Merchant Card Enrollment Guidance SC Office of the State Treasurer – Banking Division

Overview

The document is intended to provide guidance to a State entity desiring to accept credit and/or debit cards as a method of payment. The generic term for both types of cards is "merchant cards."

The banking industry considers any entity accepting merchant cards to be a "merchant." Accordingly, all merchants are required to:

- Utilize a merchant card provider to process the cards (for authorization and settlement)
- Adhere to all card brands' rules (i.e., Visa, Mastercard, Amex, Discover)
- Be compliant with the Payment Card Industry (PCI) Data Security Standard (PCI-DSS)

The State has a statewide term contract with a single merchant card provider to service all State entities. The contract is with First Data's SunTrust Merchant Services (STMS). Information regarding the contract is found below.

There are two category of payment transactions that could apply:

- Card-present transactions (i.e., face-to-face, point-of-sale)
- Card-absent transactions (i.e., e-commerce, web payments)

Should card-absent transactions be utilized, it will be necessary for the entity to obtain a payment gateway service. Options for obtaining a payment gateway service can be through First Data's STMS or through SC.Gov. SC.Gov is a web portal service provided by SC Interactive, LLC (SCI). Information regarding SC.Gov and other payment gateways is found below.

Statewide Merchant Card Contract

Information about the statewide contract with First Data's STMS (contract number 4400011556) can be found at the following link:

http://webprod.cio.sc.gov/SCContractWeb/contractDetail.do?contractNumber=4400011556&hideReturnButton=false

To participate in the contract, an entity is required to execute the appropriate "Participation Agreement" (Exhibit G for State entities and Exhibit G-1 & G-1A for local units of governments). It is critical that the entity read all components of the statewide contract, as execution of the Participation Agreement bounds the entity to all terms. Not all exhibits and schedules in the contract may apply, depending upon the features being subscribed to. The ones that apply to all participants are:

- Master Services Agreement
- Bankcard Addendum
- Schedule of Fees
- Menu of Services Available
- Point of Sale Terminals Available
- PCI Rapid Comply Service

Payment Gateways

Entities desiring to accept online payments will also need to acquire the services of a payment gateway vendor. A payment gateway supports an e-commerce application that allows an entity's clients to initiate payments online via the web.

Merchant Card Enrollment Guidance – May 2019

There is no single statewide contract for payment gateway services that entities 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 <u>optional</u> basis and without an additional procurement process:

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

A document entitled, "Payment Gateway Solutions Assessment" is found at the following link: https://treasurer.sc.gov/media/80639/Payment-Gateway-Solutions-Assessment.pdf

The document will assist in determining which payment gateway option is best for the entity. One of the decision points discussed in the document is whether a "service fee" (sometimes referred to as a convenience fee) will be levied against the cardholder. The options are:

- No service fee is levied against the cardholder. Entity is invoiced for the merchant card fees
- A service fee is levied and paid to the entity, used to offset the merchant card fees
- A service fee is levied, collected and retained by the vendor, who pays all card fees

Typically, if a service fee will be levied against the cardholder, SC.Gov is a viable option.

SC Gov Web Portal

The statewide contract (number 5400007500) with SC Interactive (SCI) for the web portal SC.Gov is administered by the Department of Administration's Division of Technology. Information regarding the contract can be found at the following links:

https://www.admin.sc.gov/technology/technology-operations/it-forums/e-gov-oversight-committee http://webprod.cio.sc.gov/SCSolicitationWeb/solicitationAttachment.do?solicitnumber=5400007500 https://sc.gov/Pages/default.aspx

PCI Data Security Standard Compliance

Each entity functioning as a merchant is required by the card brands to be compliant with the Payment Card Industry Data Security Standard (PCI-DSS). Each entity should be aware of the following points:

- Compliance is a contractual obligation to First Data
- Failure to comply with the standard may result in substantial fines levied by the card brands
- An annual attestation of compliance is required
- Utilizing SC.Gov reduces the entity's scope of compliance but does not eliminate it

The following links should be referred, to obtain a better understanding of the PCI-DSS: https://treasurer.sc.gov/media/52852/Compliance-with-PCI-Data-Security-Standard-July-2016.pdf https://treasurer.sc.gov/media/60640/pci-validation-for-service-providers-mar29.2018.pdf https://www.pcirapidcomply.com/faq.html

PCI Rapid Comply is a tool provided by First Data allowing the entity to attest its compliance: https://www.pcirapidcomply.com/fag.html

Enrollment Process - Merchant Card Bank Services Contract				
Task			Reference / Comment	
1		Review the master statewide	Available at SFAA Procurement Website. Schedule A lists all	
		contract, including terms,	services. Schedules B and B1 list the service fees. Schedules C	
		optional services offered, and	and D list the equipment fees. Schedule F is FD's Acceptance	
		fee schedules	Guide. Other schedules pertain to optional services.	
2	а	Execute the appropriate	Agreement to execute depends upon type of participant:	
		Participation Agreement (PA)	Exhibit G – "Agency Participation Agreement" for State agency,	
			university / college; Exhibit G-1 – "Political Subdivision	
			Participation Agreement" for local unit of government.	
	b	Execute "Additional Terms for	Exhibit G-1A. Only applies to local units of government and not	
		Political Subdivision	to State entities. Pertains to potential bankruptcy and	
		Participation Agreement"	potential requirement for establishment of a reserve account.	
			Attach to Exhibit G-1. (STO is not a party to Exhibit G-1A)	
	С	Complete Schedule A – Menu	Some menu items are provided to everyone and some are	
		of Services Available	optional. Denote on the schedule all services desiring to	
			subscribe to and attach to the Participation Agreement that is	
			to be submitted.	
3		Submit PA to STO	STO will facilitate execution of PA by FD and return.	
4		After approval, consultation	FD will provide suggestions and guidance regarding types of	
		with FD is recommended	capture devices available, features, etc.	
5	а	Complete Merchant Outlet	Complete a separate form for <u>each</u> merchant number (outlet),	
		Setup Form(s) provided by First	or line of business to be established. Information is necessary	
		Data. (Provided by SCI if SC.Gov	for STMS staff to establish the appropriate setups on various	
		is involved)	systems (Merchant numbers, ClientLine, Capture Method,	
			Settlement bank account, billing information, statement	
	b	Determine if Discover and les	rendering, etc.). Visa and MasterCard are included in basic service. Discover	
	b	Determine if Discover and/or Amex will be accepted	and Amex each requires separate registration.	
6	а	Determine capture devices for	POS terminals or software. POS terminals are available from	
O	a	card-present transactions	First Data. POS software may be obtained elsewhere.	
	b	Chip-enabled POS Terminals	Recommended	
		Encryption (E2E or P2P) ?	Understand PCI implications before selecting. P2P is available	
		Eneryption (EZE of 1 Zi):	on some devices. TransArmor (E2E) is available for an	
			additional \$.01 per transaction (See Schedule J of contract).	
7	H	Determine gateway needed for	If SC.Gov is utilized, obtain and execute appropriate SOW	
		card-absent transactions	directly with SCI. (STO is not a party to the SOW)	
8	а	Procure devices/software	From First Data or software vendor	
	b	Install & test devices/software	Assisted by FD or by software vendor	
9		Create a PCI Oversight	Such committee has the responsibility for identifying necessary	
		Committee	actions to comply with the PCI Data Security Standard, using	
			STO's "PCI Compliance Roadmap" document for guidance.	
10		Enroll in PCI Rapid Comply	Validation of compliance is performed by completing and	
		service (online portal)	submitting to First Data an annual Self-Assessment	
			Questionnaire (SAQ), and by undergoing quarterly external	
			vulnerability scans of IP addresses if applicable. Validation of	
			compliance is required within 90 days of implementation.	
		Email Addresses: First Data: <u>SC.Gov@FirstData.com</u> STO: <u>STOBankingDivision@sto.sc.gov</u>		