

# Newsletter – Fall 2011 – Winter 2012



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Merchant Services • Payment Gateway • Wireless • Gift & Loyalty • Retail POS • Remote Deposit • Check Services

We hope that the traditional holiday symbols above have you looking forward to a busy and profitable fourth quarter as we finish 2011. Where does the time go?

We have seen many overwhelming changes in the electronic payments industry in the past 18 months. Both the Internal Revenue Service via the Durbin amendment and the Dodd-Frank Wall Street Reform Act have inserted significant changes in rules and regulations in the payments industry. It does not matter what your personal political opinion of all this is, we are a nation of laws and we have to follow those laws. It is vitally important that you as a business owner READ what we send to you via a **NEWSLETTER** Like this one. Read your monthly statements from us and if we send you email, please read that too. **We don't make this stuff up.** As always, we thank you for your business and please call us with questions whenever you have them.

## REGULATORY ISSUES AND THEIR IMPACT

**Disclosure:** The information in this newsletter pertains to government and industry regulations such as the Durbin Amendment and the Dodd-Frank Act and various payment card industry mandates. This information has been prepared for merchants, agent banks and sales and service agents of On-Line Credit Card Services, Inc. On-Line Credit Card Services Inc accepts no liability regarding the veracity and/or accuracy of the information provided as it impacts our merchants, agent banks and sales and service agents. If merchants are concerned about anything stated here they should consult their own tax and legal advisors.

**REGULATORY ISSUES** – During the past 18 months a very large number of government and card association regulations have impacted the payment industry. There is a significant burden being placed on ALL parties to a transaction. All involved parties need to take proactive steps to ensure timely compliance. All transactions processors, payment settlement entities and their affiliated agencies will be charged with significant legal and financial responsibilities for their merchants' compliance.

**DURBIN AMENDMENT** – As part of Dodd-Frank and the Durbin Amendment, there are a number of key provisions that will impact credit and debit card transactions. The new rules go into effect October 1, 2011. The new provisions will include: Debit Card Exchange Rates, Routing rules and requirements, Payment method discounts and incentives, Credit Card transaction minimums and maximums. Different interchange categories by bank/BIN. (Note: It is expected that core costs of DEBIT card transactions will go down, but the card associations and processors are expected to raise other fees in other areas)

**PARTIAL AUTHORIZATION** – MasterCard® and Discover® have mandated that merchants accept partial authorizations on transactions – meaning that a customer may be authorized for part of the transaction amount even if he/she cannot be authorized for the entire amount. The customer may then present an alternative form of payment for the remaining balance. In order to simplify the matter for our merchants, this privilege will be extended to Visa® and American Express® payment cards as well. This adds an entire new burden to us in disputes and chargeback mediation.

**IRS 1099K REPORTING** – Last call. We would like to thank the overwhelming majority of you for confirming your tax ID and legal business name. As of the date this newsletter was printed, only about 2% of our merchants have not yet updated their tax information. If you fail to do this, you could be subject to back-up withholding.

**IMPACT** - Our primary goal is to help our merchants grow their businesses. We work hard every day to make sure you have the best payment systems in place for your business. The new government and industry regulations have had significant impact on the operations of everyone involved in payment processing. These regulations require substantial management on our part, including database and system upgrades, additional staffing, enhancements to internal and external reporting. We are placed in the position of not only being a reliable sales and service organization to our valued customers, but we are burdened now by federal law with considerable legal and accounting oversight that has not been previously required of us. The additional expense of managing these initiatives is considerable. As a result of all of the above requirements, On-Line will be adding an annual administrative fee of ninety nine dollars and ninety five cents in January 2012. It is the fairest way for us to pass on some of the costs of these requirements. This amount will be deducted on January 10th 2012. We will be continually exploring new and improved methods of dealing with these requirements and we look forward to reducing costs going forward.



### Fully Integrated Gift Card Systems

Big businesses already have gift cards. Our quality low cost solutions allow your small business to compete with the big guys.



**Perfect fit Pricing:** We offer flexible pricing plans best suited to the way you Utilize your gift cards. We offer everything from Pre-paid to zero transaction fees

*If you are seriously considering a gift and loyalty card program, you need to call us now.*

**Checks Anyone?** If your business accepts checks and you would prefer depositing those checks to your bank account(s) from the comfort and safety of your own office PC, then call us about SIMPLY DEPOSIT™.



<b>John Doe Co., Inc.</b>	<b>1001</b>
<b>1234 Any Street</b>	Date_____
<b>Your Town, USA 10101</b>	
Pay to the <b>YOUR COMPANY</b>	
Order of _____	\$1000.00
One Thousand Dollars and _____	00/100
<b>// Electronically Presented // Electronically Presen</b>	
Memo _____	
<b>211370000</b>	<b>476000000 1001</b>



### Credit – Debit/PIN – Gift/Loyalty – Inventory – Mobile

Retail/MOTO Solution



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**Advanced options include inventory management and signature capture. Call for information.**