

Payment Gateway Solutions Assessment
SC Office of the State Treasurer – Banking Division

State agencies desiring to accept online payments will need to acquire the services of a payment gateway vendor. A payment gateway supports an e-commerce application that allows an agency's clients to initiate payments online via the web. The method of payment is typically via a merchant card (credit card or debit card) but can also be via a bank draft (ACH originated debit).

There is no one solution that meets every agency's needs. An assessment of the agency's business requirements is needed first. The assessment will assist the agency in choosing the best payment gateway solution, and may be useful if the issuance of an RFP is needed.

Additionally, there is no single statewide contract for payment gateway services that agencies are required to utilize. However, there are two statewide contracts that offer ancillary payment gateway services, under which gateway services could be subscribed to on an optional basis and without an additional procurement process:

- First Data's SunTrust Merchant Services for merchant card processing (STMS)
- SC Interactive (SCI) for Web portal services (SC.Gov)

The selection of a payment gateway vendor should be based primarily upon the overall features offered by the gateway service. There are four categories of features to be considered:

- Payment Features – Examples include: consumer interface hosting, A/R updating, payment checkout, shopping cart interface, etc.
- Compatibility with Accounting System – In the case of universities and colleges, some gateways specialize in tuition payments and readily interface with the institution's accounting system
- Payment for Services
 - No service fee is levied against cardholder. Agency is invoiced for merchant card fees
 - A "service fee" is levied and paid to the agency, used to offset merchant card fees;
 - A "service fee" is levied, collected and retained by the vendor, who pays all card fees
- PCI Data Security Compliance Implications – Some gateways offer Point-to-Point Encryption (P2PE) as opposed to End-to-End Encryption (E2EE). P2PE reduces the scope of PCI compliance.

Who the gateway vendor uses as a merchant card processor should be considered as well. The utilization of the state's merchant card processor by the gateway vendor is preferable. However, some gateways that offer the "service fee-levied" feature require that its own merchant card processor be utilized, since the vendor absorbs all costs for the merchant card processing fees. The agency's depository bank into which funds settle may also be a consideration, from cash management and operational efficiency perspectives.

A payment gateway vendor other than STMS or SC Interactive (SC.Gov) would be considered a third-party gateway provider. Such vendor would normally require some type of procurement process.

Options for payment gateway services therefore fall into three categories:

- First Data solution under statewide Merchant Card Contract (STMS)
 - PayPoint – Pricing in accordance with STMS contract
 - Payeezy – Pricing in accordance with STMS contract
 - CardConnect – Pricing in accordance with STMS contract (New gateway December 2018)
- Web Portal solution under SC.Gov – DSIT's contract with SC Interactive (SCI)
- Third-Party solution acquired under an agency-initiated procurement process

Following are elements of an analysis that will assist an agency when comparing the features of each payment gateway option.

	Determination to be made	Consideration	Response
Payment Types			
1	What is the nature of the payments being accepted?	One-time or repetitive? License renewal, penalty payment, fees, tuitions, etc.	
2	What are the transaction volumes and frequencies of payments?	Annually, monthly, as needed, etc.	
3	What type of payments will be allowed?	Credit cards, debit cards, and/or bank draft	
4	If card payments allowed, how will merchant fees be paid?	Agency can absorb fee, or service fee be levied to customer	
5	If a service fee is levied to customer, who does the fee go to?	If agency gets the fee, the agency uses the fee to offset the merchant card fees; If vendor gets and retains the fee, the vendor pays the merchant card fees.	
6	If cards allowed, who will be considered the “merchant of record”?	The agency should be considered the merchant of record. Otherwise, the vendor is likely subject to the card brands’ “payment facilitator” rules.	
7	What brands and types of cards will be accepted?	Visa and MasterCard are common; Discover and Amex, debit requires extra setup	
Hosting of Consumer Website and Payment Engine			
8	Will the payment engine be hosted on the agency’s website or on the vendor’s website?	Payment check-out for cards is normally always hosted on the vendor’s website, to reduce PCI scope; Payment check-out for ACH could be either.	
9	Will the consumer interface be hosted on the agency’s website or hosted on the vendor’s website?	Hosting on vendor’s website is complete outsourcing, with website appearing to belong to the agency, and requires A/R records to be maintained and updated daily by the agency; Hosting on the agency’s website normally involves an API	
10	If consumer interface is hosted on agency’s website, for payment, will interface be by secure iFrame or an URL redirect to vendor’s website?	URL redirect has less PCI compliance implications for the agency	
Payment Processors – Third-parties			
11	What vendor will be the processor for card authorization and processing?	PayPoint, Payeezy, CardConnect, and SC.Gov use the statewide contract through STMS; In case of third-party gateways, the utilization of STMS as the card processor is normally required unless a business case is given where the vendor’s model requires the utilization of its own card processor;	

		A third-party vendor may be selected due to: service fee is levied and retained by the vendor, the gateway is compatible with the agency's accounting system, utilizes a shopping cart, desires P2P encryption to reduce PCI scope, etc. (TouchNet PayPath is an example of a gateway universities use that utilizes a card processor other than STMS.)	
12	What vendor will be the processor for ACH origination?	PayPoint and Payeezy utilize TeleCheck, but Payeezy requires the agency to execute a separate contract with TeleCheck. SCI's gateway utilizes Wells Fargo; In case of third-party vendors, the utilization varies; It is possible for ACH files to be transmitted directly to agency's bank if consumer interface is hosted by agency and agency can create the ACH file.	
13	If a third-party vendor is utilized, is its gateway certified to be processed through First Data for cards?	The following third-party gateways are currently known to be utilized by SC agencies with STMS: TouchNet Payment, Pure Payments Services, Trustcommerce, BridgePay Network Solutions, Authorizenet, Plug n' Pay, Cybersource, SoftPoint	
14	If a new gateway is needed to replace an outdated gateway?	There are gateways currently supported by STMS that are no longer available to new subscribers: YourPay and First Data Global Solutions; Both have been replaced with Payeezy	
15	Will a store front / shopping cart application be needed?	Some gateways include a shopping cart, while others require integration with a separate vendor supplied application	
Authentication - Profiles			
16	Will the agency require a client to be authenticated before making a payment?	It is highly recommended that all users be authenticated in order to reduce fraudulent transaction	
17	Does agency currently have a profile allowing log-on to the agency's website with client authentication?	Some agencies already provide a client profile allowing client to perform actions other than making a payment; If so, authentication can be at the client level	
18	If agency does not provide "client-authenticated" log-on, does agency have ability to authenticate by using "transaction-authentication" (e.g., invoice number, license number, etc.)?	An attempted payment must match certain challenge data elements to an open A/R database, maintained either by agency or by the gateway vendor. Should have at least two challenge elements.	
19	Will an enrollment feature be needed with a client's profile?	Feature allows client to maintain a profile on the gateway (not with the agency) with a username and password	

20	Will agency utilize card's security code verification feature?	Reduces fraudulent transactions; May incur additional cost	
21	Will agency utilize card's address verification feature (street number, telephone, zip code)?	Reduces fraudulent transactions; May incur additional cost and result in higher reject rate	
A/R Database			
22	Does agency maintain a database of open A/R transactions?	An open A/R transaction is associated with an invoice or notice having been issued	
23	How will the agency's A/R database be updated if payment is made online?	Updating could be by batch next day, or possibly during day online	
24	How will the agency's A/R database be updated, if made online, or made offline?	Agency will receive some payments directly by check that must be deleted from the gateway's open A/R file	
25	Are there any requirements or accounting system compatibility issues regarding updating the agency's A/R records with payments reported by the gateway?	Some payment gateways are more compatible with certain accounting systems (e.g. Ellucian and PeopleSoft used by universities); Configuration may be needed on SCEIS to identify daily deposit	
26	Will invoice summary presentment be offered?	Allows client with a profile to view multiple invoices that are open for payment	
27	Will client be able to view history of payments?	Viewing history ability requires an enrollment feature	
28	Will payment scheduling be offered?	Allows client with a profile to set up a schedule of payments to be automatic when due date arrives	
Transaction Processing			
29	To what bank account will funds settle?	Funds must be deposited to agency's bank account maintained by State Treasurer; For SC.Gov transactions, funds are credited to a network settlement account first, before being remitted by SCI to the agency	
30	How will payments received over a weekend be handled?	Web applications are normally open 24/7	
31	Will a client be allowed to, or prohibited from, making a partial payment?	Partial payments are generally not recommended, but can be configured	
32	What will be the cut-off time for payment?	Cut-off time must consider card processor's and ACH bank's cut-off times	
33	How will returns be handled?	Card returns are different than returns of bank drafts; Returns may settle through the gateway vendor or directly with the agency's bank	
34	Will agency need to use a virtual terminal for card-present transactions and mail order / telephone order (MOTO)?	Agency may desire to enter payment on behalf of client; Some PCI implications for agency if used as a virtual terminal	
35	Will agency have point-of-sale terminals that are connected to the gateway?	POS terminals could continue to be processed separate from the e-commerce solution, or connected to the gateway	

Technology			
36	If POS terminals are connected to the gateway, is EMV (chip card) technology supported by the gateway?	EMV capable and enabled should be required for POS terminals	
37	Does both the PCI Data Security Standard (PCI-DSS) and the Payment Application Standard (PA-DSS) apply?	As a service provider, the PCI-DSS applies to the vendor's processes; The vendor's payment engine (software or middleware) is subject to being PA-DSS compliant	
38	What type of encryption or tokenization is desired? (P2PE reduces PCI Data Security Scope more than any of the others.)	Two types of encryption available: end-to-end (E2EE) and point-to-point (P2PE); Payeezy offers TransArmor for tokenization and E2EE. PayPoint does not offer E2EE or P2PE. CardConnect w/ CardSecure offers P2PE. Touchnet PayPath offers P2PE.	
Costs			
39	What are the implementation costs and the ongoing maintenance costs?	Costs vary from solution to solution	
40	What are the per item costs?	Multiple transaction costs possible	
41	What are the add-on costs?	Each optional feature incurs separate costs	
42	How will fees for the gateway be paid?	Vendor must invoice agency for fee, and not be allowed to debit State Treasurer's bank account; unless a service fee is levied against the payor, in which case the vendor collects and keeps the service fee. (SC.Gov offers both options.) If a service fee is levied against payor, registration with Visa will be required.	

Links to statewide payment gateway solutions:

Payeezy

https://www.firstdata.com/en_us/products/small-business/all-solutions/payeezy.html

<http://webprod.cio.sc.gov/SCContractWeb/contractDetail.do?contractNumber=4400011556>

PayPoint

https://www.firstdata.com/en_us/customer-center/financial-institutions/paypoint.html

<http://webprod.cio.sc.gov/SCContractWeb/contractDetail.do?contractNumber=4400011556>

CardConnect

<https://cardconnect.com/>

SC.Gov

<http://www.sc.gov/Pages/default.aspx>

<http://webprod.cio.sc.gov/SCSolicitationWeb/solicitationAttachment.do?solicitnumber=5400007500>

Shopping cart partners supported by First Data

https://www.firstdata.com/en_gb/partners/shopping-cart-partners.html