



Visa How-To's for Restaurant Owners and Managers

Tools and Best Practices for More Efficient Handling of Visa Card Transactions



When Your Customers Use Visa Cards . . .



Today, demand is high for not only credit cards, but debit products as well. According to recent Visa statistics, well over half the 86 billion dollars generated from restaurant transactions in 2007 were from debit product transactions. While all Visa® card products bring convenience, greater utility, and reliability to both consumers and businesses alike, consumers are more likely to frequently review transaction detail affecting their checking accounts. For restaurant merchants, this is particularly important to remember when it comes to using proper authorization techniques, as customer dissatisfaction can arise when a restaurant authorization request includes the tip amount.

Don't include an estimated tip in the authorization. Here's why:

To comply with Visa operating regulations, merchants may not estimate authorization amounts. For restaurant merchants, it's a rule that makes good business sense. You must authorize all Visa card transactions for just the "known" check amount, **not** the amount plus estimated tip. By doing this, you avoid customer dissatisfaction and eliminate the possibility of any kind of negative impact on your business. Also, for a Visa prepaid or debit card you avoid going over the card's available funds and eliminate the possibility of a declined transaction. So, to stay in line with Visa requirements, make sure your terminal, systems, software, and back-office processes are set up to authorize without an estimated tip amount and that your staff is trained to use proper authorization procedures.

✓ **Understand how your business can benefit from excluding a tip percentage when authorizing restaurant transactions.**

– **Reduce cardholder complaints.**

In today's world, Visa cardholders have the ability to view account activity almost instantaneously via the Internet, mobile or at an ATM. Consequently, an authorization that includes an estimated tip can wind up reducing a cardholder's available funds/credit by an amount he or she may not recognize.

This can happen when your customer leaves a tip that differs from what you've included in the authorization, or just leaves the tip in cash. The next thing you know . . . you have an unhappy customer calling your restaurant asking why there's an overcharge, or worse yet, the customer stops coming in. By not including the tip in the authorization, you can eliminate this problem.

– **Visa protects you!** An authorization obtained by a restaurant is valid for that amount plus 20 percent, so there is little or no chargeback liability when a tip is not included in an authorization request.

✓ **Instruct restaurant staff to authorize only for the check amount.** Emphasize that the authorization amount should equal the check amount and exclude any tip percentage.

✓ **Find out from your point-of-sale (POS) provider if your authorization system has been properly programmed to authorize only for the check amount before the tip is added.**

✓ **Call your merchant bank for more information.**

How Authorizations With Tips Can Lead to Lost Sales

- Restaurant check is for \$100, but staff has authorized with estimated tip for \$120.
- The Visa cardholder's bank deducts \$120 from the available funds/credit.
- The transaction amount was \$115 (\$100 + \$15 tip).

OR

- The customer leaves the tip in cash so the transaction amount is \$100.
- When the customer views his account activity and sees a \$120 hold against his account, he thinks the restaurant has overcharged him and decides never to return to this establishment again.

The Visa No Signature Required Program

The speed and convenience of the payment experience can make all the difference in the minds of your customers. To make payments faster and easier for your customers and sales staff, Visa's No Signature Required program eliminates signature requirements for qualified transactions* less than \$25 in restaurants and quick serve restaurants.

Purchases less than \$25 represent a significant share of all U.S. consumer spending. This program extends the benefits of speed and convenience to your point of sale and can boost and build customer loyalty by helping consumers use their Visa cards safely, quickly and easily. Merchants receive chargeback protection against the signature requirement for transactions that qualify under this program.

* Qualified transactions apply to select Merchant Category Codes.

Visa Partial Authorization with Balance Return

Now you don't have to decline a sale when the balance on a customer's prepaid or debit card is less than the purchase amount.

Visa Partial Authorization with Balance Return makes it possible to complete the transaction by using the remaining available funds on the prepaid or debit card plus an additional form of payment like cash, or even another payment card. For the merchant, this is called a "split tender" transaction.

If the prepaid card being used is a Visa Gift card or Visa incentive card, the remaining balance will be automatically sent to the merchant's terminal where it can be printed on the sales receipt. Benefits of using Visa Partial Authorization with Balance Return:

Merchants can...

- Use Partial Authorization to complete more sales.
- Reduce average decline rates by 13-20%.
- Increase throughput at POS processing and alleviate consumer confusion from declines.
- Initiate an automatic reversal if the sale is not completed with other payment.

Consumers can...

- Make a purchase even if they don't have enough money on their prepaid card.
- Avoid the embarrassment of being declined at POS when they're unsure of their remaining balance.
- Utilize all funds on the prepaid card.

How it Works

- 1 Customer's prepaid card balance is less than the purchase amount.
- 2 Merchant submits an authorization request for the full purchase amount with a Partial Authorization indicator.
- 3 Due to insufficient funds, issuer sends a partial approval back to the merchant.
- 4 Merchant's POS system identifies the unique response code and subtracts the partially approved amount from total transaction amount.
- 5 Customer pays the remaining amount of purchase with another form of payment.
- 6 Sale is completed and a receipt prints showing the split tender amounts and current card balance.

Provide Increased Speed and Convenience with Visa payWave

Now merchants can take advantage of increased speed and convenience—and offer them to cardholders—with the latest evolution in Visa payment, Visa payWave.



Visa payWave is a new payment method that uses the latest technology to send card data wirelessly to a terminal reader. A cardholder simply holds their card in front of the reader. For many transactions, there is no need to sign a receipt or hand over the card. Visa payWave provides merchants and consumers with a number of benefits.

Merchant Benefits

Cost Savings/Efficiency

- Decreased transaction time—up to half that of cash transactions.
- Customer initiates the transaction by simply holding the card in front of the reader rather than swiping or handing the card to the clerk.
- Reduction in coin/cash handling.




Customer Loyalty

- Attracts new customers and builds loyalty with added speed and convenience.

Competitive Advantage

- Sets merchants apart from their competitors in categories like fast food restaurants where speed and convenience are compelling benefits.

How it Works

- | | |
|---|---|
| 1 Merchant terminal is enabled with contactless technology. |  |
| 2 Consumer holds card in front of the reader and terminal light indicates card has been read. |  |
| 3 Transaction is completed like any card payment. |  |

For more information regarding any of the products or services discussed in this brochure, contact your merchant bank.

Back-Office Efficiencies and Risk Reduction

Paying attention to detail up-front can eliminate problems on the back end. Here are a few ways your business can save time and avoid unnecessary expense.

Copy Requests and Chargeback Management

Fulfilling copy requests is very important, as is copy legibility. When requests are not fulfilled in a timely manner, or copies are illegible, they almost always result in a chargeback. So it's always in your best interest to respond promptly.

- ✓ **If you receive a copy request, retrieve the appropriate sales receipt, make a legible copy of it, and fax or mail it to your merchant bank within the timeframe specified.** Your merchant bank will then forward the copy to the card issuer, who will in turn send it to the requesting cardholder. The question or concern the cardholder had about the transaction is usually resolved by this means.
- ✓ **If you store sales receipts on-site, retain the "merchant copy" (or copies of them) for 12 months from their respective transaction dates to ensure your ability to fulfill copy requests.** Sales receipts* may be stored on-site, at a central location if you are part of a chain, or with your merchant bank. Depending on where receipts are stored, your merchant bank may be able to respond on your behalf or may need to send the request on to you for response.

Skimming Activity and Reporting

Skimming is an illegal act that helps crooks steal account information from a Visa card's magnetic stripe, then put it on a counterfeit or stolen card for fraudulent use. Individual skimming scams vary and are not limited to any one type of business; however, restaurants and gas stations appear to be the most common locations.

- ✓ **Train your staff about how to recognize skimming.**
- ✓ **Encourage your staff members to report any signs of skimming activity.** If they see anyone in the workplace using a device that is not part of the restaurant's day-to-day activities, or if anyone offers them money to record account information or asks for customer account information over the telephone, they should let your Merchant Processing Center or company security know immediately.
- ✓ **To the greatest extent possible, screen applicants before you hire them.** Thieves typically lure employees into their skimming fraud schemes by paying them for stolen data. The more you know about your new-hires, the better—especially when they will be processing Visa transactions.





Merchant Set-Up

- ✓ **To avoid downstream transaction data-processing problems, make sure your assigned Merchant Category Code (MCC) accurately reflects your line of business.**

MCC	Description
5811	Caterers/Food Preparation
5812	Eating Places and Restaurants
5813	Drinking Places (Alcoholic Beverages—Bars, Taverns, Nightclubs, Cocktail Lounges, and Discotheques)
5814	Fast Food/Quick Service Restaurants

- ✓ **Work with your merchant bank to determine whether your business is eligible for an interchange reimbursement fee rate program.** If applicable, select the program that is most beneficial to you.

SKIMMING AT A GLANCE

1	A customer uses a payment card to pay.	
2	The employee swipes the card through a small, concealed hand-held device to copy and store the account data.	
3	The stolen card information is later downloaded from the device into a computer.	
4	The information is then encoded on a counterfeit card or re-encoded on a lost/stolen card.	

Payment Card Industry Data Security Standard (PCI DSS) Compliance

When customers offer their bankcard at the point of sale, over the Internet, on the phone, or through the mail, they want assurance that their account information is safe. PCI DSS compliance is required of all merchants and service providers that store, process, or transmit Visa cardholder data and applies to all payment channels, including retail (brick-and-mortar), mail/telephone order, and e-commerce. The PCI DSS offers a single approach to safeguarding sensitive data for all card brands. Other card companies operating in the U.S. have also endorsed the PCI DSS within their respective programs. For more information about the PCI DSS, including Visa's validation requirements and a suite of security tools and resources to support compliance, visit www.visa.com/cisp.

* Visa requires that all new and existing point-of-sale terminals provide truncation on sales receipts. This means that only the last four digits of an account number should be printed on the customer's copy of the receipt. The merchant copy may also need to be truncated to meet applicable state regulations, check with your merchant bank for details.