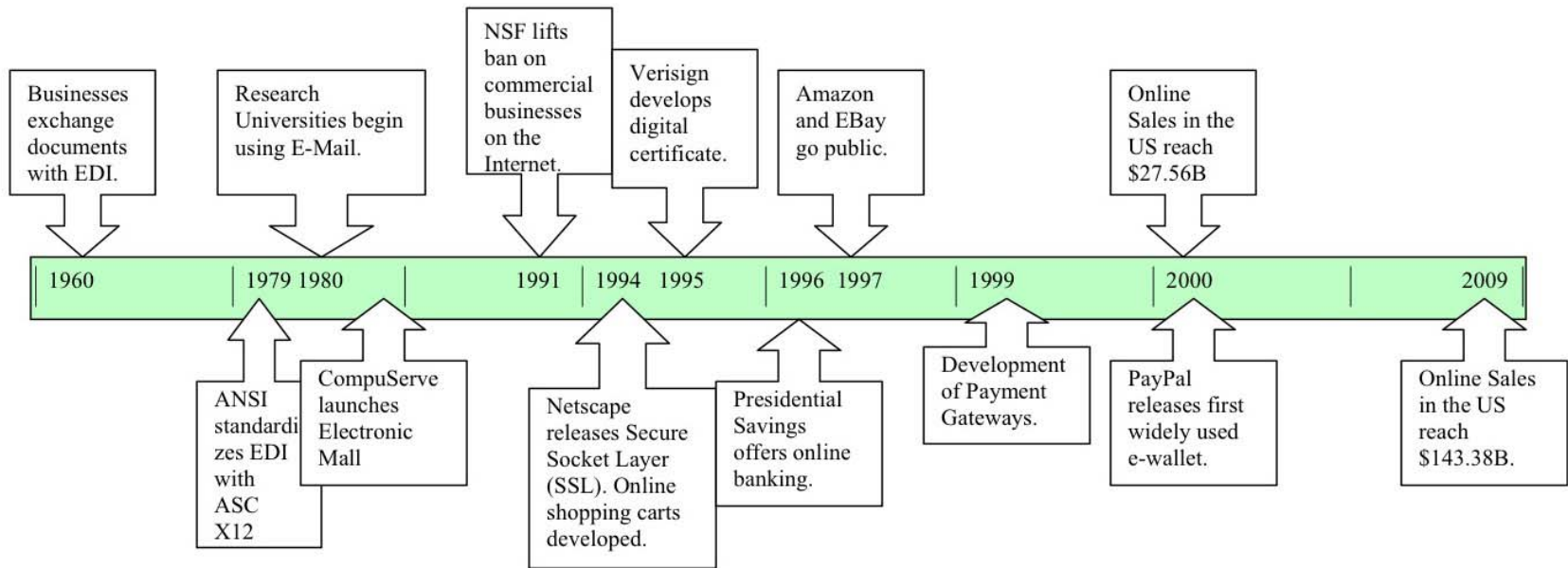


Weighing the Risks and Benefits of Online Financial Transactions

Presented by:
Dave Thomas
Burlington Bank Card
www.BurlingtonBankCard.com

E-Commerce: A Brief History



Payment Methods

- Credit & Debit Cards
- ACH & EFT
- e-Wallets
- Stored Value Cards / Pre-Paid

Credit & Debit Cards

- Transactions via the Card Associations' Payment Networks.
- The most common form of online transaction for B2C sales.

ACH & EFT

- Transactions via the NACHA network, funds transferred from bank account to bank account.
- The most common form of online transaction for B2B sales and online banking.

e-Wallets

- ACH & EFT transactions from an electronic account that can be funded by Credit & Debit or ACH & EFT. The most common form of online transaction for C2C sales.

Stored Value Cards / Pre-Paid

- ACH & Payment Card transactions from an electronic account that can be funded by Credit & Debit or ACH & EFT. The most common form of payment for consumers without bank accounts.

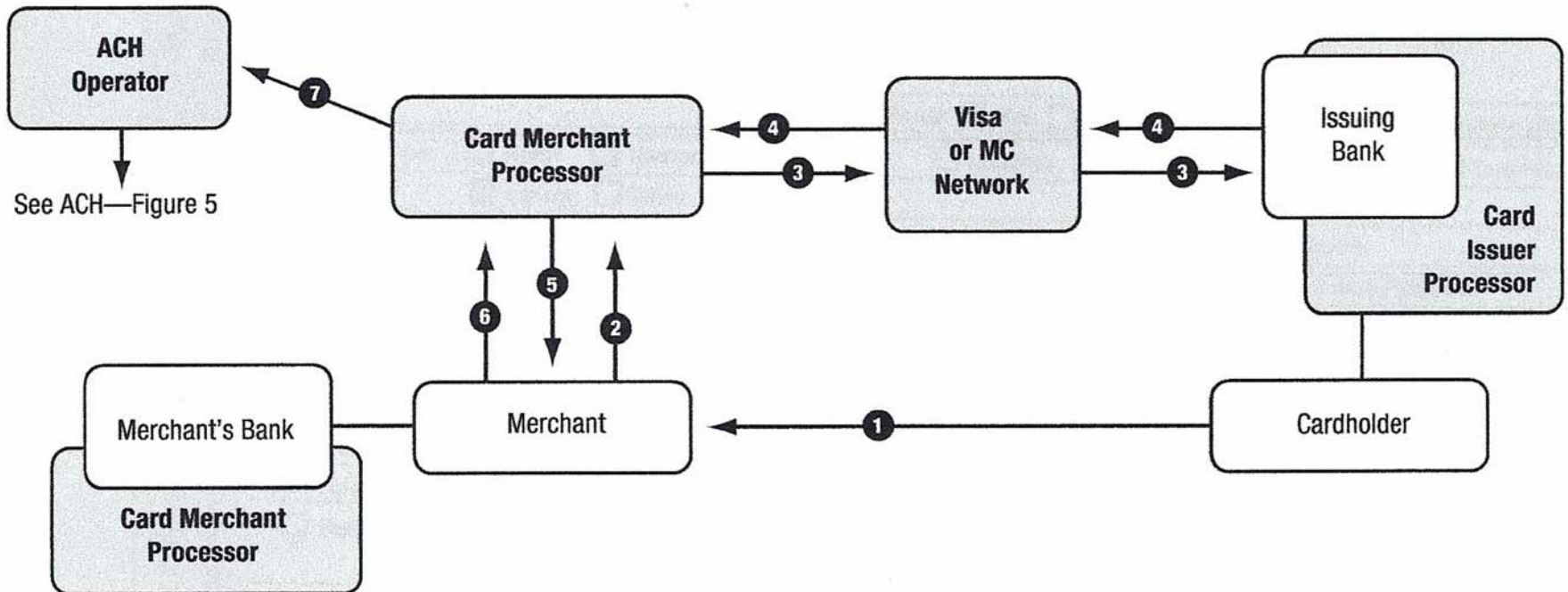
Service Providers

- The Card Associations
- NACHA ACH Operators
- e-Wallets & Stored Value Cards

Visa, MasterCard, Discover & ⁹ American Express

- Provide the Payment Networks for credit & debit card transactions.
- Payment Processors authorize and settle transactions between Member Banks on behalf of cardholders and merchants.

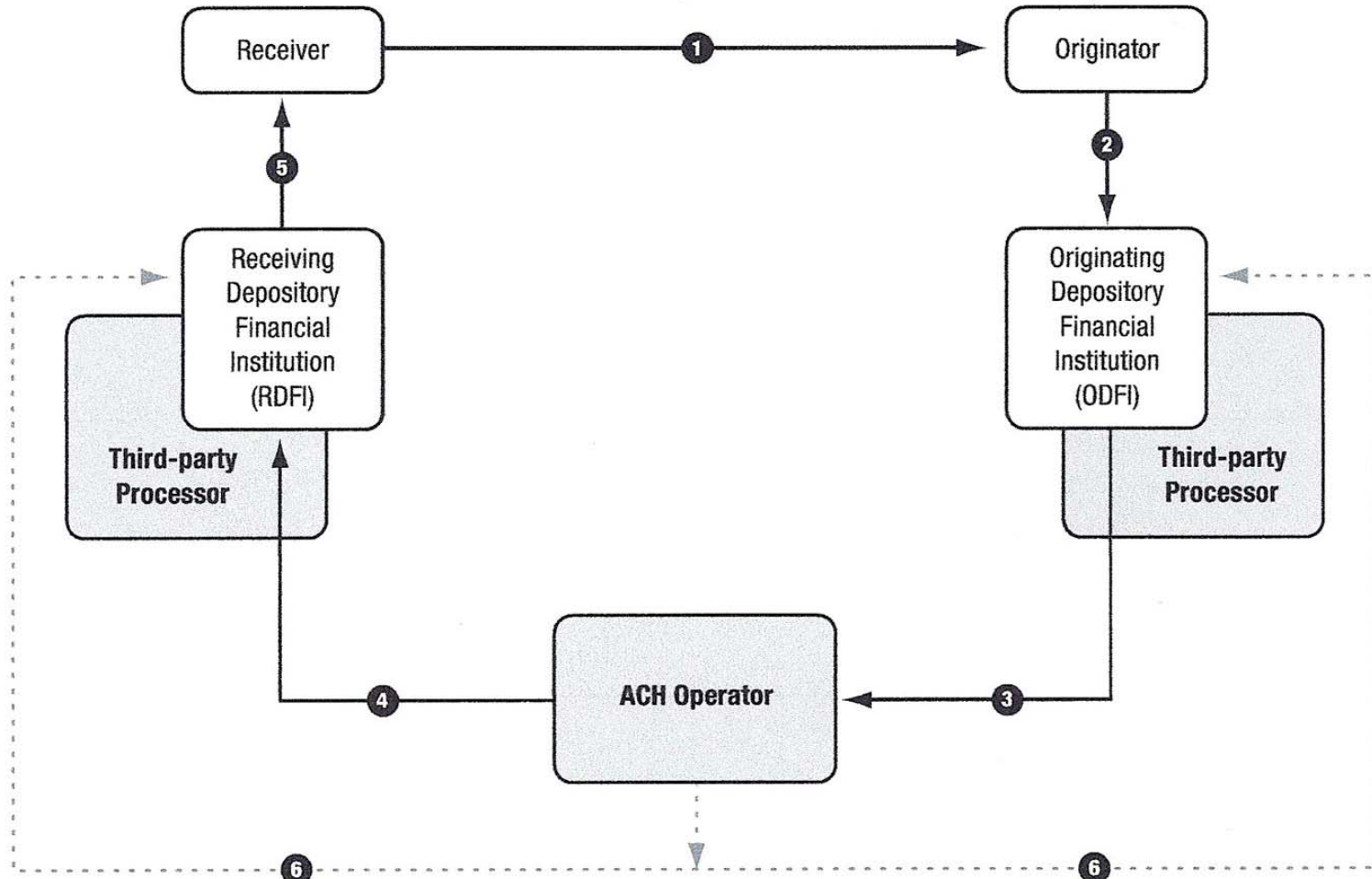
Credit & Debit Transaction Flow



NACHA ACH Operators

- Deposit ACH files from Originating Deposit Financial Institution (ODFI)
- Post ACH files with Receiving Financial Deposit Institution (RDFI)
- On behalf of Originators (merchant) and Receivers (consumers)

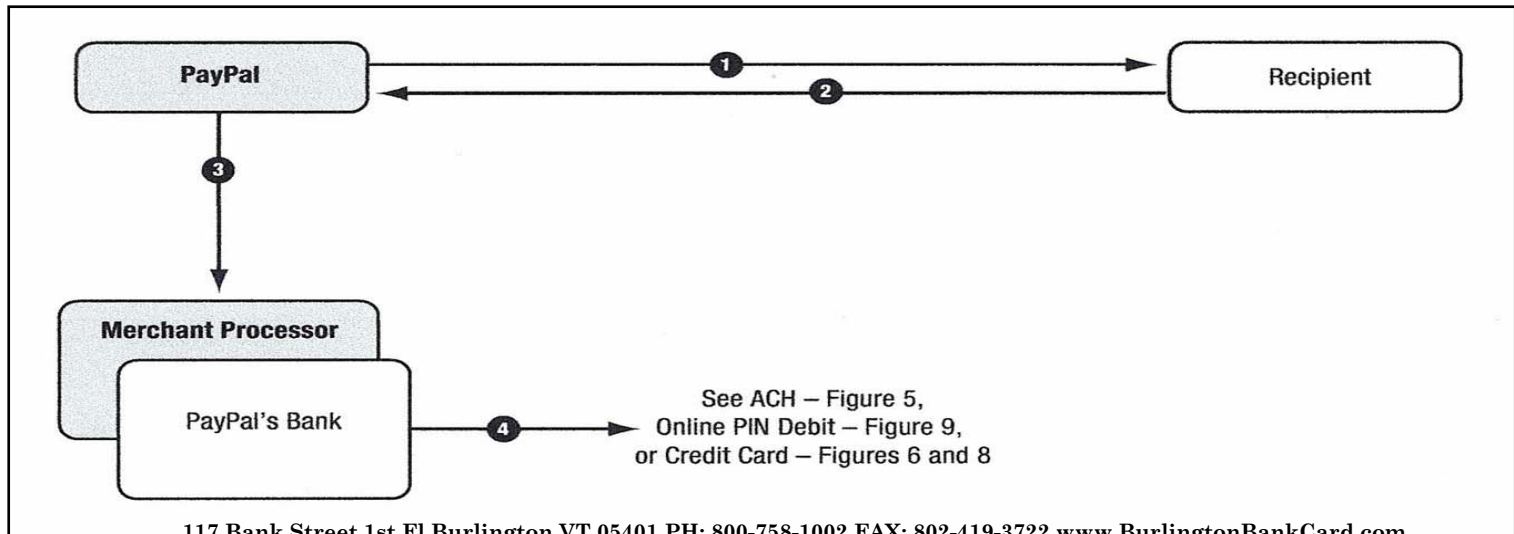
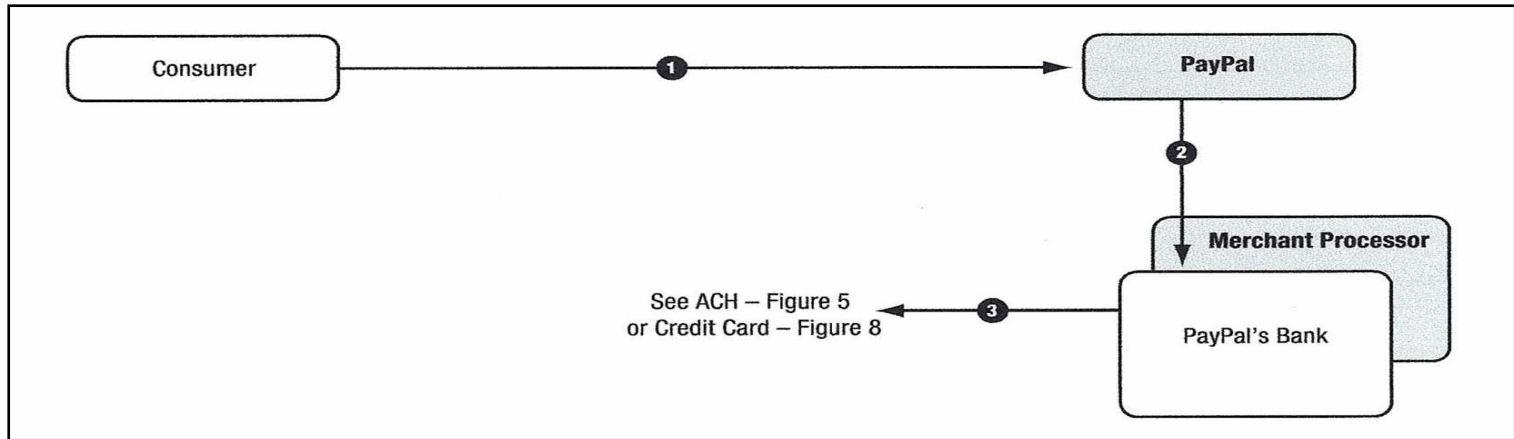
ACH & EFT Transaction Flow



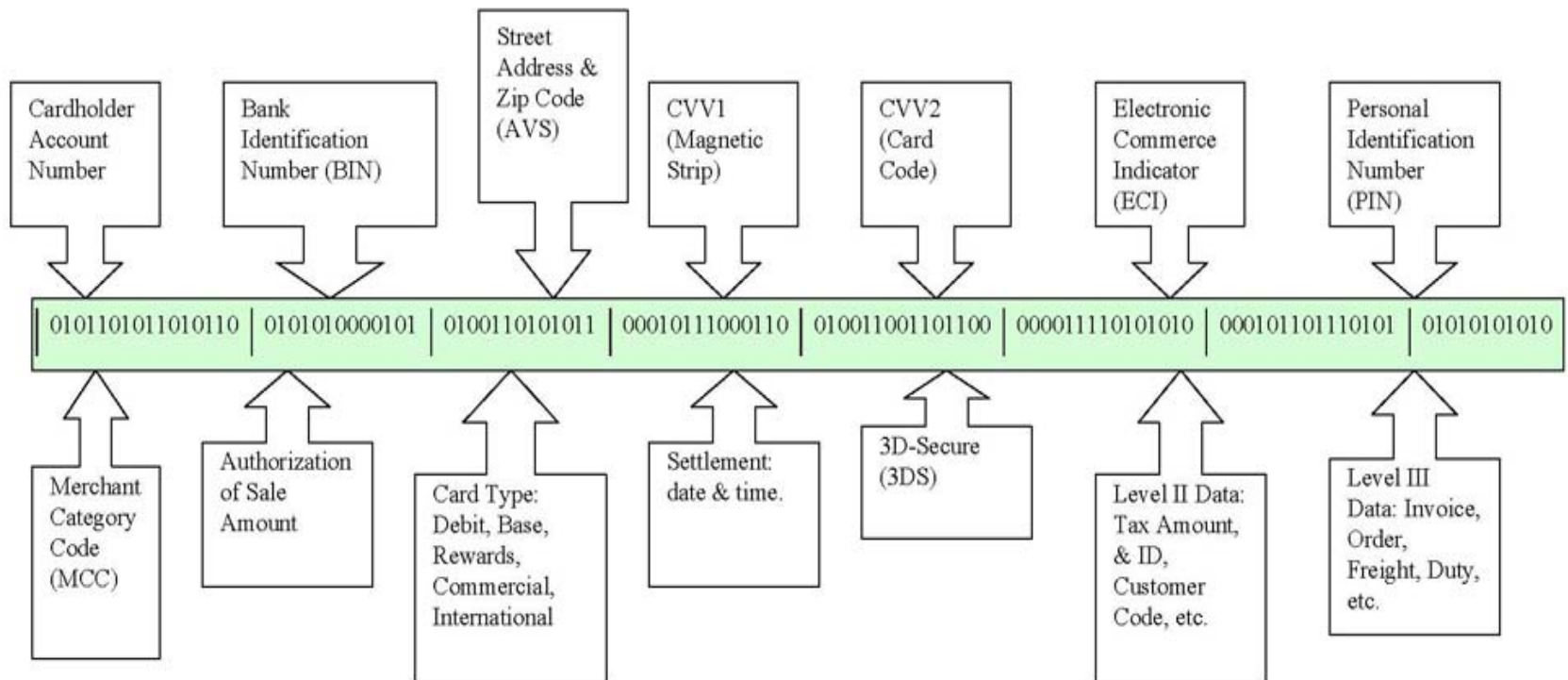
e-Wallets & Stored Value Cards

- Maintain money market or bank accounts of funds that have been “loaded” onto the wallet or card.
- Transactions move on Card Payment Networks or ACH Operators depending on the type.

e-Wallet Transaction Flow



The Transaction String



Online Stores

- Data Security
- Shopping Carts
- Payment Processing

Data Security

- Secure Socket Layers & Digital Certificates
- Policies: Privacy, Refund, Shipping, Contact
- Storing & Transmitting Sensitive Data
- Regular PCI Scans

Shopping Carts

- Licensed
- Hosted
- Simple Checkout
- API vs Secure Payment Page

Payment Processing

- API Payment Gateways
- PC Software

Best Practices & Tools

- Fraud Prevention Tools
- Best Practices: Shipping
- Best Practices: Contact Information
- Fraud Indicators

Fraud Prevention Tools

- Address Verification System (AVS)
- Card Verification Value 2 (CVV2)
- 3D-Secure Payer Authentication (3DS)
- Geo-IP Address Match
- Bank Identification Number (BIN) Verification
- Collecting a Phone Number

Best Practices: Shipping

- Shipping to the Billing Address
- Signature On Delivery
- International Shipping Addresses

Best Practices: Contact Information

- Recognizable Descriptors
- Provide Full Contact Information
- Use Dedicated Support Email
- Use Toll Free Numbers, Never Letters

Fraud Indicators

- Orders: Large, Rush, Multiple, Time Of, International
- Multiples: Cards, Transactions, Shipping Addresses, Purchases/Attempts

“Paying” It Safe

Is your browser secure?

- Install updates & use the latest version
- Look for the Lock.
- HTTPS
- Digital Certificates

Secure website

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Continue >

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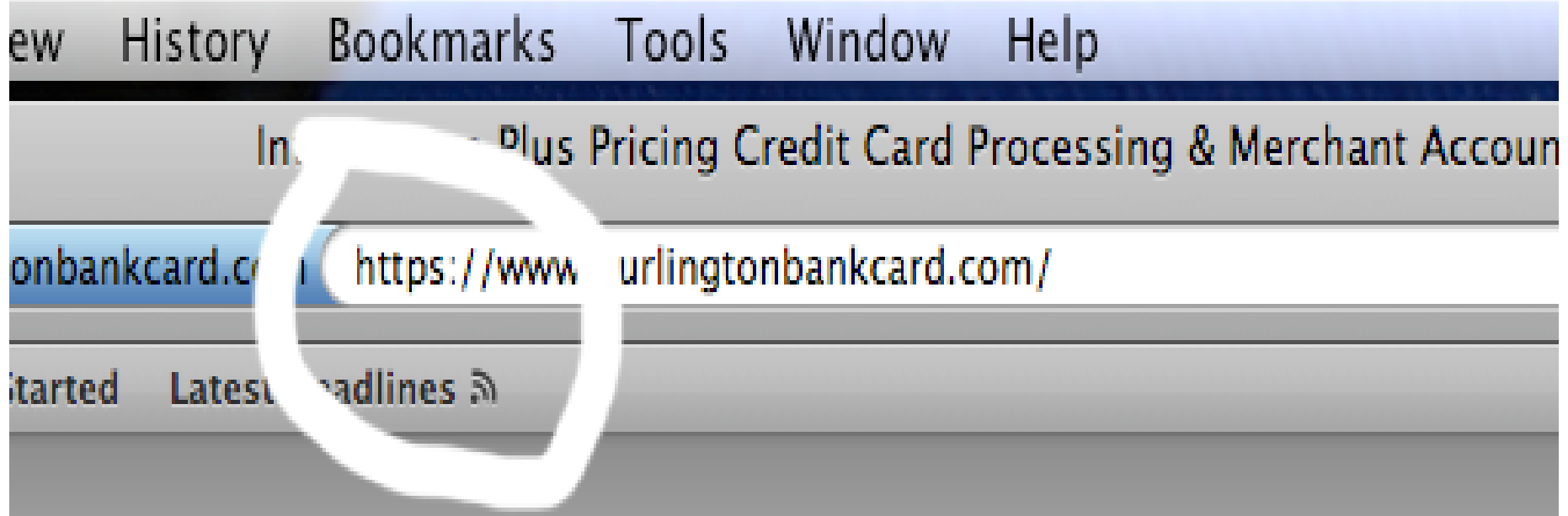
Burlington Bank Card LLC is a Registered MSP/ISO of U.S. Bank Minneapolis, MN

117 Bank Street 1st Fl Burlington VT 05401 PH: 800-758-1002 FAX: 802-419-3722 www.BurlingtonBankCard.com

SSL Lock



Look for “https”



Look for digital certificate



Review website policies before you³¹ buy

- Privacy
- Refund
- Shipping
- Contact Info

Keep your personal information³² private

- Don't give out information unless you know who's collecting it and why.
- Only give payment information to businesses you know and trust

Record, Review, Report

- Keep Records of your online transactions and check your email for contacts by merchants.
- Review your monthly credit card and bank statements promptly and thoroughly.
- Report unauthorized or suspicious activity to your bank or card issuer immediately.

What Is Your Liability?

Fair Credit Billing Act (FCBA)

- Covers Credit Cards.
- Lost or stolen cards limited to \$50.00.
- Zero liability for a stolen card number.
- Issuer must resolve within 90 days.

Electronic Fund Transfer Act (EFTA)

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- Covers Debit Cards & ACH
- Debit liability limited to \$50 if reported within 2 business days.
- Debit liability up to \$500 if reported between 2 and 60 days.
- Debit liability unlimited after 60 days.
- ACH liability unlimited & must be reported within 60 days.
- It can take up to 90 days to resolve.

E-Wallets & Stored Value Cards

- Not covered by FCBA or EFTA
- The only liability limits are those offered by the service provider.

Looking Ahead: The Durbin Amendment

- Lower Interchange, Lower Prices
- From Interest to Fees
- Debit: More Liability, Fewer Rewards
- Credit: Less Liability, More Rewards
- Pre-Paid Replaces Debit & Checking?
- ACH: End of the Free Ride?
- Better Debit from Smaller Banks
- Merchant-Funded Rewards & Steering

THANK YOU

For a copy of this presentation,

e-mail:

dave@burlingtonbankcard.com