



Visa How-To's for Restaurant Owners and Managers



Tools and Best Practices for
More Efficient Handling
of Visa Card Transactions





0% Tip Authorizations

Today, demand is high for not only credit cards, but debit products as well. According to recent Visa statistics, over half of the 79 billion dollars generated from restaurant transactions in 2004 were from debit product transactions. While all Visa card products bring convenience, greater utility, and reliability to both consumers and businesses alike, consumers are more likely to frequently review transaction detail affecting their checking account. For restaurant merchants, this is particularly important to remember when it comes to using proper authorization techniques, as customer dissatisfaction can arise when a restaurant authorization request includes the tip amount.

Eliminate the Possibility of Customer Dissatisfaction

To comply with Visa operating regulations, merchants may not estimate authorization amounts. For restaurant merchants, it's a rule that makes good business sense. You must authorize all Visa card transactions for just the "known" check amount, NOT the amount plus estimated tip. By doing this, you avoid customer dissatisfaction and eliminate the possibility of any kind of negative impact on your business. So, to stay in line with Visa requirements, make sure your terminal, systems, software, and back-office processes are set up to authorize without the estimated tip amount and that your staff is trained to use proper authorization procedures.

✓ Understand how your business can benefit from excluding a tip percentage when authorizing restaurant transactions.

- **Reduce cardholder complaints** – In today's world, Visa cardholders have the ability to view account activity almost instantaneously via the Internet or at an ATM. Consequently, an authorization that includes an estimated tip can wind up reducing a cardholder's available funds/credit by an amount he or she may not recognize. This can happen when your customer leaves a tip that differs from what you've included in the authorization, or just leaves the tip in cash. The next thing you know . . . you have an unhappy customer calling your restaurant asking why there's an overcharge, or worse yet—the customer stops coming in. By not including the tip in the authorization, you can minimize this problem.
- **Visa protects you!** – An authorization obtained by a restaurant is valid for that amount plus 20 percent so there is little or no chargeback liability when a tip is not included in an authorization request.

How Authorizations With Tips Can Lead to Lost Sales

- Restaurant check is for \$100, but staff has authorized with estimated tip for \$120.
 - The Visa cardholder's bank deducts \$120 from the available funds/credit.
 - The transaction amount was \$115 (\$100 + \$15 tip).
- OR
- The customer leaves the tip in cash so the transaction amount is \$100.
 - When the customer views his account activity and sees a \$120 hold against his account, he thinks the restaurant has overcharged him and decides never to return to this establishment again

- ✓ **Instruct your restaurant staff to authorize only for the check amount.** Emphasize that the authorization amount should equal the check amount and exclude any tip percentage.
- ✓ **Find out from your POS provider if your authorization system has been properly programmed to authorize only for the check amount before the tip is added.**
- ✓ **Call your merchant bank for more information.**

TRAINING SUPPORT

Make sure your staff is up to speed on all Visa card acceptance policies and procedures, proper authorization techniques, fraud prevention tactics, and cardholder information security measures. Visa has developed a wide range of materials for merchant use in training staff on proper payment acceptance procedures and fraud prevention.

- **To obtain Visa merchant training and reference materials call Visa Fulfillment at (800) VISA-311 and request the *Visa U.S.A. Merchant Catalog (VBS 07.09.04)*.**



Back-Office Efficiencies and Risk Reduction

Copy Requests and Chargeback Management

Fulfilling copy requests is very important, as is copy legibility. When copy requests are not fulfilled, or not fulfilled in a timely manner, or copies are illegible, they almost always result in a chargeback. So, if you store sales receipts, it is always in your best interest to respond promptly to copy requests.

Sales receipts may be stored on-site at your establishment, at a central merchant location if you are part of a chain, or with your merchant bank. Depending on where sales receipts are stored, your merchant bank may be able to respond on your behalf or may need to send the request on to you for response.

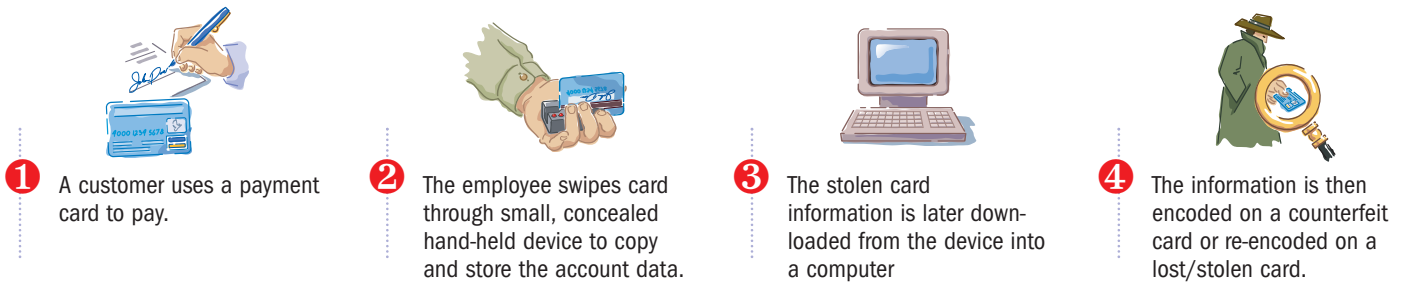
- ✓ **If you receive a copy request, retrieve the appropriate sales receipt, make a legible copy of it, and fax or mail it to your merchant bank within the time frame specified.** Your merchant bank will then forward the copy to the appropriate card issuer, who in turn will send it to the requesting cardholder. The question or concern the cardholder had with the transaction is usually resolved by this means.
- ✓ **If you store sales receipts on-site, retain the "merchant copy" of receipts (or copies of them) for 12 months from their respective transaction dates to ensure your ability to fulfill copy requests.**

Skimming Activity and Reporting

Skimming is an illegal act that helps crooks steal account information from a Visa card's magnetic stripe, then put it on a counterfeit or stolen card for fraudulent use. Individual skimming scams vary and are not limited to any one type of business; however, restaurants and gas stations appear to be the most common locations.

- ✓ **Train your staff on the various ways skimming can occur in the workplace.**
- ✓ **Encourage your staff members to report any signs of skimming activity in the workplace.** If they see anyone in the workplace using a device that is not part of the restaurant's day-to-day activities, or if anyone offers them money to record account information or asks for customer account information over the telephone, they should let your Merchant Processing Center or Company Security know immediately.
- ✓ **To the greatest extent possible, screen restaurant applicants before you hire them.** Thieves typically lure merchant employees into their skimming fraud schemes by paying them for the stolen data. The more you know about your new-hires, the better; especially those who are responsible for processing Visa card transactions.

SKIMMING AT A GLANCE



Merchant Set-Up

- ✓ **To avoid downstream transaction data processing problems, make sure your assigned Merchant Category Code (MCC) accurately reflects your line of business.**
- ✓ **Work with your merchant bank to determine if your business is eligible for an interchange reimbursement fee rate program.** If applicable, select the program that is most beneficial to you.

MCC	Description
5811	Caterers/Food Preparation
5812	Eating Places and Restaurants
5813	Drinking Places (Alcoholic Beverages – Bars, Taverns, Nightclubs, Cocktail Lounges, and Discotheques)
5814	Fast Food/Quick Service Restaurants

