



Delaware Office of the State Treasurer
820 Silver Lake Blvd., Suite 100, Dover, DE 19904

Statewide Bank Card Acceptance Policy

The Office of the State Treasurer (OST) has established the Statewide Bank Card Acceptance Policy to ensure consistent practices across the State, and to ensure compliance with industry requirements. Agency managers must agree to abide by the policy and enforce compliance among all personnel with “hands on” responsibility for merchant operations. Failure to comply with this policy may result in the card associations (Visa, MasterCard, Discover and American Express) levying fines against the State, or even discontinuing service altogether.

This policy applies to all State merchants for which OST has oversight.

1. OST has sole responsibility for establishing and maintaining merchant accounts for State agencies accepting revenue into the General Fund. OST, with the assistance of the Department of Technology and Information (DTI) and the Delaware Government Information Center (GIC), where appropriate, shall evaluate and approve the payment component of all new web-based technology initiatives involving the electronic remittance of funds.
OST will:
 - 1.1. Act as liaison between individual merchants (state agencies), gateway service providers, merchant processors, and the card processors. In this arrangement, OST will help merchants solve transaction and reporting problems, order and repair hardware, and update merchant account information.
 - 1.2. Evaluate completed Bank Card Acceptance Business Plan Questionnaires.
 - 1.3. Approve or reject all new merchant requests. This will be done with input from DTI and GIC, where appropriate, and the decision will be made based on the net benefit to the agency and the State.
 - 1.4. Establish new merchant accounts with the State’s card processor(s), and, where necessary, coordinate with First State Financials (FSF) to ensure automatic reconciliation of deposits.
2. The State currently accepts the Discover, MasterCard and Visa card brands on a statewide basis. The following criteria must be met by each new merchant:
 - 2.1. Any merchant that accepts one card must accept all three cards.
 - 2.2. Merchants may not show favoritism toward any brand to the detriment of another.
 - 2.3. If placards and other signage are displayed for one card they must be displayed for all cards.
 - 2.4. OST may deactivate any merchant account that refuses to accept all card brands. Such discrimination is against card association policy and can subject the State to fines and/or discontinuation of service.
 - 2.5. Selected merchants may also accept the American Express (Amex) card. Amex processes and funds its own card transactions, and it directly invoices its merchants for their processing fees.
3. All Point-of-Sale (POS) terminal-based merchants must accept EMV enabled (chip enabled credit card), and PIN debit cards.
 - 3.1. This is providing that there is suitable counter and/or wall space to allow the PIN pad to be placed close enough to the cardholder for input of his or her PIN code.

- 3.2. If the merchant's location does not facilitate installing the PIN pad where the cardholder can access it, then the merchant may not be required to accept debit cards.
 - 3.3. OST will be responsible for providing PIN pads and making the final decision on whether a merchant must accept PIN debit transactions.
 - 3.4. OST may deactivate any merchant account that refuses to accept PIN debit cards. Merchants must settle their transaction batches at least once daily, regardless of size. This is a requirement of all bank card associations.
 - 3.5. A batch is defined as a group of transactions – even if that group contains a single transaction – that are stored in the terminal or PC.
 - 3.6. In addition to a downgrade on all transactions contained in the batch, failure to transmit batches daily may result in fines to the State of Delaware.
 - 3.7. Merchants may settle their batches (“batch out”) more frequently than once per day.
 - 3.8. OST may deactivate any merchant account that refuses to transmit its batches at least daily.
 - 3.9. Merchants are encouraged to use mobile device enabled POS terminals and terminals that transmit tokenized card information to better protect cardholder data.
4. The respective credit card associations (Visa, MasterCard, Discover, etc.) have established a uniform industry-wide security program called Payment Card Industry (PCI) Data Security Standards (DSS). The objective of these standards is to minimize fraud risk by handling cardholder data in a secure and responsible manner.
 - 4.1. While OST provides information, resources, and guidance, **responsibility for PCI compliance rests with the parent agency of the merchant.** This is consistent with nationwide state government practice and is compliant with a ruling by the State's primary merchant processor.
 - 4.2. Agency managers must be familiar with PCI Data Security Standards and pro-actively manage the cardholder data under their purview. Agency managers must submit annual self-assessment questionnaires (SAQs), maintain inventories of all terminals and other gateway products, and be able to continuously scan and remediate all processes that involve the processing of credit card payments.
 - 4.3. The State's merchant card processor is responsible for assisting agencies with PCI compliance. This includes providing specific operational guidance to merchants and serving as a liaison with third parties that provide periodic “security assessments” to merchants. OST will assist the agency.
 - 4.4. Merchant online support for PCI compliance may be found at:
<https://www.pcisecuritystandards.org/merchants/>
5. All merchants must use Address Verification System (AVS) when either of the following situations occur:
 - The card is not present.
 - The card is present but the magnetic strip nor chip cannot be read by the terminal.
 - 5.1. AVS is a proven, industry-accepted fraud prevention measure that requires the input of two key pieces of information from the cardholder's billing address: the street number (or post office box number) and the zip code.
 - 5.2. When the merchant overrides or ignores an AVS prompt it results in a downgraded transaction, which increases the risk for fraud and processing fees.

- 5.3. The merchant will obtain AVS information from the cardholder using the telephone, mail, fax or other means, and will enter this information into the terminal during the transaction, when prompted. Merchants shall collect and store as little of this information as possible and must maintain data security retention and destruction standards for any information retained.
 - 5.4. Merchants may conduct transactions that result in negative (non-match) AVS results. However, to guard against fraud and potential chargebacks, they should be diligent and obtain other forms of identification if possible.
 - 5.5. OST may deactivate any merchant account that refuses to utilize AVS in its transactions.
6. Merchants must use the Card Verification System (CVS) number when processing web-based and card not present transactions.
 - 6.1. Card Verification System is synonymous with Card Verification Value (MasterCard), Card Verification Code (Visa), and Validation Code (Discover). It is comprised of a three-digit number on the back of the card, usually printed over the signature panel.
 - 6.2. OST and DTI are responsible for ensuring that CVS fields are included in all online transactions.
 - 6.3. Online transactions will reject when the cardholder enters incorrect CVS information.
 - 6.4. CVS values may not be stored by the merchant at any time; this is a violation of Payment Card Industry (PCI) data security standards (DSS).
7. In compliance with card association rules, all merchants will make imprints of cards on charge slips when the card is present and neither the chip nor the magnetic strip can be read by the terminal.
 - 7.1. The merchant is required to maintain these imprinted charge slips for a period of at least 12 months.
 - 7.2. When faced with a charge back from the cardholder's bank, the charge slips will provide evidence that the disputed transaction was legitimate and authorized.
 - 7.3. OST will ensure that imprinters and metal charge plates – bearing the appropriate merchant numbers – are available to all merchants.
 - 7.4. OST may deactivate any merchant account that does not make manual imprints of cards when required to do so.
8. OST will provide the agency with all necessary hardware related to credit card processing operations to the extent that its budget will permit.
 - 8.1. When funding is not available, OST may request that the agency purchase this equipment if such a purchase will expedite the implementation process.
 - 8.2. OST will determine what type of equipment will be utilized at any given merchant location. **Under no circumstances will an agency purchase or lease merchant hardware without consultation from OST.**
9. OST is responsible for paying all invoices related to merchant operations under its purview.
 - 9.1. Some agencies will directly pay for their merchant fees. In this case, OST's role is to ensure payments are timely, and to mediate disputes with the processor.
 - 9.2. Agencies may occasionally reimburse OST for merchant fees, in which case an Intergovernmental Voucher will be used for this purpose.
 - 9.3. Bank card operating expenses include authorization fees, interchange fees, processing fees and leasing fees.

CERTIFICATION

- I have read the Overview, Statewide Credit Card Policy, and Credit Card Business Plan Questionnaire. I acknowledge that this new merchant is part of a statewide system of merchants.
- I accept that the State is bound by agreements and covenants with its processors and card associations, and that the processors and card associations may impose penalties or terminate service if their rules and regulations are not followed. On behalf of this new State merchant(s), I pledge to comply with the processor’s rules and the State’s policies, including maintaining PCI DSS on an annual basis.
- I have reviewed all business plan options within my agency, and I acknowledge that establishing bank card acceptance at this location is in the best interest of the State.
- I attest that I am authorized to establish a new bank card merchant relationship on behalf of my agency.

Signature: _____ *Date:* _____

Printed Name: _____ Title: _____

Agency Name: _____

Agency Director: _____