TECHNOLOGY TOOLS

GETTING STARTED WITH ONLINE SALES

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PCI COMPLIANCE

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Q: What is PCI?

A: The Payment Card Industry Data Security Standard (PCI DSS) is a set of security standards designed to ensure that ALL companies that accept, process, store or transmit credit card information maintain a secure environment.

PCI COMPLIANCE

Q: What is PCI Compliance?

A: Payment card industry (PCI) compliance refers to the technical and operational standards that businesses must follow to ensure that credit card data provided by cardholders is protected. PCI compliance is enforced by the PCI Standards Council, and all businesses that store, process or transmit credit card data electronically are required to follow the compliance guidelines.

PCI COMPLIANCE

Q: To whom does the PCI DSS apply?

A: The PCI DSS applies to ANY organization, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data.

PCI COMPLIANCE

Q: My organization doesn't store credit card data so PCI compliance doesn't apply to us, right?

A: If you accept credit or debit cards as a form of payment, then PCI compliance applies to you. The storage of card data is risky, so if you don't store card data, then becoming secure and compliant may be easier.

PCI COMPLIANCE

Q: Do organizations using third-party processors have to be PCI DSS compliant?

A: Yes. Merely using a third-party company does not exclude a company from PCI DSS compliance. It may cut down on their risk exposure and consequently reduce the effort to validate compliance. However, it does not mean they can ignore the PCI DSS.

PCI SAQ

A **PCI** Self-Assessment Questionnaire (**PCI SAQ**) is a merchant's statement of **PCI** compliance. It's a way to show that you're taking the security measures needed to keep cardholder data secure at your business. Each **SAQ** includes a list of security standards that businesses must review and follow.

3.1 SAQ Routing: E-Commerce Merchant

Processing Method	Description	ASV Scan	SAQ
Shopping Cart - Entire Internet Presence Outsourced	Select this method if your customers enter their credit card information into a website to make online purchases, payments or donations. All e-commerce pages, including all payment acceptance and processing, are delivered directly from a third party, PCI-validated service provider.	No	A
Shopping Cart - Payment Page Entirely Outsourced	During the payment process, the consumer's browser is redirected to a checkout/payment page (URL or iFrame) that is entirely controlled by a PCI-compliant third party service provider.	No	A
Shopping Cart - Payment Page Partially Outsourced	During the payment process, the consumer's browser is redirected to a checkout/payment page (URL or iFrame) that is controlled by a PCI-compliant third party service provider, BUT some elements (javascript, CSS, etc.) are passed from the merchant page to the third party payment page.	Yes	A-EP
Shopping Cart - Payment Page Direct Post	During the payment process, the checkout/payment page directly posts payment information from the merchant's website to a third party service provider, but the page resides on the merchant website.	Yes	A-EP
Shopping Cart - Payment Page Not Outsourced	During the payment process, the consumer enters credit card information on a checkout/payment page that is part of the merchant's website.	Yes	D-Merch

ControlScan

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SAQ 3-1 Ecommerce Options Explained-Examples-ControlScan

PCI COMPLIANCE

Q: Are debit card transactions in scope for PCI?

A: In-scope cards include any debit, credit, and pre-paid cards branded with one of the five card association/brand logos that participate in the PCI SSC – American Express, Discover, JCB, MasterCard, and Visa International.

PCI COMPLIANCE

Q: What is defined as 'cardholder data'?

A: The PCI Security Standards Council (SSC) <u>defines 'cardholder data'</u> as the full Primary Account Number (PAN) or the full PAN along with any of the following elements:

- Cardholder name
- Expiration date
- Service code

Sensitive Authentication Data, which must also be protected, includes full magnetic stripe data, CAV2, CVC2, CVV2, CID, PINs, PIN blocks <u>and more</u>.

FINANCIAL INFORMATION

FINANCIAL INFORMATION

Q: What is a credit card surcharge?

A: The practice of always charging customers a fee for credit card payments, no matter how the transaction takes place, is called a <u>surcharge</u>.

FINANCIAL INFORMATION

Q: What is a convenience fee?

A: Convenience fees are charges levied for the privilege of paying for a product or service using an alternative payment, or a payment method that is not standard for the merchant.

For example, normal transactions are conducted in person; an alternate payment option is online.

Technically, you are not charging for the use of a credit card, but for the privilege of using the pay online option.

FINANCIAL INFORMATION

Q: Can I charge a convenience fee?

A: Yes.

Q: Can I charge a credit card surcharge?

A: Maybe…

FINANCIAL INFORMATION

Credit or Debit Card Surcharges Statutes

Prior to 2018, eleven states—California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas—and Puerto Rico had laws that prohibited merchants from charging consumers with surcharges on credit card transactions.

The laws in multiple states were challenged in court.

FINANCIAL INFORMATION

- In 2018. a Federal Court declared the Texas law preventing credit card surcharges "unconstitutional". *Rowell v. Paxton*

- The Texas ruling follows the defeat of no-surcharge laws in Florida and California, but it is a unique milestone: Texas is the first state in which a surcharge ban that was previously upheld has now been struck down under a Supreme Court precedent (*Expressions Hair Design*).

FINANCIAL INFORMATION

- A merchant is allowed to show at least two prices: what it costs with a **credit card,** and what it costs with a cash or debit **card** payment.

- The **surcharge** must reflect what the actual swipe fee is – the maximum allowed is 4 percent.

- Merchants <u>must</u> clearly disclose the surcharge before the sale.

- Surcharging is legal only on purchases where both the seller and the purchaser are in states that allow for the practice.

CHAPTER 604A OF THE TEXAS BUSINESS AND COMMERCE CODE

Sec. 604A.002. IMPOSITION OF SURCHARGE FOR USE OF DEBIT OR STORED VALUE CARD. (a) In a sale of goods or services, a merchant may not impose a surcharge on a buyer who uses a debit or stored value card instead of cash, a check, credit card, or a similar means of payment.

- (b) This section does not apply to:

- (1) a state agency, county, local governmental entity, or other governmental entity that accepts a debit or stored value card for the payment of fees, taxes, or other charges; or

- (2) a private school that accepts a debit card for the payment of fees or other charges, as provided by Section 111.002, Business & Commerce Code.

CHAPTER 604A OF THE TEXAS BUSINESS AND COMMERCE CODE

- Sec. 604A.0021. IMPOSITION OF SURCHARGE FOR USE OF CREDIT CARD. (a) In a sale of goods or services, a seller may not impose a surcharge on a buyer who uses a credit card for an extension of credit instead of cash, a check, or a similar means of payment.

- (b) This section does not apply to:

- (1) a state agency, county, local governmental entity, or other governmental entity that accepts a credit card for the payment of fees, taxes, or other charges; or

- (2) a private school that accepts a credit card for the payment of fees or other charges, as provided by Section 111.002.

- (c) This section does not create a cause of action against an individual for violation of this section.

FINANCIAL INFORMATION

- If the State Finance code prohibit sellers from charging a credit card surcharge or convenience fee to credit card customers, it may allow sellers to offer a discount for customers buying with cash.

- Sec. 604A.001. DEFINITIONS: (5) "Surcharge" means an increase in the price charged for goods or services imposed on a buyer who pays with a credit, debit, or stored value card that is not imposed on a buyer who pays by other means. The term does not include a discounted price charged for goods or services to a buyer who pays with cash.

FINANCIAL INFORMATION

If you are adding a credit card surcharge or a convenience fee to your sales, it is imperative that you keep up with changes to the laws of your state.

FINANCIAL INFORMATION

Q: Are convenience fees or credit card surcharges taxable?

A: All fees charged in conjunction with a taxable item are taxable.

→ *South Dakota v. Wayfair*, <u>No. 17-494</u>

PAYMENT SYSTEMS

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Q: What are some Payment Systems?

A: Intuit GoPayment, Paypal, Square, Stripe.

PAYMENT SYSTEMS

Payment system components:

- Mobile Point-of-Sale

- Online

PAYMENT SYSTEMS

When selecting a Payment System, consider:

- Cost of App

- Cost of Card Reader

- Pricing
    - Per Transaction
    - Subscription

PAYPAL

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PAYPAL

SQUARE

See Setting Up Online Sales with Square & Eventbrite on the Tech Corner page of the Federation of Aggie Moms website.

APPENDIX

TEXAS CODE

Tex. Business & Commerce Code Ann. §604A.001 *et seq.* (2015 Chapter 113)

(a) In a sale of goods or services, a merchant may not impose a surcharge on a buyer who uses a debit or stored value card instead of cash, a check, credit card, or a similar means of payment.

(b) This section does not apply to a state agency, county, local governmental entity, or other governmental entity that accepts a debit or stored value card for the payment of fees, taxes, or other charges.

TEXAS CODE

Tex. Business & Commerce Code Ann. §604A.003 (2015 Chapter 113)

(a) A person who knowingly violates §604A.002 is liable to the state for a civil penalty in an amount not to exceed $500 for each violation. The attorney general or the prosecuting attorney in the county in which the violation occurs may bring: (1) a suit to recover the civil penalty imposed under this section; and (2) an action in the name of the state to restrain or enjoin a person from violating this chapter.

(b) Before bringing the action, the attorney general or prosecuting attorney shall give the person notice of the person's noncompliance and liability for a civil penalty. The notice must: (1) contain guidance to assist the person in complying with this chapter; (2) advise the person of the prohibition under §604A.002; and (3) state that the person may be liable for a civil penalty for a subsequent violation of §604A.002.

(b-1) If the person complies with §604A.002 not later than the 30th day after the date of the notice under Subsection (b), the violation is cured and the person is not liable for the civil penalty. A person who has previously received notice of noncompliance under Subsection (b) is not entitled to notice of or the opportunity to cure a subsequent violation of §604A.002.

(c) The attorney general or the prosecuting attorney, as appropriate, is entitled to recover reasonable expenses incurred in obtaining injunctive relief, civil penalties, or both, under this section, including reasonable attorney's fees, court costs, and investigatory costs.

TEXAS CODE

Tex. Finance Code Ann. §339.001 (1999)

(a) In a sale of goods or services, a seller may not impose a surcharge on a buyer who uses a credit card for an extension of credit instead of cash, a check, or a similar means of payment.

(b) This section does not apply to: (1) a state agency, county, local governmental entity, or other governmental entity that accepts a credit card for the payment of fees, taxes, or other charges; or (2) a private school that accepts a credit card for the payment of fees or other charges, as provided by §111.002, Business & Commerce Code.

(c) The consumer credit commissioner has exclusive jurisdiction to enforce this section.

(d) The Finance Commission of Texas may adopt rules relating to this section. Rules adopted pursuant to this section shall be consistent with federal laws and regulations governing credit card transactions described by this section.

(e) This section does not create a cause of action against an individual for violation of this section.

REFERENCES

- https://www.pcicomplianceguide.org/faq/
- https://www.pcicomplianceguide.org/5-best-practices-for-securing-your-small-biz/
- https://www.ncsl.org/research/financial-services-and-commerce/credit-or-debit-card-surcharges-statutes.aspx
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