New Challenges in Card Optimization: Security, Payments, Receivables

Presented By

Paul LaRock, Principal
paul_larock@treasurystrategies.com
312-628-6955

Steve Wiley, Principal
steve_wiley@treasurystrategies.com
312-628-6957

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Agenda

Card Processing Environment Overview

Merchant Card Processing

- Challenges and Opportunities

Merchant Card Processing Security

- Recent Security Breaches
- PCI Compliance

Corporate Card Payments

- Challenges and Opportunities

Key Takeaways
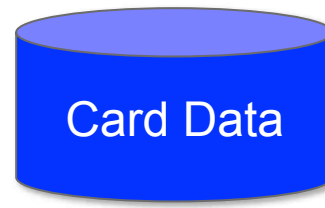
Corporate Card Processing Environment Overview

Card Usage Drivers

- Efficiency/Manageability
- Reduced Processing Costs
- Controls

Processing Environment

Card Receipts

Card Data

Card Payments

Card Receipts	Card Data	Card Payments
➢ POS terminals	➢ Treasury	➢ P-Card
➢ Online transactions	➢ Accounts Receivable	➢ AP Ghost Card
➢ Lockbox	➢ Accounts Payable	➢ T&E Card
➢ IVR	➢ Shared Services	

Technology

Security/Regulatory Environment

Merchant Card Processing

Merchant Card Processing Challenges

State of Merchant Card Processing at Corporates	
Decentralized	• Multiple departments oversee activity • Lack of centralized authority • Lack of visibility
Suboptimal Structure	• Multiple merchant card processing relationships • Unnecessary complexity
Expensive	• Multiple pricing tables used • Wrapped pricing • Inability to leverage scale
Weak Security	• Complexity and lack of visibility • Security breaches • PCI non-compliance

How would you describe the state of merchant card processing at your organization?

    A. Optimal
    B. Satisfactory
    C. Suboptimal
    D. Don't Know
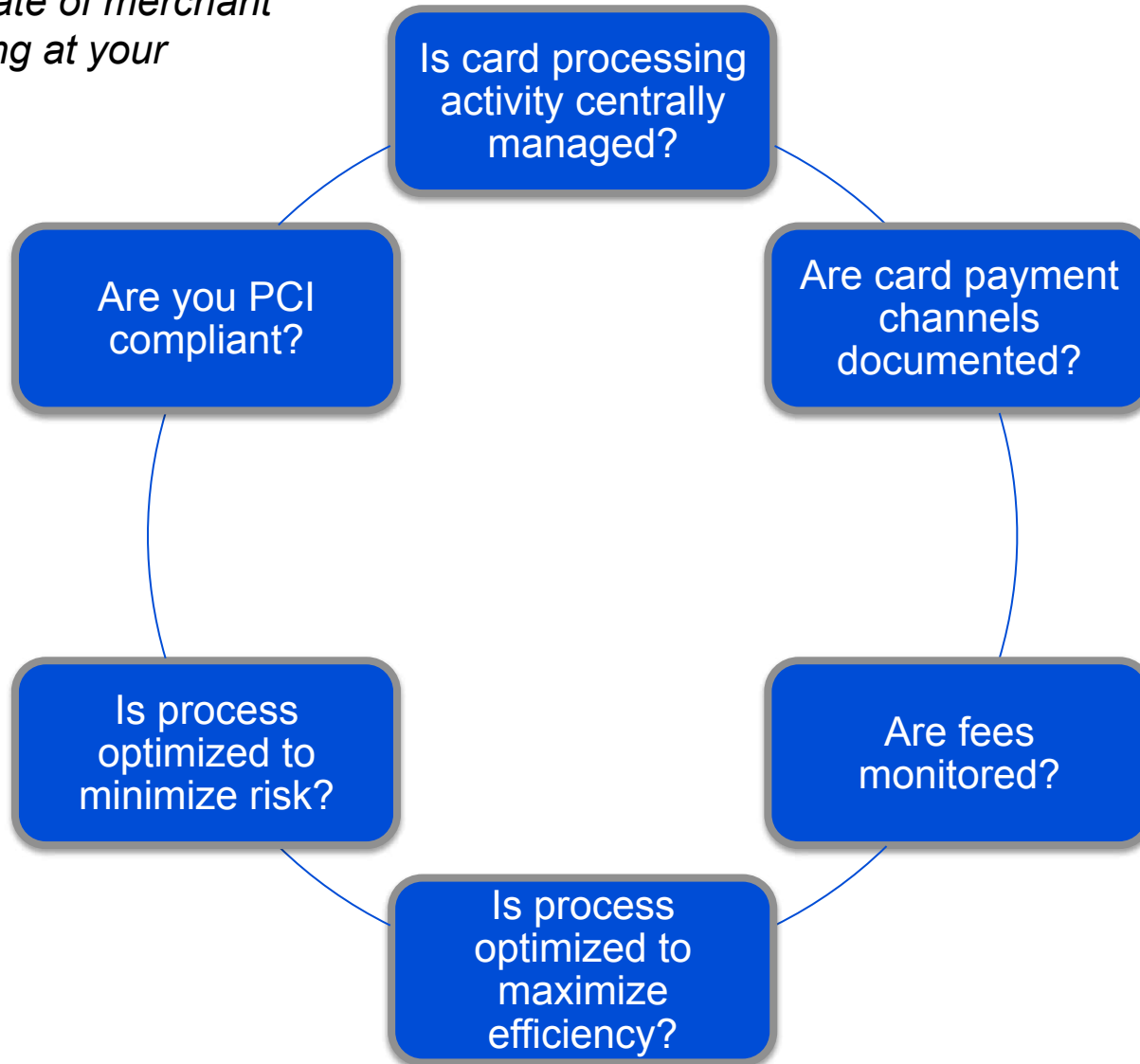
Merchant Card Processing Assessment

What is the state of merchant card processing at your organization?

Is card processing activity centrally managed?

Are card payment channels documented?

Are fees monitored?

Is process optimized to maximize efficiency?

Is process optimized to minimize risk?

Are you PCI compliant?

Merchant Card Processing Improvements:
A Call to Action

Now is the time for corporates to evaluate and improve merchant card processing activities.

Key to Success	Benefits
Centralization	• Scalable processing procedures • Stronger oversight over processing activity
Structure Optimization	• Improved pricing • Efficient accounting and administration • Improved control framework
Pricing Evaluation	• Reduced processing fees; *this can also be achieved quickly through a merchant card processing RFP*
Strong controls	• Protected cardholder data and minimized fraud losses
Expertise	• Availability of the right resources for improvement activities

Cards are a subcomponent of a Collections Strategy

Security Security!

EMV (Chip) cards by October 2015

Enhanced products like Visa's V.me, Google Wallet

Internal or external expertise?

Merchant Card Processing Security

Card Processing Security

Loss of cardholder data causes risk of reputational damage and financial loss.

Company	Cause of Breach	Result
Target	Cyberfraud	40M cards compromised
Nieman Marcus	Cyberfraud	Unknown number of cards compromised
Michael's	Ongoing Investigation	Unknown number of cards compromised
Sheraton	Ongoing Investigation	Unknown number of cards compromised
Heartland	Cyberfraud	100M cards compromised
Schnucks	Cyberfraud	2.4M cards compromised

PCI Compliance Background

- **PCI**: Information security standard for organizations that handle cardholder information for the major debit, credit, prepaid, ATM, and POS cards.

- PCI Data Security Council - Founded by five global payment brands (Visa, MasterCard, Discover, American Express and JMB) in 2006. Visit their website! *www.**pcisecuritystandards**.org*

- Is PCI compliance required at your company?
    - PCI DSS *compliance* is mandatory for all entities that process, store or transmit cardholder data.

- Enforcement of compliance with the PCI DSS and determination of any non-compliance penalties are carried out by the individual payment brands.

PCI Compliance is measured on the basis of 12 industry standards.

- For any areas not in compliance, remediation activities must be planned and executed.

1. Firewall	7. Restrict Access to Data
2. Security Defaults	8. Require Unique I.D for Users
3. Stored Data	9. Restrict Physical Access to Data
4. Encrypted Data	10. Track and Monitor Cardholder Data
5. Anti-Virus Software	11. Test Systems and Processes
6. Secure Systems	12. Establish Information Security Policy

https://www.pcisecuritystandards.org/security_standards/index.php

Are you confident in your current level of merchant card processing security?

     A. Yes
     B. No
     C. Don't Know

Treasury Strategies recommends taking the following steps in order to improve security:

1. **Education**: Educate staff about PCI Compliance

2. **Discovery**: Evaluate current state merchant card purchasing environment.

   a. **PCI compliance 12 steps**

3. **Remediation**: Remediate any deficiencies.

4. **Maintain Defenses:** Compliance is an ongoing process.

Seek help from external resources when you need it.

Corporate Card Payments

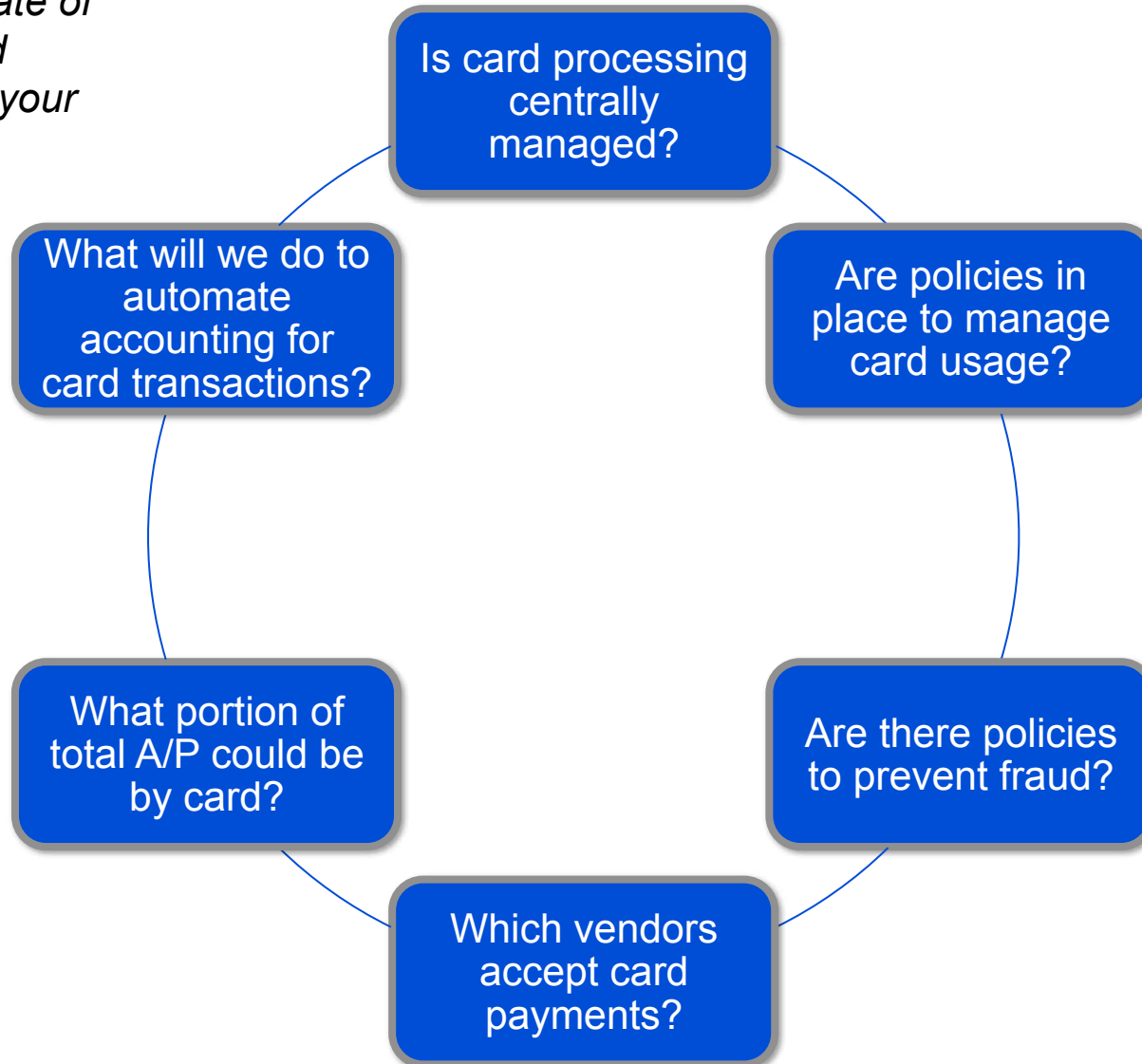| State of Corporate Card Payments	
Decentralized	• Cards from multiple issuers are used • Lack of centralized authority • Inability to leverage scale to receive better terms
Lack of Controls	• No written policy or procedures for proper card usage • No interface between card system and accounting system • Worst Case: *"Let's start a card program but save money by not hiring anyone to actually manage it"*
Limited usage	• Card payments not encouraged with vendors • Lack of sustained focus to increase spend • **Cards are still not leveraged as preferred payment vehicles at many corporates**

What is the state of corporate card processing at your organization?

Is card processing centrally managed?

Are policies in place to manage card usage?

Are there policies to prevent fraud?

Which vendors accept card payments?

What portion of total A/P could be by card?

What will we do to automate accounting for card transactions?

Corporate Card Improvements:
A Call to Action

Now is the time for corporates to take advantage of the many benefits of improving corporate card processing activities.

Key to Success	Benefits
Centralization	• Scalable processing procedures • Consolidated volume with primary providers in order to reduce price • Policy enforcement enabled
Appropriate Technology	• Improved controls and visibility to transaction volume • Automated accounting for card transactions
Expanded Usage	• Increased rebate • Streamlined, cheaper form of payment processing * Issuing an RFP for corporate card services is a great way to get a program in place and build momentum for expanded usage.*

Cards are a subcomponent of a payments strategy

Develop a payments strategy

Security Security!

Develop an implementation plan to turn the concept into reality

How would you describe the current state of your corporate card program?

    A. Optimal
    B. Satisfactory
    C. Suboptimal
    D. Don't Know

Key Takeaways

Merchant Card Processing

1. Rationalize your merchant card processing relationships in order to reduce fees and improve controls – consider an assessment and/or RFP for merchant card processing services.

Merchant Card Processing Security

2. Take action to ensure your company has the right level of merchant card processing security and is PCI compliant.

Corporate Card Payments

3. Expand your card program through consolidation and centralization of the payment card program.

Paul LaRock, Principal
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Steve Wiley, Principal
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