



Check Payment Services



Presented by
Merchant e-Solutions
September 2004

Table of Contents

1	Product Introduction and Description.....	2
2	Process Flow.....	5
3	Supported Terminals.....	6
4	Merchant Pricing.....	8
5	Sales Income.....	12
6	Sales and Marketing.....	13
7	Merchant Setup Process.....	16
8	Setup Kit Contents.....	20
9	Deployment, Activation, Deposits & Support.....	22
10	Merchant Billing Statements and Reporting.....	24
11	Legacy and Non-Supported Terminals.....	25
12	Frequently Asked Questions.....	26

1. Product Introduction & Description

Introduction

Merchant e-Solutions has partnered with Certegy, Inc. to provide check guarantee and conversion products to our banks, business partners and direct merchants.

Founded in 1961 as Telecredit, Certegy developed the first online check authorization system. Certegy currently uses artificial intelligence modeling, neural networks and other state-of-the-art technology to provide credit, debit and merchant card processing, e-banking, check risk management and check cashing services to over 6,000 financial institutions and 117,000 retailers worldwide. Acquired by Equifax in 1990, Certegy has generated over \$1.0 billion in revenue in 2002.

This document is intended for banks, sales organizations, and business partners who are interested in enrolling merchants for Certegy Welcome Check and ElecCheck products through Merchant e-Solutions.

Product Overview

- **Welcome Check** is a check guarantee product which allows a merchant to obtain real-time check authorizations through their dial terminal equipment. The merchant must follow Certegy's procedures for recording Driver's License information and Approval Code on the check, and assure that the check meets Certegy requirements. The merchant deposits the paper check into their bank account in their usual manner. If a check that was approved by Certegy is returned for NSF, Account Closed, or a stop payment, the merchant can complete a claim request, mail it to Certegy, and Certegy will reimburse the merchant for the amount of the check.

Certegy has established a maximum limit for any check approval of \$30,000.00.

There are certain types of checks that are not eligible under the Welcome Check program today. These checks are as follows:

- Checks that Certegy does not authorize in the standard environment (Government Checks, Cashier's Checks, Money Orders, Site Drafts, 3rd Party Checks, Traveler's Checks, Payroll Checks, or Temporary and Counter Checks).
 - Corporate Messenger Checks (i.e. Business Checks)
 - Credit Card Convenience Checks
-
- **ElecCheck** is a check guarantee and conversion product which allows a merchant to obtain real-time check authorizations through dial terminal

Certegy Check Payment Services

equipment, and convert those paper instruments into an electronic transactions at the point of sale, eliminating the need to make a deposit at the bank or submit a claim for a returned (NSF or Closed Account) check. This product is also sometimes referred to as 'Check Truncation' or 'Check Capture'.

The check is read through a MICR reader and the check writer's Driver's License information is keyed into the terminal.

Important: If the check is unable to be read through the MICR reader, it can not be accepted as an electronic transaction. If the check information is hand-keyed, and approved, it becomes a paper transaction which must be deposited at the merchant's bank.

An ElecCheck transaction that is approved by Certegy will generate a receipt at the point of sale with the required regulatory information. The check writer signs the receipt. The merchant stamps the physical check VOID with a stamp provided by Certegy and returns the paper check to the check writer.

Certegy ElecCheck is a host-based capture system, which means those electronic check transactions reside in a batch on Certegy's host computers throughout the day (in contrast to Vital's terminal-based credit card transaction system where the transactions reside in a batch in the terminal throughout the day).

The Certegy host cut-off time is 9:30 PM Eastern Time. A credit to the merchant's bank account with payment for these checks will appear within two business days.

A merchant does have the option of identifying a time they would prefer the cut off to occur.

ACH conversion requires that the merchant observe regulations established by the National Automated Clearing House Association (NACHA). These include:

- Check must be drawn on an individual consumer demand deposit account (DDA)
- Check is presented at the time goods are obtained or services rendered
- Check must be a negotiable demand draft or payable through a Depository Financial Institution
- MICR information must be bank encoded
- Merchant must use a MICR reading device to capture the MICR information

Certegy Check Payment Services

- If the check is approved by Certegy and converted to an electronic funds transfer (EFT), merchant is required to void the check and return the check to the consumer.
- Consumer must be presented with and sign a Receipt / Authorization Slip
- Consumer must receive a copy of the Receipt / Authorization Slip
- Merchant must retain a copy of the Receipt / Authorization Slip for 2 years

In addition, Certegy has established a maximum limit for any check approval of \$5,000.00.

There are certain types of checks that cannot be processed electronically today. These checks are as follows:

- Checks that Certegy does not authorize in the standard environment (Government Checks, Cashier's Checks, Money Orders, Site Drafts, 3rd Party Checks, Traveler's Checks, Payroll Checks, or Temporary and Counter Checks).
- Corporate Messenger Checks (i.e. Business Checks)
- Credit Card Convenience Checks

2. Process Flow

1. Certegy paperwork completed and merchant signatures obtained by Sales Representative.
2. Signed and completed paperwork faxed to Certegy.
3. Upon approval, Certegy returns the Station Number and/or Station ID via e-mail or fax.
4. Service Type and Station Number/ID is included when completing the Online Application.
5. Terminal profile(s) created by MeS which include check service.
6. Terminal deployed by MeS. Certegy Starter Kit included with MeS Welcome Kit.
7. Check services billed monthly by Certegy to merchant.

3. Supported Terminals

Overview

Merchant e-Solutions will support the following list of terminals and check readers. *Note:* The Hypercom ICE 5700 Plus terminal comes with a built-in check reader, providing an all-in-one terminal solution.

Welcome Check

- Hypercom ICE 5700 Plus (internal check reader)
- Hypercom ICE 5500 Plus with MagTek Mini MICR
- Hypercom T7Plus with MagTek Mini MICR
- Hypercom T7 512K with MagTek Mini MICR (see special note that follows illustrations)
- VeriFone 3750 (512K) with VeriFone CR 600

ElecCheck

- Hypercom ICE 5700 Plus (internal check reader)
- Hypercom ICE 5500 Plus with MagTek Mini MICR
- Hypercom T7Plus with MagTek Mini MICR
- Hypercom T7 512K with MagTek Mini MICR (see special note that follows illustrations)
- VeriFone 3750 (512K) with VeriFone CR 600

Hypercom

ICE 5700Plus



ICE 5500Plus



T7 Plus 35-Key



Certegy Check Payment Services

T7P



512K Memory
see special note below

**MagTek
Mini MICR**



VeriFone

VeriFone 3750



**VeriFone
CR 600**



A Special Note About T7 Terminals Using PIN Pads: Merchants using Hypercom T7 terminals (not including the T7Plus) who also want to accept PIN-entered debit card transactions will need an additional device to allow both a check reader and PIN Pad to be attached to the terminal. The T7 does not have the additional built-in port to support both. The special device is called an FIP 11 and requires a special cable as well.

The prices for this special equipment is:

- FIP 11 \$70.50
- FIP 11 Cable \$54.00

The request for The FIP 11 and/or the cable should be made in the Equipment Comments section of the online application.

4. Merchant Pricing

Overview

Certegy rates are grouped by industry classifications. These rates are fixed and can not be raised or lowered. They are based on industry-wide pricing ranges and allow the service to be sold competitively. There are also additional one-time and recurring fees for each product.

Rates

1.15% With Full Stop Pay	
Antiques	5931
Art Galleries	7998
Auto Parts	5531
Boat Dealerships	5551
Building Material	5211
Carpet/Tile	5713
Electrical Sales/Svcs	5063
Florists	5992
Furniture Sales	5712
Gas Stations	5541
Gifts and Novelties	5947
Hardware Stores	5251
Medical/Eye Care/Dental	8011/8021/8042
Motorcycle Dealerships	5571
New Car Dealerships	9100 to 9800
Nursery Lawn Garden	5261
Plumbing/Heating/Cooling Supplies	1711
Pool/Spa/Hot Tubs	5091
Retail Food	5411
Sporting Goods	5941
Theatrical Producers/Services	7922
Travel Agencies	4722
Wholesale Tires	5014

1.35% With Full Stop Pay	
Restaurants	5812
Cell Phone Sales/Telecomm	4939
All Others eligible	

Certegy Check Payment Services

2.00% With Full Stop Pay	
Appliance/Electric	5722
Auto Rental	7512
Book Stores	5942
Business Services	7392
Camera Shops	5946
Computers Sales	3573
Drug Stores/Pharmacies	5912
Hotels	7011
Jewelry	5944
Laundry/Dry Cleaners	7212
Drug Stores/Pharmacies	5912
Hotels	7011
Jewelry	5944
Laundry/Dry Cleaners	7212
Liquor Stores	5921
Luggage/Leather Goods	5948
Moving & Storage	4214
Musical Instrument	5733
Office Supplies	5081
Pawn Shops	5932
Photo Finishing	7395
Rental Equipment	7394
Shoes	5661
Stereo Electronics	5732

Additional Welcome Check Fees

- \$20 Monthly Minimum Per Location
- \$1.25 Per Merchant Initiated/Operator-Assisted Call (This is when a merchant calls the Certegy authorization center without a terminal prompt. If prompted by the terminal, the call must be made within five minutes.)

Additional ElecCheck Fees

- \$25 (Mandatory) Set Up Fee
- \$20 Monthly Minimum Per Location
- \$1.25 Per Merchant Initiated/Operator-Assisted Call (This is when a merchant calls the Certegy authorization center without a terminal prompt. If prompted by the

Certegy Check Payment Services

terminal, the call must be made within five minutes.) Note: With ElecCheck, in the case of such a referral, if an authorization is given, the transaction becomes a paper (non-converted) item and must be handled by the merchant as such.

- \$.20 Transaction Fee
- \$25.00 Check Recall for Correction Fee (This is to stop the ACH processing of a check in a batch that has already been cutoff by the host)

Pricing Examples

Bonnie's Bookstore

For the month of August, Bonnie's Bookshop in Barnstable received check authorizations their terminal for a total of \$576.98. On one occasion, they needed to call the Certegy authorization center. Bonnie's rate is 2%. The charges for the check authorizations equaled \$11.54. The charge for the single merchant initiated, operator-assisted call was \$1.25. The total of that fee and the authorization costs was \$12.79.

$$\begin{array}{r} \$576.98 \times 2\% = \$11.54 \text{ (\% Rate)} \\ \$1.25 \times 1 = \$1.25 \text{ (Operator-Assisted Call)} \\ \hline \hline \$12.79 \end{array}$$

For August, Bonnie's Bookshop was billed \$20.00 because the actual costs of \$12.79 fall below the monthly minimum per location fee.

Certegy Check Payment Services

Frank's Florist

Frank's Florist in Fresno had a busy month in February. He was set up the first week of February, just in time to use ElecCheck for the Valentine's Day rush. That month, Frank had 300 ElecCheck transactions approved through his terminal for a total of \$24,456.00. As a florist, Frank's rate was 1.15%. The cost for the transactions were \$281.24. Because Frank was using ElecCheck, there was also a \$.20 transaction fee for each authorization. This was an additional \$60.00 in fees. Because the shop was so busy, Frank inadvertently processed a transaction through that should have been voided. He realized this after the host cut-off and had to utilize the recall function, which cost \$25.00. In addition, since this was Frank's first month with the service, he was assessed a one time set up fee of \$25.00.

Franks' bill is as follows:

\$24,456.00 x 1.15%	=	\$281.24	(% Rate)
\$.20 x 300	=	\$60.00	(Transaction Fees)
\$25.00 x 1	=	\$25.00	(Recall Fee)
\$25.00 x 1	=	\$25.00	(Set Up Fee)
=====			
			\$391.24

5. Sales Income

Revenue

Banks, sales organizations, and business partners who participate in the check service program will receive 5% of recurring monthly income. This income includes the Certegy rates, monthly minimums per location, and transaction fees. It does not include the one-time Certegy set-up fee.

Rebate Examples

Bonnie's Bookstore

$\begin{aligned} & \$576.98 \times 2\% = \$11.54 \text{ (% Rate)} \\ & \$1.25 \times 1 = \$1.25 \text{ (Operator-Assisted Call)} \\ & \text{=====} \\ & \qquad \qquad \qquad \$12.79 \end{aligned}$
In this example, 5% of all the fees would be rebated to the bank:
$\$12.79 \times 5\% = \$.64$

Frank's Florist

$\begin{aligned} & \$24,456.00 \times 1.15\% = \$281.24 \text{ (% Rate)} \\ & \quad \quad \quad \$.20 \times 300 = \$60.00 \text{ (Transaction Fees)} \\ & \quad \quad \quad \$25.00 \times 1 = \$25.00 \text{ (Recall Fee)} \\ & \quad \quad \quad \$25.00 \times 1 = \$25.00 \text{ (Set Up Fee)} \\ & \quad \quad \quad \text{=====} \\ & \qquad \qquad \qquad \$391.24 \end{aligned}$
In this example, 5% of all the fees except the set up fee would be rebated to the bank:
$\begin{aligned} & \$391.24 - \$25.00 = \$366.24 \\ & \$366.24 \times 5\% = \$18.31 \end{aligned}$

Distribution Process

Merchant e-Solutions will receive a monthly spreadsheet from Certegy which provides all the fees that were billed out to merchants. MeS will match the Station Number to the Merchant ID and produce a file that will result in payment to banks.

These rebated funds will be distributed to banks and business partners at the end of the following month.

Example: Payments for the activity for August will be distributed at the end of September.

An online report will break down the total rebated amount by merchant for each bank or business partner.

6. Sales & Marketing

Benefits of Welcome Check

For merchants, the Welcome Check product offers protection against losses from uncollected funds that cost retailers more than \$5.9 billion dollars annually.

Using Certegy Check Services for check authorizations provides the merchant with the ability to easily and confidently accept all checks for their business. Check authorization is fast and simple through point of sale credit card terminals and provides the merchant with access to the most sophisticated check processing system and databases in the marketplace operating 24 hours a day, seven days a week. Pricing is customized to the merchant's business to ensure the best rate possible and claim payments are made within 7-10 days upon receipt of the check at Certegy thus increasing the merchant's cash flow. Risk is eliminated from the transaction once authorized and allows the merchant to focus on the business, not collecting bad checks.

- Improved customer satisfaction as all U.S. and Canadian checks can be accepted
- Reduces the risk associated with potential fraud
- Streamlines point of sale check acceptance procedures encouraging repeat business
- Simplifies accounting procedures since all checks approved are guaranteed
- Provides for coverage on high dollar checks
- All decline issues are handled by Certegy, not the merchant
- Less expensive than credit card acceptance

Benefits of ElecCheck

The average check is touched from 6 to 12 times, resulting in inefficient operations and increased risk. With the addition of ElecCheck, the extensive handling by retailers and banks is minimized, along with the high processing costs for financial institutions as checks move step-by-step through the payment system.

- Reduced Bank Fees - The process of converting checks to paperless, ACH transactions leaves the merchant with fewer checks to deposit each day. In addition any returns on ACH transactions will be represented electronically. Reducing the number of paper checks and/or re-presentments of checks will reduce the deposit and transaction fees a merchant may be paying their bank.
- Reduced Employee Time and Expense - Removing checks from the paper process also reduces the preparation and balancing time needed to prepare deposits. There will be less paper checks to deposit each day; therefore, this will save time for employees and the expense associated with that.

Certegy Check Payment Services

- Improved Cash Flow - Banks typically post non-paper transactions prior to paper checks; therefore, electronically converted checks will usually clear before paper deposited checks.
- Simplified Bank Reconciliation - converted checks can be consolidated into one bank account from multiple store locations.
- Enhanced Collections - The availability of funds is improved due to ability to electronically represent unpaid items. Additionally, returned check fees can be debited directly from the consumer's account. The ability of Certegy to improve collections is beneficial to the merchant in terms of their rate.
- Reduction in Warranty Claims Submission - For warranty merchants, there is no check to submit on converted items only. If a converted transaction is returned unpaid, the merchant will not have to submit any information to Certegy for payment. The merchant receives funds within 48 hours regardless of the availability of funds for the transaction.
- Reduced Fraud - Returns on electronically converted items are received much faster than returns for paper checks. Therefore, Certegy is able to update the negative file much faster.
- Increased Sales and Profits - Funds from converted transactions are posted to the merchant's account usually within 48 hours of the transaction.

Competition

Several companies offer an electronic check conversion program. Telecheck and SCAN are Certegy's primary competitors with other companies such as Cross Check, Electronic Financial Group, E-Chex, InstaCheck, Global E-Telecom and other more regionalized check processing organizations. These companies may offer conversion only, verification with conversion, or conversion with warranty.

Selling Tips

- Cash management is greatly improved by eliminating the need to sweep funds from local banks to a central account.
- Checks are electronically deposited so merchants no longer have to fill out deposit slips or travel to the bank to make deposits, which greatly reduces the costs associated with check handling.
- Users are informed of NSF and other return items much faster than paper-based systems, which allow the collection process to be expedited.
- Conversion eliminates the possibility of lost or stolen checks before the merchant can deposit them.
- Check fraud can be detected much quicker, which will stop bad check writer's days before conventional paper-based methods.
- Check Warranty is included with Electronic Check Conversion at the point of purchase, which greatly reduces losses and fraud associated with accepting checks.
- Fewer individuals handle the items. Up to ten different people normally handle a paper check before it gets to the consumer's financial institution. With Electronic

Certegy Check Payment Services

Check Truncation, only the check writer and the cashier will view the source document.

- With Electronic Check Conversion, consumer payment behavior patterns are not affected; the only change occurs in how the items are processed.
- Customer response to conversion has been neutral or positive.
- The total cost to process paper items through the system is reported to be approximately \$3.50. Electronic Check conversion is less expensive.

Marketing Tools

Certegy sales sheets are available for the Welcome Check and ElecCheck products.



Sales sheets are available online in PDF format at:

<http://www.merchante-solutions.net/certegyresources>.

7. Merchant Setup Process

Overview

The Sales Representative completes the necessary Certegy forms and agreements and obtains the required merchant signatures. These forms are faxed to Certegy by the Sales Representative. Within 24 hours, Certegy will e-mail or fax back the Station Number and, if the request is for ElecCheck, the TID. These numbers will then be used in completing the Merchant e-Solutions Online Application.

In order to simplify the process of enrollment, the required forms and agreements have been pre-filled wherever possible with fixed pricing and configuration information, and have been posted online in complete Welcome Check and ElecCheck packages at:

<http://www.merchante-solutions.net/certegyresources/agreements>

Sign Up Forms and Agreements

Welcome Check

- Certegy Welcome Check Warranty Agreement
- Full Stop Payment Warranty Addendum to Certegy Welcome Check Warranty Agreement
- Copy of a voided check from the account in which the Certegy fees will be debited

Welcome Check Forms and Agreements should be faxed to:

Certegy Station Issuance	727 568-0404
Certegy Contract Administration	727 570-4916

ElecCheck

- Certegy Welcome Check Warranty Agreement
- Full Stop Payment Warranty Addendum to Certegy Welcome Check Warranty Agreement
- ElecCheck Addendum to Certegy Welcome Check Warranty Agreement
- Check Authorization Account Implementation Form
- Copy of a voided check from the account in which the ElecCheck deposits will be credited and the Certegy fees will be debited

ElecCheck Forms and Agreements should be faxed to:

Certegy Station Issuance	727 568-0404
Certegy Contract Administration	727 570-4916

Certegy Station Issuance can be reached at 800 237-2143.

Certegy Check Payment Services

Note: With ElecCheck, the merchant has the option of selecting the frequency and format of Certegy-issued reports. These reports are e-mailed to the merchant daily, weekly or monthly in either plain text or Excel formats.

In addition, a merchant can elect to have Certegy cut-off the batch of electronically converted check transactions at their standard time of 9 PM Eastern Time, or the merchant may elect to chose their own cut-off time (see additional important information about this in Section 9: Deployment, Activation, Deposits & Support).

These options are selected on the Check Authorization Account Implementation Form.

Online Application

A set of fields will appear in the Payment Types section of the Online Application that allow the user select the Welcome Check or ElecCheck service. Upon selecting either service, a Station ID must be entered.

7. Payment Options Help

<input checked="" type="checkbox"/> Visa/MasterCard		
<input type="checkbox"/> Debit	FCS # (government EBT)	<input type="text"/>
<input type="checkbox"/> Diners Club	Diners Merchant #	<input type="text"/>
<input type="checkbox"/> JCB	JCB Merchant #	<input type="text"/>
<input type="checkbox"/> American Express	SE #	<input type="text"/>
	For new Amex account, enter ESA discount rate	<input type="text"/>
	<input type="checkbox"/> Split Dial	
	<input type="checkbox"/> PIP	
<input type="checkbox"/> Discover	Discover Merchant #	<input type="text"/>
	For new Discover account, enter RAP discount rate	<input type="text"/>
<input type="checkbox"/> Checks	Provider	<input type="text" value="select one"/>
	Provider Name (if other selected)	<input type="text"/>
	Acct # / Station #	<input type="text"/>
	Certegy TID (if Elec Check selected)	EF1- <input type="text"/>

The Welcome Check Station Number is 10 digits, all numerical.

Certegy Check Payment Services

The Elec Check TID (sometimes called an EF Number or Station ID by Certegy) is 10 digits, all numerical. EF1- sometimes precedes the number. This has been inserted into the Online Application and does not need to be entered, nor any dashes. A TID may look like EF1-987654-3210 or simply 9876543210. Only the numerical values should be entered on the application.

When the Welcome Check or ElecCheck options are selected, only compatible terminals will be accepted in the equipment section of the application. An error message will appear (example below) if a non-support terminal is selected.

Merchant Account Application - Equipment Selection

Control #
10425932692

Please fix incorrect data in fields below (marked with *):

1. Equipment to Rent, Buy or Lease

	# Rent	# Buy	# Lease
Terminal/Printer Sets: VerFone Omni 3200se *	1		
Terminal/Printer/Pinpad Sets: select one			
Terminals: select one			

Check provider does not support this type of equipment

Since Certegy bills the merchant directly for all check-related fees, pricing information is not included in the Online Application.

Other screens that will incorporate Certegy information are:

- Management Screen
- Packing Slip
- Display of check service type and Station ID on the CIF screen
- ACR: order additional equipment, upgrade equipment, request terminal programming

Non-Qualified Businesses

The following types of businesses are not eligible for Welcome Check or ElecCheck service:

NON-QUALIFIED BUSINESSES

Abortion Clinics	Hold Check Programs
Alimony/Child Support	Income Tax Services
Apartments	Limousine Services
Bail Bondsmen	Mail Order Computers
Check Drafting	Mail Order Misc.
Cocktail Lounges (Bars)	Massage Parlors
COD Computer Retail or Misc.	Member-Type Businesses
COD Computer Wholesale	Pay Day Loans

Certegy Check Payment Services

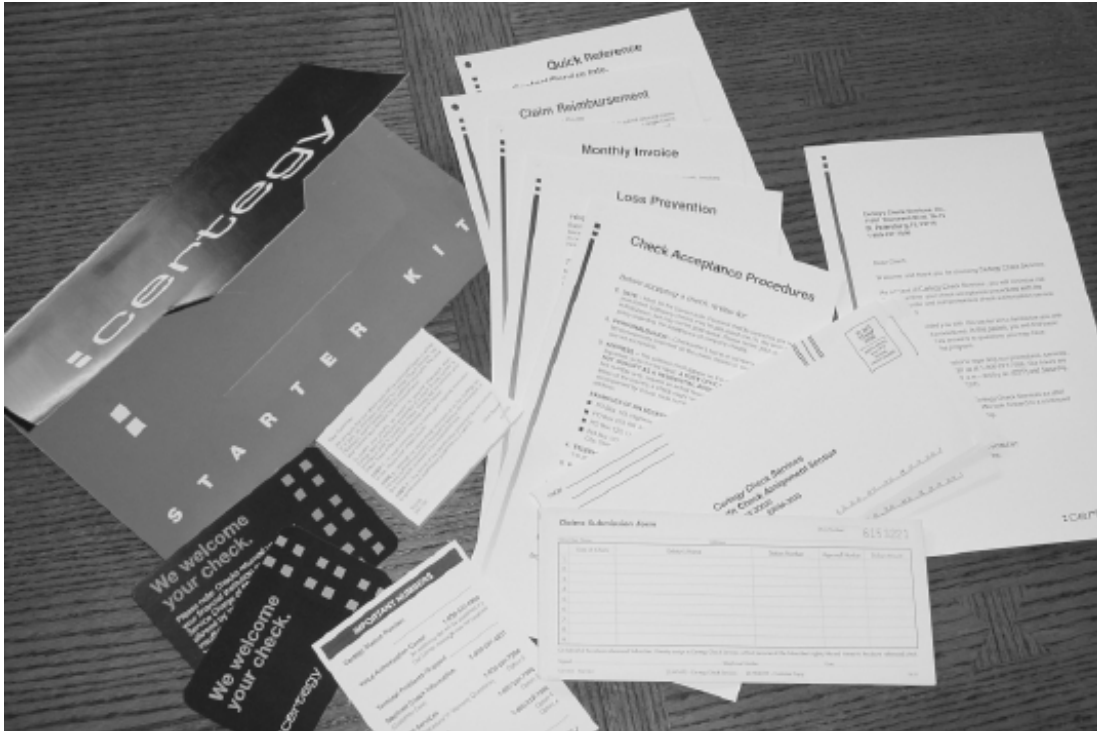
COD Jewelry
Collection Services
Court-Enforced Payments
Credit Consultants
Employment Agencies
Gaming Establishments

Perishable Deliveries
Schools
Sexual Encounter Firms
Tattoos/Piercing Parlors
Utilities

8. Setup Kit Contents

Starter Kit

A Certegy Welcome Kit is sent from Merchant e-Solutions to every new check merchant. The contents of the kit vary slightly between Welcome Check and ElecCheck. The illustration below shows the contents of a typical Starter Kit.



Contents


Welcome Check Service	ElecCheck Service
Client Welcome Letter	Client Welcome Letter
Check Acceptance and Authorization Procedures Card	Check Acceptance and Authorization Procedures Card
Loss Prevention Card	Loss Prevention Card
Claim Reimbursement Card	Claim Reimbursement Card
Quick Reference Card	Quick Reference Card
Check Writer Decline Notes	Check Writer Decline Notes
Claim Submission Forms	Claim Submission Forms
Claim Submission Envelopes	Claim Submission Envelopes
Important Numbers Sticker	Important Numbers Sticker
Check Welcome Sticker	Check Welcome Sticker
Check Welcome Sticker with Fee Disclosure	Check Welcome Sticker with Fee Disclosure
	Void/Reversal Process for a Converted

Certegey Check Payment Services


	Transaction Card
	Conversion Explanation Notes
	Rubber Stamp

Sample Quick Reference Card

CONVERSION SALE W/ READER	
Select Check	Select <input type="text" value="ACH Check"/>
<input type="button" value="Paper"/> <input type="button" value="ACH Check"/>	
DRIVER'S LIC. NUMBER	Key in driver's license number including any alpha characters. Press ENTER .
ALPHA CONVERSION	
For alphabetic characters that are part of the driver's license number, press the SHIFT key (and while holding the SHIFT key) press the key with the desired letter.	
AMOUNT _____ \$0.00	Key in dollar amount, then press ENTER
STATE CODE	Key in 2-digit state code from table. Press ENTER .
ENTER CHECK	Insert Check into check



Electronic Check
Authorization
Certegey Check Services



Sample Rubber Stamp and Text



VOID
**This check will be converted
to an Electronic Funds Transfer**
For questions call
1-(800)539-3677

9. Deployment, Activation, Deposits & Support

Deployment

When a merchant has signed up for Welcome Check or ElecCheck, their terminal program load will include the check service. If the check service is being added after the terminal has been deployed, or for a merchant-owned terminal, the terminal profile will be updated with the check parameters and a call will be made to the merchant to update the terminal.

Activation

During the normal terminal activation process, those instruction specific to Welcome Check or ElecCheck are provided to the merchant.

Deposits

System Cut Off for ElecCheck

Certegy ElecCheck is a host-based system, which means that the electronically converted transactions are stored at the host servers at the Certegy Operations Center. Certegy performs a daily cut off of these transactions daily at 9 PM Eastern Time. At that time, Certegy begins the process of submitting those transactions through ACH. However, a merchant has an option of choosing their own "end-of-day" cut off. If a merchant selects their own cut off time, Certegy gathers those transactions for settlement at that time and sends them to ACH at the next 9 PM window.

Example: A merchant chooses a 6 AM cut off time. From 6 AM on day 1 to 6 AM on day 2, Certegy stores those transactions as one batch. Then Certegy sends the 24-hour period of transaction data to the bank at the next 9 PM window, which would be 9 PM on day 2.

A custom cut off time can be identified on the Implementation form.

Important note: A merchant must clearly understand two important things about the Certegy ElecCheck cutoff:

- By selecting a custom cut off time different than Certegy's standard daily 9 PM Eastern Time cut off can delay funding by 24 hours.
- When a terminal settlement is performed—either automatically or manually—the terminal clears the memory buffer of those ElecCheck transactions at that time. This does not affect Certegy's processing of those transactions. The Certegy cut off time which is set at the Certegy host is what determines when those transactions are actually processed

Certegy Check Payment Services

through ACH (or 'settled'). Any discrepancy between the Certegy cut off time, and the terminal settlement time, may result in the terminal's audit report not matching the Certegy deposit total.

Funding Timetable

Transactions settled at the 9 PM Eastern Time Certegy cut off should expect to see those items at their bank in 24-48 hours.

Statement Descriptors

Check Writer Statement

04/13/2004	FRANKS FLORIST DES:ELEC CHECK ID:4877 FRESCA	\$85.00
	INDN: CO ID:1987654321 POP	
	REF: 00012345676548210825002004104301350004041327	

04/15/2004	04/13/2004 FRANKS FLORIST DES:ELEC CHECK ID: INDN:	\$789.00
	FRANKS FLORIST CO ID:1987654321 CCD	
	REF:00012345676548210825002004104301325304041322	

Merchant Statement – Billing

05/03/2004	Preauthorized Credit Certegy Warranty	\$12.79
------------	---------------------------------------	---------

Support

During the normal terminal activation process, those instruction specific to Welcome Check or ElecCheck are provided to the merchant.

Merchant e-Solutions	Certegy Client Services
Terminal problems, check acceptance procedure questions, supply requests.	Billing questions. Questions about payment of a check. General Check Service Inquiries.
(888) 288-2692	(800) 237-7506
Certegy Customer Care	Certegy Voice Authorization Center
Decline information for check-writers.	Voice check approval.
(800) 237-4851	(800) 533-4909

10. Merchant Billing Statements and Reporting

Billing Statements

Charges for the Certegy Check Service are calculated at the end of each month and debited via ACH from the merchant's account. Invoices are mailed by Certegy by the third business day of the following month. The Certegy statement will provide a detailed accounting of all fees.

Merchant e-Solutions does not have access to a merchant's statement. Any billing questions must be directed to Certegy.

Reporting

Initially, Certegy check activity will not appear on the Merchant e-Solutions Online Reporting system. When this is available, notification will be made to MeS banks and business partners by bulletin.

Certegy ElecCheck Merchants will receive a Bank Balance Report directly from Certegy. These reports are e-mailed in either plain text or Excel formats on a daily, weekly or monthly basis.

The following is an example of a text version of the Bank Balance Report. The purpose of this example is to provide information on the type of data displayed in the report. This actual layout may differ slightly between text and Excel versions.

ENRIS: 287643		MERCHANT: TEST MERCHANT								PAGE: 1	
STATION NUMBER	STATION NAME	REGION STATE	SETTLEMENT ABA	ACCOUNT	SETTLE DATE	TRAN DATE	REFERENCE NUMBER	CUSTOMER ABA	ACCOUNT	CHECK NUMBER	AMOUNT
105554489	TEST MERCHANT	1 84 908L			05/12/94	05/12/94	50882527	851361158**823		3111	8.97
105554489	TEST MERCHANT	1 84 908L			05/12/94	05/12/94	50882527	811408012**8180		3268L3	11.95
105554489	TEST MERCHANT	1 84 908L			05/12/94	05/12/94	50882528	114617714**8250		4531	13.87
105554489	TEST MERCHANT	1 84 908L			05/12/94	05/12/94	50882529	825076158**8212		1308	14.94
STATION TOTAL #:									4	TOTAL \$:	52.41

11. Legacy & Non-Supported Terminals

In the event that the merchant is purchasing or leasing a terminal other than those supported by this program, or in the case of merchant owned equipment that falls outside of the supported hardware, a merchant can still be set up with the Certegy Welcome Check or Elec Check service. This kind of request is handled as a Sales Referral.

A Referral is handed over to Certegy. Certegy will assume responsibility for contacting the merchant, completing the paperwork, obtaining the signatures, and boarding the account. Certegy will also establish the necessary download file and assist the merchant with programming, training and support.

Rather than the 5% rebate fee paid as an Unassisted Sale, a Referral is paid out at 1.25% of all revenue.

Referrals can be made by contacting Certegy Third Party Sales at (800) 215-6280 extension 36636, or e-mailed to thirdpartysales@certegy.com.

Referrals require the following information:

- Business Name
- Address
- City, State, Zip
- Contact Name
- Phone Number
- Sales Person Name
- Sales Person Phone Number
- Bank Name
- Pri-Sec/Sales Number: 551/50-51-00

12. Frequently Asked Questions

Question: Can Business or Payroll checks be accepted?

Answer: Business Checks can be accepted as Welcome Check paper transactions but not as ElecCheck transactions. Payroll Checks can not be accepted with either product.

Question: Can Check-Not-Present transactions be accepted?

Answer: Not as ElecCheck ACH transactions. They can be accepted, on a limited basis, as Welcome Check (paper) transactions. A merchant doing all MOTO can be set up specifically with a MOTO Certegy account and priced accordingly.

Question: What is FM1 and FM2?

Answer: These are data entry requirements at the point of sale defined by Certegy. Welcome Check utilizes FM1 (Full MICR 1) which requires the Transit Routing Number, the Checking Account Number, and the Check Number. ElecCheck utilizes FM2 (Full MICR 2) which requires, in addition to Transit Routing Number, the Checking Account Number, the check writer's Driver's License Number, State Code and Date of Birth.

Question: Can Driver's License information be read by the terminal's card reader?

Answer: Not all states issue Driver's Licenses with magnetic stripes; those who do may not encode the information in the same format. Some terminal applications are capable of reading the magnetic stripes; others are not. Two states—North Carolina and Texas—actually forbid passing Driver's License data through the magnetic reader of a P.O.S. device. For these reasons, Merchant e-Solutions advises a merchant to hand-key the Driver's License Number, State Code and Date of Birth.

Question: What is the payment cycle for ElecCheck?

Answer: Our application cut off time is each night at 9pm Eastern Time. This is the absolute deadline for sending ACH settlement each night. However, a merchant has an option of choosing their own "end-of-day" merchant cut off. This is something where the merchant defines its end of day and we use that time to gather their transactions for settlement. We will send those transactions to ACH at the next 9pm window. So, for example, a merchant chooses a 6am cut off time. From 6am on day 1 to 6am on day 2, Certegy stores those transactions as one batch. Then Certegy sends the 24-hour period of transaction data to the bank at the next 9pm window, which would be 9pm on day 2

Question: Will a merchant be charged the Operator-Assisted Call fee in the case of a terminal-generated referral?

Answer: Not if the merchant contacts the Certegy Voice Authorization Center within five minutes of the referral.

Question: Can a merchant accept checks without a MICR reader?

Certegy Check Payment Services

Answer: A merchant can not use ElecCheck for check conversion since one of the regulations is for the transaction to be MICR-read. However, a merchant could be set up with Certegy for Welcome Check without a MICR reader. This would require the merchant enter, by hand, the transit routing number, account number, and check number.

Question: What is the Pri-Sec/Sales Number?

Answer: This is a standard number that Certegy used to recognize these accounts are being established through Merchant e-Solutions. It has been pre-filled on the agreements and the ElecCheck Implementation form. The number is: 551/50-51-00.

Question: What is Check 21 and what relation does it have to check conversion?

Answer: Check 21 is a new regulation that addresses the way banks process checks. Rather than shipping paper items between banks that might be thousands of miles apart, Check 21 mandates that banks are able to accept and process electronic images of checks, although it does not require them to do so. Because check images can now be transmitted electronically, checks can be processed more quickly. Like merchant-to-consumer electronic check conversion, it provides a number of efficiencies and cost-saving benefits, but has no bearing, at this time, on how a merchant presents their checks for deposit.

Question: What is the difference between the Station Number and the TID?

Answer: Certegy assigns a Station Number to every account they establish. It is their version of a merchant number. A merchant needs to know their Station Number when calling Certegy with questions, or when attempting to obtain an operator assisted check approval by phone. A Station Number is 10 digits in length and looks like this: 1234567890. With ElecCheck, in addition to the Station Number, Certegy assigns a TID (sometimes called a Station ID or EF Number). The TID is 10 numerical digits. It may appear in the following format: EF1-987654-3210 but, in this example, should be entered on the application as: 9876543210.

Question: What is Check Verification and is it offered through Certegy?

Answer: Both Welcome Check and ElecCheck are check guarantee or warranty products. This means, when an authorization is issued, Certegy will pay the merchant for the item if there are insufficient funds, if the account is closed or if a stop payment was initiated by the account holder, providing all the policies and procedures were followed. With a verification-only product, if an authorization is provided by the check service provider, and the check is returned for insufficient funds, account closed, or stop payment, the merchant takes a loss on the transaction. Certegy does not offer a verification-only product.

Question: Why is additional hardware required with a Hypercom T7 terminal accepting PIN-entered debit transactions?

Answer: The T7 terminal has one port or connection in the back that can accept either a PIN Pad or a check reader. The T7Plus, ICE 5500, ICE 5700 and VeriFone

Certegy Check Payment Services

3750 terminals are equipped with two ports to accommodate both peripheral devices. Because of this limitation with the T7, a product called a FIP 11 provides an interface which allows the single available port to connect out to more than one peripheral device (PIN Pad and check reader). It is essentially a splitter that allows the single port to be shared. The FIP 11 requires a special interface cable.