



Best Practices to protect the Formalwear Industry

Update due to Covid-19

The entire BMS team will continue to stay on top of any changes within the Formalwear's merchant services program and share with not only our clients but the entire industry as we move forward to keep everyone safe and secure as a whole..

As a proud provider to the country's largest manufactures, design houses and wholesalers, we are confirming that product is coming in.

We hope this helps relieve the concerns of the retailers.

The information our team has put together below is in efforts to help retailers protect their business.

Chargebacks

Since October 2015 and the EMV mandate, many businesses all over the country are losing chargebacks when they accept a credit card over the phone at their retail business that is an EMV (Smartcard), which is required to be chipped. If you are a retail business and do not have a Mail Order/Phone Order Account, make sure you are always inserting the card using the EMV reader.

You want to avoid keying the card into your terminal, as you will not be able to win the chargeback if one is issued.

At Bridal Merchant Services we are extremely proud of our success rate for our Formalwear stores on winning chargebacks for all our stores. Over the last year we have a 98% Chargeback win-rate with the Formalwear Industry & our clients, saving hundreds of thousands, keeping our clients at a lower risk.

One chargeback affects the entire industry & our rating with the card associations

A cardholder always has the ability to issue a dispute on a sale with their issuing bank. The card issuing bank will then get in contact with the acquiring bank (Bridal Merchant Services) and request additional information from the particular merchant where the sale occurred. It is then up to the business owner to provide detailed information and documentation on that sale to show why the sale is valid. A review of 7-10 days will then

occur to decide which side the issuing bank will side with. Remember that it is always up to the cardholders issuing bank to makes the final decision on chargebacks, not the processing bank. This is why the card association considers the formal wear industry high risk (Future Sales) these days many stores and wholesalers use Docu-sign and either email, text or fax an additional piece of Identification. Get the CC receipt signed at all times, the in house signed contract is not enough.

After a detailed conversation with the risk department, it is best practice for a retail store to have a 2nd MOTO account. This means a 2nd account that is based on card NOT present transactions. If you have a website account use the virtual terminal to take deposits & deposits for private reservations during this time. Many of our clients already have these 2nd accounts in place, I strongly suggest using them for added security and reducing risk. If you are not processing with BMS, make sure your provider does NOT place you in a term contract with cancellation fees. Feel free to contact our team. We offer this 2nd MOTO account for Free and free virtual terminal or Authorize.net

Make sure all receipts and contracts say “ALL SALES FINAL”

The virus will not affect any aspect of how processes are handled. Any inquiries about any charge-backs can go to epxescalations@myresourceportal.com

The only thing that could change with a chargeback, is if you promise a specific date & the garment is late. Give the store Wiggle room on promise date.

Keep Alterations & Garment purchases separate= Always keep the alteration payment/transaction separate from the garment sale/transaction

Do not use LAYWAY right now. Please get the garment out of your store. If you have the garment, you are at great risk for a chargeback

Many of our clients are setting up private appoints en efforts to secure business and assure the client the store is taking things serious during this challenging time. Charging a \$50.00 fee if the client is a no-show. Our stores also make sure they have a text or email of a Drivers License or a written statement understanding the terms. Do not get a picture of the credit card.

American Express Full Acquiring

We now can accept merchants American Express transactions at a lower cost than going direct with AMEX. Many merchants do not accept American Express because of the high fees that they charge to accept those transactions. Along with having a lower processing cost for American Express, those transactions will now show up on your Visa/MasterCard statement instead of receiving separate statements, & separate statement fee, making your accounting easier. Many stores and wholesalers decline taking American express because they boast about protecting the card holder & most folks have a Visa or MC.

Next Day Funding//Same Day Funding

Next Day Funding is available to all our retail formal wear stores. Our clients now have the ability to receive their funding deposits into their checking account the Next Day. A client that has been approved for Global Next Day Funding will have to settle out their terminal or software before 10 PM Eastern Standard Time. (If you are in a different time zone, you will need to adjust the time accordingly. **(Always make sure the time on your hardware is correct or this will cause all transactions to downgrade to a higher fee. Industry standard.)**)

Processing

If you process less than \$5000.00 in credit card processing, it is more cost effective to use a mobile app “pay as you go” in the store on a tablet or mobile device.

Handling fees and minimums

Per new laws, you are able to service charge a large transaction (handling or processing fee) to help absorb the credit card fees. You are allowed to put a minimum on a sale for client to use a credit card to secure the transaction. The service fee can be added to the receipt and is set by the business owner from 2%-4%, which is acceptable.

Transactions that are over \$1000.00 have an additional interchange fee attached to the fee because of the greater risk. This is per the card associations interchange chart.

EMV capable terminals and software

EMV or Europay-MasterCard-Visa chip card is a technology used in most of Europe and around the world had now landed in the US. An EMV chip card is a type of card that is currently being issued to US citizens and will require a merchants business to have an EMV capable terminal or software to accept that transaction. The deadline for having an EMV capable terminal or software was October 1, 2015. It is the business owner’s responsibility to make sure they are using compliant equipment that is able to accept an EMV transaction. If the business is not using compliant CHIP equipment, **a chargeback & liability of all of your card sales is shifted from the processor to the business & the transactions are automatically consider FRAUD.**

Make sure your business is protected by having your equipment updated and use the chip feature all the time to process a credit/debit card. To date, if the chip is not used you can automatically loose the transaction due to FRAUD if it is swiped.

This is the only way to truly protect yourself and your business

ApplePay/ Samsung / GooglePay Mobile Wallets

Our clients now have the ability to accept ApplePay & GooglePay through their credit card terminals. All of our VeriFone VX520,A920 WIFI & POS credit card terminals (our preferred Free Equipment Terminal) can now accept ApplePay & GooglePay transactions automatically. The smartphones newer the Apple iPhone 6 and Samsung Galaxy Note 4 can now have their owner pre load certain credit cards onto the “wallet” application on their

device to electronically store their credit cards. They are then able to wirelessly process their credit card transaction through their smartphone and the contactless reader on the terminal. This will allow the cardholder to make a purchase without ever having their card in hand to be lost or stolen. This is very secure!!

PCI Certifications & Fees

PCI or Payment Card Industry data-security standard is a way for the payment industry to incentivize a business to do a security scan to make sure that there are no security risks at that particular business. Every business is required to obtain a PCI security certificate annually by completing a questionnaire about the payment practices of that business. Generally, a monthly fee will be charged by the processor until the merchant completes the survey and provides their certificate.

Every processor in the country requires a merchant to do this annually based on the card associations' rules

How the Durbin Amendment affects you.

Starting in 2010 U.S. Senator Richard Durbin's amendment of Visa/MasterCard Interchange has greatly affected merchants pricing and which cards are being used at their locations. Previous to the Durbin amendment, Pin-Based Debit was the preferred method of accepting a Debit transaction from a customer, being that the cost of the transaction was lower to the merchant. The Durbin amendment has since drastically lowered the wholesale cost of offline debit transactions (debit card being swiped and signed for with no pin-pad). This has dramatically shifted the majority of transaction volume from the major debit networks, Visa Interlink and MasterCard Maestro, to Visa/MasterCard Interchange. **95% of our stores do not take pin based debit anymore. It is more cost effective to chip the debit card as a credit card with the rates that Bridal Merchant Services offer.**

What is AVS?

In an effort to combat fraud that results from non-face-to-face transactions, Visa and MasterCard created the AVS or Address Verification System, which attempts to verify the address and zip code of the credit card customer. Whenever a card is key-entered, the processing system should be set up to prompt the merchant to enter the billing ZIP code (for cardholder's billing address) and / or the numerical portion of the address of the cardholder.

If this information matches the card issuing bank's records, the system will qualify that transaction for an AVS rate category, and you will qualify for the best rate possible, if your employee by passes this feature or no match on AVS, the transaction downgrades to a higher rate.

What is Interchange?

Interchange is the wholesale price charged by Visa U.S.A. and MasterCard Worldwide for authorization and settlement of a credit card transaction.

- Interchange is the foundation of the entire payment industries cost structure
- Interchange is ever-changing over 125 different card types.

What is Downgrading?

Transactions are downgraded when they don't meet interchange requirements, such as not capturing the correct card information at the POS, settling the transaction after a deadline has lapsed or key-entering rather than swiping a card. A downgraded transaction means higher cost for the transaction.

FANF Fee

Visa introduced the Fixed Acquirer Network Fee (FANF) in April 2012. The FANF is a monthly fee that is assessed on a merchant taxpayer basis and includes all merchant accounts owned by a business for credit card transaction processing. This fee can be quite confusing to figure out, so we will do our best to explain how it is calculated. The amount of the FANF depends on the merchant category code (MCC), the mix of card present and card not present volume, and the number of locations the business operates. The FANF can vary from month to month for each merchant depending on these factors.

For many merchants who process all of their transactions in a card present environment, the amount of the FANF is based on the number of locations owned by the business.

Government Regulation

The US government had been and will continue to be much more involved and proactive in the payment industry. They will also be keeping a closer eye on the banks and acquirers in the future. This will work to the Business owner's advantage, but you must stay on top of it yourself.

Auto-Batch

BMS does not charge for this feature that will help save money. If the transactions are not settled in 24 hours, all transactions are charged a higher fee, because of the greater risk that transaction becomes. This is set by the card association. Always have an auto batch set as a backup for redundancy.

Protection

Most of our client's password protects the refund and credit features, so that only certain staff members have access to this function that could be used for fraud. Long time

employees have been known to credit their own credit cards. Stealing money from your business.

Non EMV Software & POS systems

There are still a lot of Software and POS systems out there that are not EMV. If your current provider is NOT EMV you may want to consider using a CHIP terminal until they are. The EMV doesn't affect the provider, so many are not in a hurry to spend the money to get certified. Remember, it is the business owner's responsibility.

Service & Understanding

24 years of experience had taught BMS a lot in the business we love. We reach out to our stores every 3 months to make sure the needs of the owner are met. We know you are busy running your business; so many times the outbound call is appreciated. BMS understands service & trust matters when it comes to your receivables. The BMS team gives you that commitment with complete transparency and accessibility to our departments direct.

Our Newsletters have no have Solicitations in them, but important information to keep your merchant services secure, healthy and cost effective.

We understand merchant services can be a lot to keep up with & is very confusing for an area that is 99% of our income.

Bridal Merchant Services is also revamping our Cash Advance program. This may come in handy in the near future. Remember all of our retail clients are automatically approved for this program, based on future processing.

Please feel free to contact our office anytime. During this time our team would greatly appreciate emailing us verses calling. We will respond within 48 hours, our team will be able to share your needs more effectively with the distancing all 1800 employees are practicing.

BMS Critical Information to help the Formalwear succeed in the ever changing merchant service industry

Email: MaryC@BridalMerchantServices.com

1.800.644.0225 or BridalMerchantServices.com