

Advantages of Integrated EFT at Point of Sale

Summary of advantages of using ACK integrated EFT as part of an electronic point of sale system (IPOS) compared to standalone bank owned terminal (BOT).

In a Customer present environment

Credit cards:

Credit and debit cards are read either by a magnetic swipe reader or chip card reader which are directly connected to the EPOS system. Card details captured by either method are always accurate and not prone to operator error.

Additional validity checks can be made by the EPOS system between the data captured from the magnetic swipe and embossed on the card - any mismatch will alert the operator that the card has been 'skimmed'.

The transaction amount is known by the EPOS system and is passed verbatim to the ACK software thereby eliminating keying errors (accidental or malicious). These errors cause merchants end of day reconciliation problems taking time and potentially also costing money.

Transaction types can be restricted to 'sales only' for normally trading, thereby preventing refunds or reversals from being given without supervisor intervention and a full audit trail being recorded by the EPOS system.

Reconciliation between card transactions and the EPOS system are inherent and need only be reconciled with the bank statements. This avoids three way reconciliation that is necessary for separate EFT terminals i.e. between EPOS, EFT terminal and bank statement.

Separate credit card receipts can be eliminated. Separate stocks of receipt rolls are not required which has cost and logistic benefits. In the event of the transaction being queried by the card holder, all the details of the card and what was purchased can be on a single piece of paper.

Opportunities for collusion to defraud between a till operator and cardholder are significantly reduced as all transactions are recorded within the POS and must be reconciled at end-of-shift / end-of-day rather than at some time later.

Gratuities can be added more easily through an EPOS system by recalling a previous transaction from the transaction log file that is maintained by the ACK software.

Hotel systems that operate pre-authorisation will also require top-up authorisation. The ACK software handles these complex transactions, which many bank terminals cannot.

Contact for further details on:

Tel: 0118 948 2588, e-mail: enquiries@ackltd.co.uk web site www.ackltd.co.uk.

Chip and PIN transactions are handled by the ACK software which supports both tethered and wireless devices.

Fraud management:

Local hot-card checking. Should the communication link to the bank be unavailable, the ACK software will check a local hot-card file were available.

On-line hotcard checking. The ACK software interfaces with the Industry Hot Card file which lists all lost and stolen credit and debit cards, plus all fuel cards and cheque guarantee cards.

On-line cheque guarantee. The ACK software is fully certified by Certegy who offer an on-line cheque guarantee service to retailers for both personal and business cheques.

Refund control. In conjunction with a third-party service, the ACK software can seek registration of a unique transaction number for each sale (whether cash, cheque or credit/debit card) and only permit one refund against this unique number - if the number has already been used for a refund, any subsequent refunds should be refused.

Other options:

The following functions are optional extras which may be added to the core EFT software functions and elements the need for additional software or terminals.

Electronic top-up (ETU): The ACK software supports electronic top-up for pay-as-you-go mobile phones and is compatible with Paypoint and e-pay services. This allows the retailer to provide additional services to the customer, generate additional revenue and bottom line profit.

E-voucher. Paypoint and e-pay services have been extended to include e-voucher which will allow other phone-based services to be offered such as ring-tones and SMS text alerts (i.e. football results and wireless 'hotspot' access charges etc.).

Electronic Gift Vouchers: The ACK software allows electronic gift vouchers to be created, redeemed and topped up easily and securely. Electronic gift vouchers are inherently secure and significantly cheaper to administer than paper vouchers, consequently, these services are growing in popularity and can be operated by all sizes of retailer and also by retailers wishing to collaborate with strategic partners to strengthen their brand and increase foot-fall.

Multi-currency. The ACK software allows the EPOS system to stipulate the currency in which the transaction is to be conducted - the ACK software ensures the correct currency code is passed on to the bank and that the currency is present in the correct major/minor format.

Fuel card handling. The ACK software recognises all fuel cards used within the UK and European union. Full product restriction code checks are performed to ensure only permitted products are purchased. Data is logged in accordance with industry standards.

Contact for further details on:

Tel: 0118 948 2588, e-mail: enquiries@ackltd.co.uk web site www.ackltd.co.uk.

In a Customer not present environment

The ACK software permits card-holder-not-present transactions to be processed. Full card-level checks are made by the ACK software to ensure all details are present and correct and are used to only prompt the till operator for information relevant to the card (i.e. start/end date and issue number). Further security checks for card-holder address, post code and three digit CV2 code can also be entered through the EPOS system and sent by the ACK software to be checked on-line by the acquirer.

Entering this amount of information through a separate terminal is not always possible nor practical.

Brief cost comparison between EFT software and EFT hardware terminals

Average licence fee per POS comparison:

- ? Unit rental is eliminated with integrated EFT. Rental fees for EFT terminals can be between £7 and £30 per month per site.
- ? Further significant savings will be made on telephone line rental for multiple lines (one for each EFT terminal) compared with one for integrated EFT - the pay-back for integrated EFT is therefore further improved and could be within six months.
- ? If using IP authorisation then greater value is gained from the broadband service.
- ? Centralised settlement file submission or use of a managed service provider eliminates the cost of overnight APACS 50 polling service to each branch. Polling fees cost between £7 and £15 per month.

Other advantages of using integrated EFT which help the retailer to reduce costs:

- ? Mistakes are radically reduced ensuring no lost revenue and ease the reconciliation task,
- ? Opportunities for fraud are greatly reduced,
- ? Speed of operation is greatly improved – EFT terminals typically use modem technology, whereas ACK can use ISDN, Paknet, GPRS etc. Faster throughput of customers can lead to greater revenue.
- ? Having EFT at each point of sale reduces delays compared with users sharing a lesser number of EFT terminals.
- ? Specialised paper rolls for the EFT terminal are eliminated. The card and transaction details may be printed on the sales receipts / dockets.
- ? Transaction files can be submitted in bulk from head-office which eliminates polling fees and allows central accounts to be reconciled.
- ? The retailer also has the potential to use a managed service provider and thereby help ease some of the PCI DSS issues that many now face.
- ? The merchant should also enjoy a lower Merchant Service Charge

Contact for further details on:

Tel: 0118 948 2588, e-mail: enquiries@ackltd.co.uk web site www.ackltd.co.uk.

ACK have a number of spreadsheets available that help provide a cost comparison of the options available for integrated EFT. Please call for more information.

Technical advantages

As part of our policy of continuous development and enhancement, ACK are able to ensure all ACK users benefit from technical enhancements yet will ensure compatibility with existing systems and interfaces.

Data communications

ACK place no restrictions on the choice of data communications hardware other than it must be compatible with the banking network requirements. This allows the retailer to utilise existing corporate data communications infrastructure for credit-card authorisation - something BOT are unable to do as they require dedicated PSTN lines.

Changing from PSTN to ISDN or ADSL or GPRS is a simple no-cost software option from ACK.

ACK support both serial and TCP/IP links as part of the standard offering which broadens the choice of data communications equipment still further.

Semi-integrated terminals

Some EFT terminal manufacturers have added an external serial interface to their standard offering through which a cash-register or EPOS system can pass transaction total and transaction type. This is designed to eliminate the need for a till operator to re-key these details on the EFT terminal. However, the functionality is greatly reduced compared to fully integrated EFT.

For example:

Credit card details are not passed back to the cash-register / EPOS system and must be re-keyed or re-swiped if required for audit and reconciliation purposes, although care should be exercised in this type of action with PCI DSS in mind.

The communication link to the acquiring bank is directly from the terminal and is normally an analogue modem. This is relatively slow and requires a dedicated line.

Multiple points of sale require multiple EFT terminals and therefore multiple PSTN lines, multiple monthly rental.

Card-holder-not-present transactions where AVS/CV2 data is required is difficult to enter through an EFT terminal.

EFT terminals are normally just that - additional functions such as cheque guarantee and ETU typically require a separate terminal.

Contact for further details on:

Tel: 0118 948 2588, e-mail: enquiries@ackltd.co.uk web site www.ackltd.co.uk.

Settlement file generation and submission is handled by the EFT terminal and the cost and operational savings of centralised settlement cannot be enjoyed.

APACS 40 terminals:

Retailers of a certain profile are well suited to APACS 40 transactions - in the main these are independent, individual retailers who have a low volume of transactions.

APACS 40 terminals perform certain local checks on cards, but all transactions must be authorised on-line, which might not always be possible should a failure occur in the communications link to the acquirer, or the link to the card issuer from the card acquirer. Any failure in these links will cause a transaction to be declined.

By contrast, an APACS 30 authorisation under the same circumstances can be finalised by voice authorisation (where permitted).

Retailers who operate estates in excess of 20 branches can enjoy the additional benefits of APACS 30 / bulk submission. These include:
Simplified operation at point of sale.

The POS application is always in control of the card authorisation process. Transactions that have been authorised are logged into the ACK log file: an end-of-day / end-of-shift process can be launched by the POS application to instigate a process whereby the ACK application will generate a summary output file of all transactions that have been logged - these can be compared by the POS with its own record of transactions and any exceptions found dealt with by the branch before the settlement file is sent to the acquiring bank.

APACS 40 terminals are designed to be under the complete control of the acquiring bank - therefore any queries that arise regarding operation, functionality and final status of a transaction must be referred to the bank. The retailer is not permitted to access this level of information at the time the transaction is in process, but must be dealt with at some later time.

APACS 40 terminals use high-level message authentication checks that require public keys to be maintained in synchronisation between the acquirer and terminal. The security around key maintenance is understandably high and the acquirers conduct regular audit checks to ensure security is not breached.

In summary, the combination of using APACS 30 for on-line authorisation and bulk delivery system for centralised settlement either via BDS or through a managed service provider offers retailers greater operational control over APACS 40.

- ? Simpler components at the point of sale reduce operational problems and swap-outs.
- ? The point of sale system remains in control of the complete transaction and can therefore abort or reverse transactions that have been commenced or completed in error.
- ? The point of sale can record an accurate audit trail of each transaction and compare that with the ACK EFT transaction log for intermediate or end-of-day reconciliation.

Contact for further details on:

Tel: 0118 948 2588, e-mail: enquiries@ackltd.co.uk web site www.ackltd.co.uk.

- ? Settlement file generation and submission can be fully automated without loss of control or lag in cleared-funds being received by the retailer.
- ? Centralised settlement file generation allows the treasury department to accurately forecast payment totals.
- ? Administration tasks are greatly reduced - random or phantom entries on the will be eradicated and will therefore not require consequential investigation work to resolve.
- ? The ACK Bulk Delivery Software produces exception reports which indicate any missing transaction log files expected from each branch.
- ? BDS retains full transaction details by branch number which can be exported for separate analysis.
- ? BDS can automatically retrieve daily report files from the acquirer.
- ? Alternatively a managed service provider can provide the same detail as BDS but without any responsibility on the retailer for running a centralised solution or the security of the data it contains. For further details of the benefits of using a managed service provider please go to <http://www.ackltd.co.uk/partners/reasonsfordatacash.htm>.