many different retailers and will expect their transactions to be processed in the same basic way at your own business. By serving them quickly and efficiently they will have fewer reasons to complain or to dispute a transaction. Satisfied customers then remain loyal to your business.

Training reduces losses and risks

When Visa card acceptance procedures are followed correctly, you reduce your risk of loss through fraudulent transactions. Training reduces the number of chargebacks and copy requests that occur, along with their related costs.



Visa International offices

BANGALORE

Raheja Towers
6th Floor, East Wing
26-27 M. G. Road
Bangalore 560 001
[+91] 80-559-6806

BANGKOK

15th Floor, Sindhorn Building, Tower 3
130-132 Wireless Road, Pathumwan
Bangkok 10330
[+66] 2-263-2091/2/4/5

BEIJING

Suite 1528, Tower B, Corporate Square
No. 35, Financial Street
Xicheng Direct
Beijing 100032
[+86] 10-8809-1018

HONG KONG

Suite 1113-1119, Two Pacific Place
88 Queensway
Central, Hong Kong
[+852] 2842-2333

JAKARTA

Wisma 46-Kota BNI, 16th Floor
JI Jend Sudirman Kav. 1
Jakarta 10220
[+62] 21-574-7484

KUALA LUMPUR

Level 32, Suite C, Menara Maxis
Kuala Lumpur City Center
50088 Kuala Lumpur
[+60] 3-2330-2900

MANILA

1811 Philamlife Tower
8767 Paseo de Roxas
Makati City
Manila 1226
[+63] 2-830-8458

SEOUL

Oriental Chemical Building, 19F
50, Sokong-Dong, Chung-ku
Seoul 100-070
[+82] 2-311-1800

SHANGHAI

5F, Marine Tower, No. 1 Pudong Avenue
Shanghai 200120
[+86] 21-6886-1198

SINGAPORE

30 Raffles Place
#10-00 Caltex House
Singapore 048622
[+65] 6437 5800

SYDNEY

Level 42 AMP Center
50 Bridge Street
Sydney, New South Wales 2000
[+61] 2-9253-8800

TAIPEI

Room 7B, No. 168 Tun Hwa North Road
Taipei 105
[+886] 2-2547-0588

TOKYO

Marunouchi Building 24th Floor
2-4-1 Marunouchi
Chiyoda-ku, Tokyo 100-6324
[+81] 3-3210-1600