



CARD ACCEPTANCE FOR CUSTOMER-NOT-PRESENT (CNP) TRANSACTIONS

Your handbook for a successful start



We've compiled this document to familiarize you with the processes involved in card payments in Customer-Not-Present (CNP) situations on the Internet, by phone, fax or post. It is intended as a practical set of guidelines for smooth and secure handling of cashless payments. For this reason we ask that you read this document carefully and in full before engaging in payment transactions, either in an e-commerce or classic mail-order situation. All employees tasked with handling payments should also be trained accordingly.

Welcome to EVO!

EVO Payments International GmbH ('EVO') is the European subsidiary of the New York-based EVO Payments International Group. As a Payment Service Provider, EVO offers solutions for accepting and handling debit and credit card transactions for brick-and-mortar retail, e-commerce, and mail-order retail as well as ATMs.

EVO is your partner for all services that make your payment transactions safer, simpler, and more efficient. A team of experienced specialists and an outstanding technical platform provide the foundation for excellent solutions and simple, fast, and secure handling of payment processes.

There are good reasons why EVO has become the exclusive provider of card acceptance solutions for leading financial institutions, such as in the area of Global Transaction Banking ('GTB') for Deutsche Bank in Europe and the Postbank, and has repeatedly earned recognition as the top provider for global retailers. Our customers access a whole range of new sales opportunities built around card-based and other cash-free payment types.

Talk to us!

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A one-stop shop for comprehensive solutions

Over 50 payment methods for brick-and-mortar retailers, e-commerce, and MOTO, among others

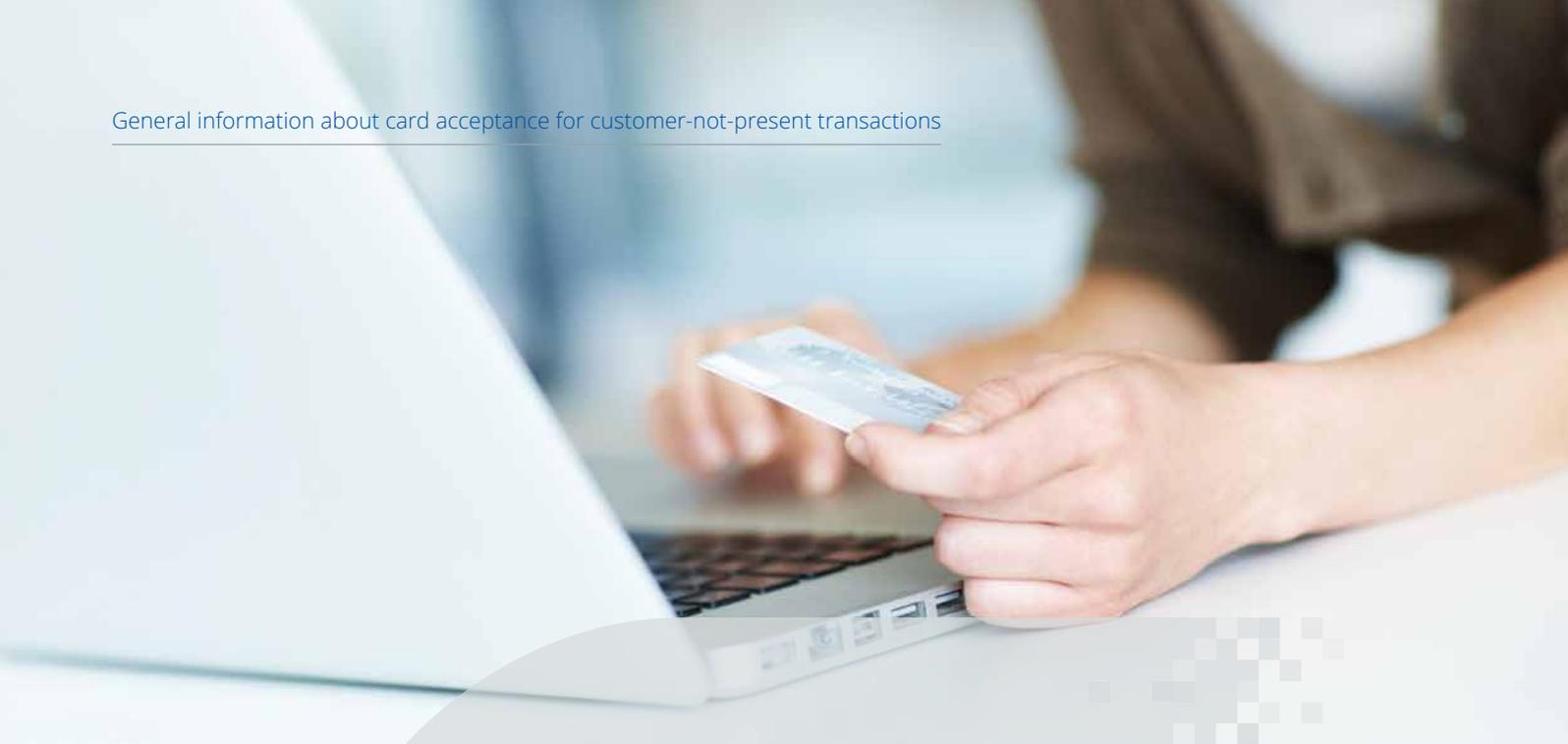
- > Acceptance of leading international credit and debit cards, such as Visa, V Pay, MasterCard, and Maestro throughout the entire European licensing area
- > Handling of other international cards, such as American Express, Diners Club, JCB, and national debit cards
- > Account-based procedures, including SEPA Direct-Debit, SOFORT Überweisung, giropay, iDEAL, and eps
- > Alternative payment options for online and mobile use, such as PayPal, amazon payments, Skrill, Alipay
- > Factoring (handling, management and purchase of debt) including use of klarna, RatePAY, BILLPAY
- > Classic offline payment options, including prepayment, COD, invoice

Fraud prevention

- > Scoring procedure
- > Address checking
- > Blacklist comparison
- > 3-D Secure

Additional services

- > Comprehensive online reporting and web-based chargeback processing
- > Interactive debt management
- > Card payment terminals for stationary retail
- > Quick and simple integration of long-distance transactions using Graphical User Interface, or GUI



General information about card acceptance for customer-not-present transactions

Explanation of important terms

Acquirer / EVO

A payment institution licensed by the card company to serve as the first point of contact for accepting these card payments. Provides services for payment processing and liaises between the parties, especially the retailer/service provider and other parties, such as card organizations and other institutions involved with the processing of payments.

Automatic Information System (AIS)

Automatic notifications by e-mail for all operational issues.

Business Information System (BIS)

BIS is the central online portal with a comprehensive reporting function related to payment processing by EVO. Information relating to all aspects of payment processing is collated here. Numerous reports, flexible filtering options, and all invoicing documents are available to you in the BIS. It can be called up, regardless of the platform you use, using an Internet browser by going to <https://bis.EVOpayments.eu>.

Chargeback

Chargeback of a payment amount. If a cardholder requests a chargeback, then EVO as the acquirer and as the interface between the card organizations and the merchant is notified and charged the chargeback amount. The preliminary stage is a retrieval request.

Chargeback Information System (CIS)

CIS offers many advantages in preventing payment defaults in card-based payment transactions. Chargebacks are processed automatically. Any intervention by the retailer, if needed, can be made directly online. This saves money, since standard chargeback contests typically fail due to a failure to adhere to the response deadlines specified by the card organizations.

Card Verification Code (CVC) / Card Verification Value (CVV) / Card Verification Number (CVN)

The card verification numbers are additional numbers printed on the signature strip on the rear of the card. They are described on cards from MasterCard as the Card Verification Code (CVC-2), while Visa calls them a Card Verification Value (CVV-2). They serve as an additional safeguard against stolen card data and heighten security on payment processes in mail-order retailing.

Customer Not Present / Card Not Present / CNP

Term used within the payment industry for transactions over a distance (e-commerce or MOTO) in which the means of payment/customer is not physically present.

Customer Present / Card Present / CP

Term used within the payment industry for transactions in which the customer and retailer meet physically and the card is also physically present.

Debit card

The debit card is a charge card where the cardholder's account is immediately debited following a transaction. As such, no credit is offered, only the opportunity to pay without cash. There are international debit cards, such as Maestro and V Pay, and national debit cards such as girocard in Germany.

Merchant / Client / Contractual partner

Party contracting with EVO for the processing of payments for goods or services that they offer. It is then the contractual partner of EVO and receives a VU number for identifying the card acceptance contract.

Cardholder / Customer

Person whose name appears on a card. Receives goods and services from the retailer or service provider, is a contractual partner of the retailer or service provider – but is not a customer of EVO.

Credit card

All credit cards (and frequently debit cards) issued under the aegis of the card organizations as well as other payment instruments specifically covered in the acceptance contract whereby the user issues authorization for his account to be charged in lieu of a cash payment. The term 'Credit card' is frequently used for so-called 'Charge cards', where transactions are bundled for the month and only booked at that time (as opposed to a true credit card, where only a negotiated partial sum is booked at the end of the month).

Issuer / Card issuer

The bank or company that issues a payment card.

Card organizations

Companies such as Visa and MasterCard that operate the payment systems and that grant licenses to card-issuing companies and acquirers.

Mail Order Telephone Order (MOTO)

Channel for sales where buyer and seller are not physically present, with card data transmitted via post, fax or phone.

Payment Card Industry Data Security Standard (PCI DSS)

Standard for improving security during the storage, processing, and/or transmission of card data. All companies working with confidential data must adhere to these specifications, including acquisition of relevant certifications.

Retrieval request

The retrieval request involves a request by the cardholder or the card issuer for more precise information about a charge levied. The retrieval request does not mean that the charge has been canceled. If, however, a proper response to a retrieval request is not provided, a chargeback may result from the procedure.



Giving a clear sign

Be sure to put acceptance symbols for the payment types you accept in a highly visible location in your online shop or catalog, especially during the check-out process and on the order slip. Customers appreciate acceptance symbols as a tool for understanding what payment options your business offers. Making the symbols very obvious helps you address all potential customers and avoid losing potential revenues.

Security is the number one priority.

Security is a major factor in e-commerce. Monetary transactions are an attractive target for thieves, like counterfeit bills and check fraud are in brick-and-mortar stores. The anonymity inherent to CNP transactions makes the risk of fraud all the higher. Certain geographical regions have also proven more susceptible to card abuse than others. Beyond this, if you sell goods that are especially attractive to fraudsters and easy to resell, then there is a high risk that you will suffer damages from abuse.

International debit and credit cards are inherently less risky than other CNP payment types, as payments are authorized by the card issuer and established processes exist to guard against unjustified chargebacks. The fundamental risk emerges through illegal use of customer data. Card abuse can arise if a fraudster acquires cardholder data in an illicit manner and uses this to order goods via phone, post or electronically, such as over the Internet.

A central risk is the loss of highly sensitive card data. For affected companies, this can bring not just reputational damage, but also massive financial consequences. In response to this, leading card companies have established PCI DSS as a mandatory component for all parties involved in the processing of card payments. PCI DSS is thus also applicable to all retailers who accept card payments, whether in CP or CNP scenarios. Certification based on this security standard confirms that the certified companies protect card data against misuse to the greatest extent possible.

EVO goes above and beyond the relevant specifications, and was in fact the first acquirer in Europe to be certified for PCI DSS. As a leader in security-related issues, EVO is a member of the international PCI DSS council. Depending on how you connect to our systems, it is unlikely that PCI DSS will be a major issue for you. If you use other service providers or have your own system for accepting card data, then you are obligated to provide documented proof that technical and organizational security measures as stipulated by PCI DSS have been implemented.

An entire range of optional anti-fraud measures are available for seamless integration into payment processing, to be deployed based on your needs and business model. EVO offers innovative and highly reliable protective mechanisms in this field to identify fraud while the data is being entered and to limit risk related to payment fraud to the greatest extent possible. The use of these systems, when tailored to the specific business model, has played a major role in the trend toward reduced default rates. For years now, for example, card default rates have been below inventory shrinkage found in brick-and-mortar retailing.



[The consumer-based fraud prevention](#) measures used by EVO ensures reduction in fraud and payment default by the customer thanks to the review of consumer-specific data. In this way, retailers engaged in CNP transactions (e-commerce, MOTO) can better assess the risks of payment default for different payment types. The services are provided by leading German provider arvato infoscure and can be used directly on the EVO platform. There are various services available to check address data, query negative information, and other checks.

[Card-based fraud protection](#)

Unlike in bricks-and-mortar retailing, card-not-present transactions do not give retailers a chance to encounter the customer physically, which rules out standard anti-fraud methods. Shop operators are thus forced to rely on other options for identification and authentication as well as plausibility checks for the transaction. EVO's card-based fraud protection mechanisms include



Account-based fraud protection:

Account-based fraud protection from EVO complements the direct debit services for payment processing based on the direct debit process for CNP transactions. Direct Debit Check and Account Check undertake a plausibility review of account data provided by the customer, as well as a check for negative characteristics. In this way, retailers can reduce expensive chargebacks and payment failures while also minimizing fraud.

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- > The **Address Verification Service** checks the validity of the data provided by the customer. The address provided by the customer during the ordering process is compared to data stored by the card-issuing institution. This helps reduce payment failures and potential logistics risks during the shipping of goods.
- > **3-D Secure** is a security measure supported by Visa and MasterCard used to authenticate cardholders during online (e-commerce) payments. During authorization of a transaction, 3-D Secure runs a check of the cardholder identity with the issuer based on the data from the card being used.
- > **Fraud Screening** evaluates card transactions for the likelihood of fraud in e-commerce and the MOTO field. As part of this service, the retailer receives information for the analysis of individual payment transactions. EVO Payments International provides this information via its service provider Retail Decisions Europe Ltd. ("ReD").

Beyond the various security measures offered by the card organizations and the anti-fraud measures offered directly by EVO, you also have tools and methods at your disposal to check whether cardholders are genuine. To protect against risk, it's imperative that you and your employees follow the contents of this retailer handbook at all times.

Vigorous checks performed with suspicious orders can ensure that you are conducting business with the real cardholder:

- > For corporate customers who are unfamiliar to you, check their information against industry directories.
- > Addresses for private customers can be checked in the telephone book or on the Internet.
- > Ask directory assistance for confirmation of the customer's telephone number using the provided address, or call the customer directly to confirm the order (not immediately afterward).
- > Be careful if the cardholder makes unusual suggestions, such as an immediate suggestion to try another card if the first one is refused.
- > Look out for situations where multiple cards with unusual details or similar card numbers are presented within a specific period of time. (Fraudsters generally try to use cards whose numbers are identical except for the last four digits. This can indicate that a complete set of cards was stolen.)
- > Be especially cautious when the cardholder address is outside the country, or in known high-risk countries.

Examples of risks that you should watch out for during ordering and delivery of goods:

- > Fraudsters typically order specific goods that are easy to resell, such as computers, TVs, and audio equipment.
- > High-value goods should not be delivered to third parties, such as friends of the cardholder, taxi drivers, chauffeurs or couriers.
- > We recommend that goods only be delivered to the primary address of the cardholder. If you accept another address for shipping, be sure to always keep documentation of the delivery address together with the transaction data.
- > Do not send goods to hotels or other temporary accommodations.
- > Do not deliver to any clearly uninhabited addresses.



Daily operations

Your central contacts at EVO

Client Service is your central point of contact within EVO for all matters related to day-to-day operations. You can reach Client Service for all operational matters from Monday to Friday 9:00 a.m. – 6:00 p.m. CET via e-mail, telephone, and fax, and for emergencies and technical problems 365 days a year, 24 hours a day by phone:

Support.EMEA@EVOpayments.com

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¹ This excludes the following statutory public holidays in North Rhine-Westphalia: New Year (January 1), the Monday before Ash Wednesday, Good Friday, Easter Monday, May Day (May 1), Ascension Day, Whit Monday, Corpus Christi, German Unity Day (October 3), All Saints' Day (November 1), Christmas Eve (December 24), Christmas Day (December 25), Boxing Day (December 26), New Year's Eve (December 31)



What information do we need to process your inquiry quickly?

To ensure that we can process your inquiry as quickly as possible, please send the information required by e-mail to Support.EMEA@EVOpayments.com.

Information required for technical questions regarding payment processing:

- > Any of the valid identification numbers that can be found on your invoicing documents (such as client number, customer number, invoice number, VU number)
- > Reference number (your transaction reference)
- > Transaction date
- > Transaction amount

Information required for changes to master data:

- > Contact form for access to Business Information System (BIS)
- > Merchant account form for changes to bank details
- > Form for changing master data of merchant for changes to other master data

Business Information System (BIS)

BIS is EVO's central online portal for comprehensive reporting options. It can be called up, regardless of the platform you use, using an Internet browser by going to **<https://bis.EVOpayments.eu>**

Access to sensitive data is protected through an individual password, and the connection is of course run through SSL encryption. The data is updated daily so that retailers have the greatest possible transparency about their payments. BIS offers both current data as well as historical data for transactions from the past 18 months. Interactive search and filter options allow for individual reporting and make it easier to research past transactions. A universal export function that generates CSV files makes it easy to work with the data in your own system.

Additional information on the individual reports can be found under the Help menu.

Functional modules and reports

Monthly reports	Displays incoming and outgoing payments from a completed booking month. A report is generated for each booking month as soon as that booking month is concluded.
Online reports	The Online Reports module provides an overview of transactions currently being processed, as well as the option to review incoming and outgoing payments for the current month. Beyond this, there are also options to review an overview of clearing and the composition of individual transactions.
Ad hoc	Overview of all successful and rejected payments within a defined period.
Risk	Shows the relevant data for risk assessment by the card company.
CIS	Shows chargeback information and allows the chargeback information to be processed directly. Detailed information regarding chargeback handling can be found in the Online Help section.
Document center	A list of documents that are ready for you can found here (clearing, account statement, invoice) and downloaded as a ZIP file.

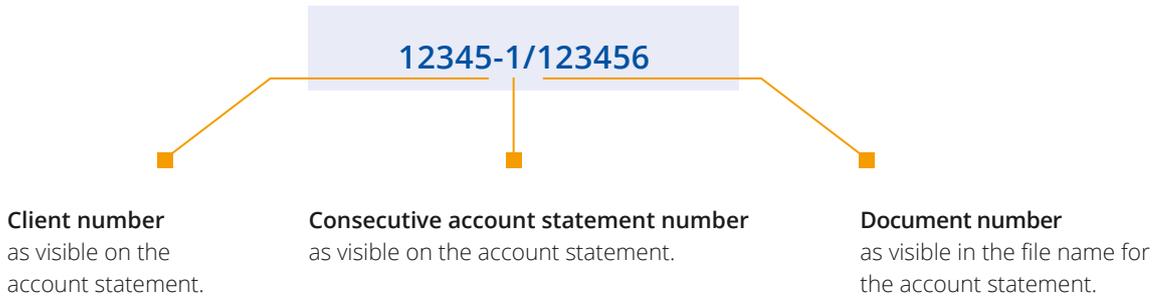
Invoices at EVO

How is clearing handled and how do you receive your money?

EVO provides you with the billing documents electronically in the form of a PDF document. The documents are made available in the BIS (in the "Document Center" section). People with BIS access automatically receive an e-mail notification that guides them directly to the document. The billing documents provided present a summary of the payments processed by EVO, provide information about the flow of money, and are legally binding invoice documents. To offer you the greatest possible transparency, EVO provides three types of billing document:

- > A **clearing invoice** is created daily, presuming that you have conducted successful card transactions during that period. In this document, the transaction amounts are listed separately by card type.
- > The daily **account statement** provides information about the latest account movements and contains the closing balance of the transaction statement.
- > The monthly **invoice** covers services from EVO, such as the basic monthly fee, transaction fees, and chargeback processing costs.

When you receive a bank transfer from EVO, the "Reason for Payment" will help you classify the payment.



Payment model and transfer schedule

Settlement cycle	Clearing on:	Transferred on:
Daily	Monday	Tuesday
	Tuesday	Wednesday
	Wednesday	Thursday
	Thursday	Friday
	Friday	Monday
Weekly	Thursday through Monday of the following week	Tuesday of the following week
Monthly	First to last day of the month	First working day after the end of month

Clearing schedule

Clearing is based on the transactions that the card organizations have settled with EVO. In general, clearing occurs on the next working day.

Depending on the currency, card type, and country of issuer, settlement of the card organizations can take longer.

Examples of a clearing invoice

The following is an example of a transaction invoice. It is structured as follows:

- > Cover letter
- > Client overview
- > Client details
- > Card details

The **cover letter** indicates sales that you have made, broken down by transaction type (receivables, chargeback, refunds), with subtotals for value and volume. In addition, the calculated commission fee and payout amount (transactions amounts minus commission fee) are shown.

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BICSWIFT: DEUTDE33XXX
Management Board:
Dietmar Wilms,
Thorsten Hinderich,
Michael Heiderbach,
Mark Spangenberg

Max Muster GmbH
Musterstr. 1
12345 Musterstadt

September 14, 2015

Clearing invoice no. EVO-2015CL00123456
Customer no. 12345
Customer VAT ID DE123456789

Dear Sir or Madam,

In the context of processing of card payments the following payment amount has been booked at the Sep. 14, 2015 to your payment account:

Volume of 7 Receivables	810.00 EUR
Commission fee	-17.65 EUR
Payment amount	792.35 EUR

This statement shall be reviewed immediately, EVO shall be notified of any possible objections without undue delay, however not later than within six (6) weeks upon issuing of the statement. Timely dispatch of the objections is sufficient to comply with this time limit. Upon expiration of the time limit the statement shall be deemed approved.

In case of queries, please contact our client service or your sales manager.

Kind regards,

Client summary: Max Muster GmbH (12345)
Clearing Invoice: EVO-2015CL00123456 per 09.10.2015

Client / Contract no. / Brand	Transaction volume	Commission sum	VAT	VAT amount	Payment amount
Max Muster GmbH (67891)					
100100100 Visa	160.00 EUR	2.80 EUR	19%	0.53 EUR	156.67 EUR
100100200 MasterCard	650.00 EUR	12.83 EUR	19%	2.29 EUR	635.68 EUR
Total	810.00 EUR	14.83 EUR		2.82 EUR	792.35 EUR

The **client summary** represents sales made across the different card brands, with a summary of the relevant fees/ commission fee for each.

Card details: Max Muster GmbH (12345)
Clearing Invoice: EVO-2015CL00123456 per 09.10.2015

Activity type	Brand	Region	Card product	Group card type / Card type	Card system / qualifier	Number
Receivables	MasterCard	Inter-country (Inter-DEA)	Debit-Consumer	DMC-MCDS	EBA-DEBIT-OU-ENCL-PRERPAD	1
Receivables	MasterCard	Inter-country (Inter-DEA)	Debit-Consumer	DMC-MCDS	EBA-DEBIT-OU-ENCL-PRERPAD	1
Receivables	MasterCard	Inter-country (Inter-Western)	Credit-Consumer	MCC-MBWA	MASTERCARD-NEW-WORLD-CARD	1
Receivables	MasterCard	Inter-country	Credit-Consumer	MCC-MCDS	COMPLIANCE-ENCL-WORLD-SIGNA	2
Receivables	Visa	Inter-regional	Credit-Consumer	C-P	GERMAN-FA-INT	1
Receivables	Visa	Inter-regional (DEA)	Credit-Consumer	C-P	VF-SECURE-CA	1
Total						7

Client details: Max Muster GmbH (12345)
VI-no. / Brand / Cl.-no.: 100100100 / Visa / EVO-2015CL00123456 per 09.10.2015

Receivables	Number	Card product	Transaction amount	Each. card	Scheme Merchant	Each. card	Merchant Settlement	Commission fee	Commission fee
11.09.15	1	Credit-Consumer	100.00 EUR	1.0000	100.00 EUR	1.0000	100.00 EUR	1.75%	1.75 EUR
12.09.15	1	Credit-Consumer	60.00 EUR	1.0000	60.00 EUR	1.0000	60.00 EUR	1.75%	1.05 EUR
Total	2		160.00 EUR						2.80 EUR

Brand total	Number	Transaction volume	Commission amount	VAT	VAT amount	Payment amount
Visa	2	160.00 EUR	2.80 EUR	19%	0.53 EUR	156.67 EUR

The **client details** represent the transacted sales and any fees/ commission fee grouped by procedure type on a daily basis. The data is also separated by card brand (i.e. Visa/ MasterCard).

The **card details** provide information about the types of cards used by your customers in the clearing period.

Example of an account statement

The account statement provides information about the latest account movements and contains the closing balance from clearing. It comprises your settlement account and the rolling reserve account.

The **settlement account** represents the change to your account balance. It consists of the closing balance from the clearing invoice and the change to the security reserve.

EVO PAYMENTS INTERNATIONAL	
Client no.:	Max Muster GmbH (12345)
Account Statement no.:	8 per 09.10.2015
Settlement Account	EUR
Opening balance	-42.72
Change of rolling reserve	-26.32
Account balance before payment	-16.40
Payment(-) / Debt collection(+)	0.00
Closing balance	-16.40
Rolling reserve account	EUR
Rolling reserve balance forward	1,191.99
- Thereof retained	1,191.99
Change of rolling reserve	-26.32
- Thereof retained	-26.32
Rolling reserve balance new	1,165.67
- Thereof retained	1,165.67

EVO Payments International GmbH - Account Statement no. 8 per 09.10.2015 for client no. 12345 - Page 2 of 2
Payment Solution Partner of Leading Financial Institutions

The **rolling reserve account** represents the change to your security reserve.

The rolling reserve involves the routine withholding of a 'reserve' amount. It is defined at the contractual level as a percentage value for each clearing – in terms of the cleared transaction volume – that is retained for 6 months. This type of retained amount is then paid out again on a rolling basis when the six months have passed.

Example of a monthly invoice

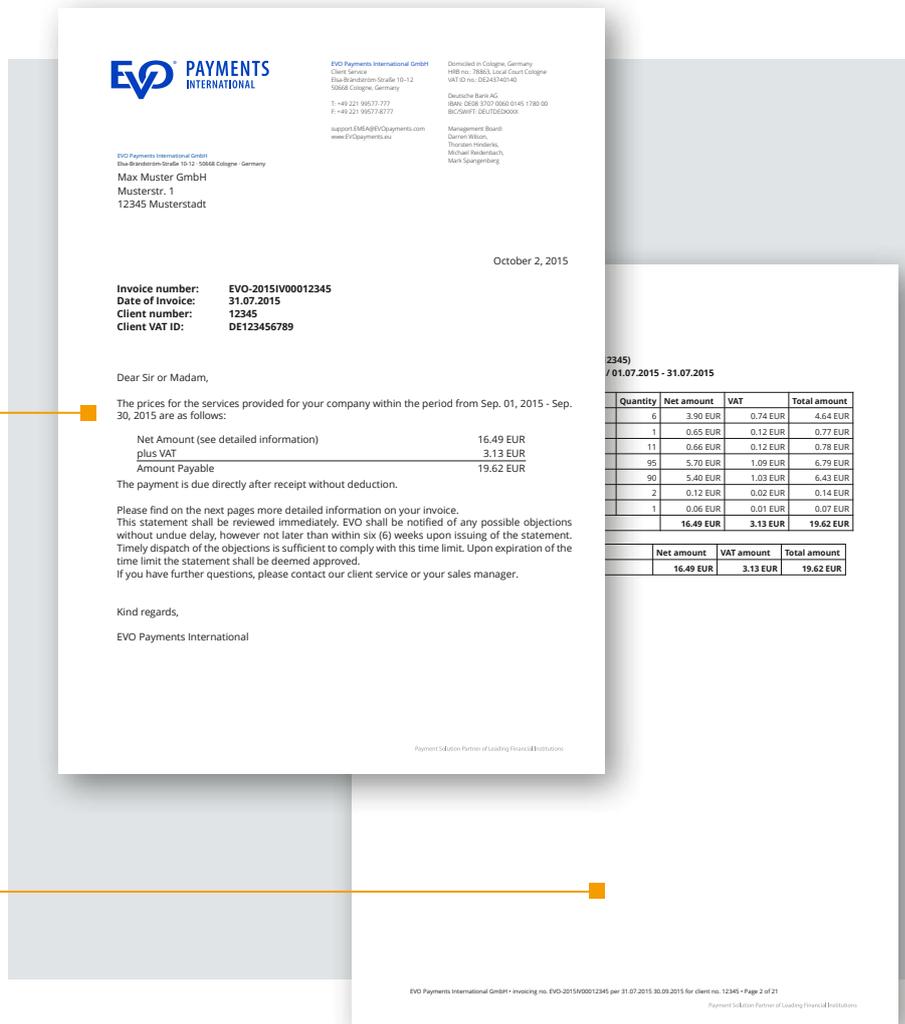
The monthly invoice covers the services provided to you by EVO. It comprises:

- > Cover letter
- > Client summary
- > If you have multiple clients, then the cover letter and client summary will cover all clients. In addition, you'll receive additional pages as a product summary and a product overview for each client.

The **cover letter** provides an overview of the entire invoice total, including any value-added tax, if applicable.

The **client summary** provides an overview of the services provided to you. These can include:

- > Chargeback fee: Fees for incoming and processed chargebacks
- > Refunds: Costs for submitted refunds, broken down by MasterCard and Visa.
- > Monthly fee for online acceptance of Visa/MasterCard: Basic monthly fee for card acceptance
- > Submitted transactions: Costs for successfully submitted transactions
- > Submitted transactions unsuccessful: Costs for unsuccessfully submitted transactions
- > Fund transfer cross border standard: Fees for transfer of funds abroad
- > Pre-authorization: Costs for each authorized transaction





How will chargebacks be handled?

Chargebacks can occur for a variety of reasons. EVO's online-based Chargeback Information System (CIS) offers many advantages in protecting against payment defaults in card-based payment transactions. Where intervention by the merchant is required, such as for retrieval requests, these can be handled directly online. CIS offers you:

- > Automatic e-mail notification when new chargebacks are received
- > Presentation of the chargeback information with filter options
- > Detailed view of the chargeback messages, with all of the necessary information regarding the original transaction in question
- > Interactive objection options
- > Presentation of the current processing status

The CIS is part of the Business Information System (BIS) and can be accessed via the BIS website:

<https://BIS.EVOpayments.eu>



Increasing sales

... by addressing wider target groups with a broad and individually composed set of online payment methods.

Decreasing losses

... through intelligent fraud prevention measures.

Optimal liquidity management

... through a number of different payment methods, flexible payment cycles as well as different transaction and payment currencies.

Lean processes

... with a one-stop full service from a single partner for all sales channels (E-commerce, MOTO, POS), through deployment of online administration and chargeback tools and receivables management.

No need to worry about PCI DSS

... due to innovative payment interfaces.

Competent advice

... from a core service team.



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