

Talkingshop

AUTUMN 2014

**BOOST SALES
WITHOUT
DISCOUNTING**



**PROTECTING
CARD DATA**

**AVOIDING
CHARGEBACKS**



more give, less take

Welcome

● Welcome to the Autumn edition of *Talking Shop*. We hope the start of 2014 has seen your business prosper following the traditionally busy Christmas period.

In this edition we provide you with some important updates and insights to help you manage your business including:

● **Keeping your customer data safe** – satisfying the requirements of the Payment Card Industry Data Security Standard.

● **Transitioning from signature to PIN authorisation** – make sure you and your customers are prepared for the transition.

● **Reducing chargebacks** – tips for lowering the costs associated with chargebacks.

● **Simple steps to excelling in sales** – avoid the discounting war and boost sales at the same time.

We hope you enjoy this edition of *Talking Shop* and visit nab.com.au/talkingshop to view current and past editions.

Getting PIN-ready: you and your customers

● From 1 August 2014, Australia's credit and debit cards will only accept PIN authorisation. This change applies to Visa®, MasterCard®, American Express® and Diners Club® cards. International cardholders will continue to be able to sign or PIN according to their preference. There are no changes to card authorisations when the card is not present.

Why PIN only authorisation?

PIN authorisation helps keep your sale safe and reduces the risk of fraud. Your customer also benefits from the reduced risk of their card being compromised.

It's far easier for fraudsters to sign for a transaction than it is to guess a unique 4 to 6 digit PIN. PIN also removes the requirement to check signatures at the point of sale, which can be challenging during busy periods.

Contactless transactions

Your customers will still be able to 'tap' their card for contactless transactions under the value of \$100 via MasterCard® PayPass™, Visa payWave or American Express expresspay. PIN will be required for higher value transactions.

 nab.com.au/pin



What do you need to do?

1. Visit nab.com.au/pin to learn about the changes to your terminals and more about the move to PIN.
2. Encourage your customers to set up and use a PIN now. They may need to contact their bank or visit pinwise.com.au for more information.

Preventing data theft

You value your customers. Be sure you value their payment card details.

● Merchants are prime targets for data thieves and it's your responsibility to protect cardholder data at the point of sale, online and post authorisation.

The Payment Card Industry Data Security Standard (PCI DSS or simply PCI) was created by the card schemes, including Visa and MasterCard, to provide a framework for protecting cardholder data. PCI requirements are monitored by representatives of card schemes, banks and merchants worldwide.

The standard applies to *all* entities that accept, store, process and/or transmit cardholder data and all entities must comply with the standards. Merchants may be fined if they don't comply with PCI DSS.

Merchants must satisfy the requirements of the PCI DSS by working with their merchant services provider and using the tools offered through the PCI Security Standards Council website. You'll need to continuously assess your operations, fix any vulnerability that's identified and provide the required reporting.

PCI includes guidelines for operational policies and procedures; computer network and security management; software design and other critical protective measures. PCI compliance helps keep payment card data safe for your customers and your business.

If you sell online or process mail telephone order (MOTO) transactions, check the security of your payment applications and systems to ensure they protect cardholder data. The best step you can take is to not store any cardholder data. Ask your software provider or payment gateway what solutions they can offer to assist.

Keeping outsourced card data protected

All merchants must ensure they don't store data post authorisation – even when the data has been encrypted. This includes Sensitive Authentication Data (SAD) e.g. full magnetic stripe data, 3 or 4 digit Security Code (CVC2/CVV2/CID), PINs/PIN blocks (even encrypted). Storing data post authorisation is an Account Data Compromise which is subject to fines and is a risk to your business with the potential for loss of business and reputation.



If operation of your payment gateway is outsourced to a service provider, you're required to obtain annual evidence of the service's PCI compliance.

However, even when card data handling is outsourced, you're ultimately responsible for your customers' data, so it's important that your software provider, hosting service and payment gateway are protecting you. If cardholder data is compromised, substantial fines and penalties may be passed on to your business.

To access the PCI standards and tools visit pcisecuritystandards.org/smb.

 **For more information about the PCI Data Security Standard, please contact your Transaction Specialist or email pci@nab.com.au**



Boost sales without discounting

Avoid the discount sales trap and boost your sales. *By American Express*

● Discount sales strategies have become commonplace across Australia as cost-conscious consumers are herded into shops by big signs promising reductions and great deals. But this behaviour is starting to hurt small businesses.

While big businesses may be able to survive on smaller margins and by absorbing losses to push products, this isn't really an option at the smaller end of town.

Here are five strategies to boost your local sales without slashing prices.

Break down barriers

In the constant drive to attract new customers and improve practices, it can be easy to put up barriers that get in the way of prospective clients doing business with you.

Whether it's a website or business listing, a social forum for feedback, listed email addresses for enquiries or a phone number of someone who can help, you need to ensure that you're easily found and can be effortlessly contacted both online and offline.

Even if you think there are no barriers to your business, take another look.

Create staff incentives

Set up an incentive program to encourage staff to take an active interest in their sales efforts.

Options include a cash bonus, some take-home products, a shopping voucher or a day off. Get creative with the incentives and offer them across the board so everyone has an opportunity to participate.

Remember, it's better to have simple, attainable incentives than big prizes with targets that are difficult to achieve.

Encourage upselling

Don't just stop at simply getting a sale – encourage your staff to upsell.

The key to good upselling is to add related products or services to your existing line. Make these products convenient for staff to sell and necessary for customers to buy. This is a strategy that fast food outlets are great at and it can really boost sales.

Offer gift vouchers

In this competitive environment cash flow is critical to business survival. The only thing better than having customers prepay for goods is for them to buy gift cards.

The key to gift vouchers is you benefit from the cash flow upfront until such time the customer redeems it for your products or services.

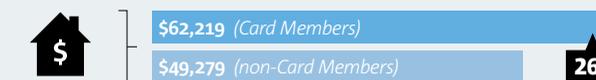
Look after regulars

Regular customers are your most important resource, so treat them that way.

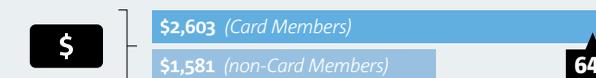
They know where you are, like what you supply and keep on coming back. So let them know they're valued by getting to know them by name, providing little extras such as loyalty discounts or rewards programs, and most of all, encourage them to bring their friends in for special deals.

Regulars are the most important referrers and advertising tools you have.

The value of American Express



American Express Card Members' average personal household income is **26% higher** than that of non-Card Members*.



American Express Card Members' average monthly spend on plastic is **64% higher** than non-Card Members*.



*Card Usage and Attitudinal Survey, Australia, 2011. TNS.

i Attracting and retaining customers is the number one priority for building and growing a successful business. As an American Express accepting merchant, you can access programs and tools to help keep them coming back, which means more profit and opportunities for you.

To activate your terminal and start accepting American Express today call 1300 369 852.

For more information or support regarding your existing American Express account or to access a range of tools and programs, visit americanexpress.com.au/merchant or call 1300 363 614.

Avoiding chargebacks

Chargebacks can be costly for your business, but some simple steps can help reduce chargeback fees.

● A chargeback occurs when a cardholder successfully disputes a transaction processed by your business and has it reversed on their Visa or MasterCard account.

The chargeback process

When a cardholder or card issuer has any reason for concern regarding a credit card, Visa Debit or Debit MasterCard transaction, a dispute can be raised to authenticate the transaction.

If the cardholder advises that they didn't make the transaction, or didn't receive the goods or services purchased, the cardholder sends a formal advice of dispute to their card issuer. The card issuer then notifies NAB of the chargeback request. If further information is required, NAB will send you a letter requesting supporting documentation, such as sales vouchers and/or tax invoices to send to the cardholder for validation. If the information you provide doesn't validate the sale and/or delivery, your business will be charged the disputed amount and the chargeback fee.

Common reasons for chargebacks

- Requested transaction data not received
- Requested/required item illegible or missing
- Required authorisation not obtained
- Transaction amount differs to purchase
- Duplicate processing
- Card not valid or expired
- Cancelled recurring transaction
- Late presentment of manual vouchers
- Cardholder dispute – defective/not as described
- Non-receipt of merchandise or services
- Cardholder didn't authorise the transaction – potential fraud

i For more information and videos regarding chargebacks and fraud visit nab.com.au/merchantfraud or call 1300 781 935. To find out how to register for electronic chargeback reporting, email merchantchargebacks@nab.com.au

Ways to avoid the chargeback fee

You can help to reduce chargebacks and protect your business from fraud with the following guidelines:

Refunds: Process refunds back to the credit card the original purchase was made from.

Delivery: Always deliver goods or services as advertised or promised.

Confirmation: Obtain and store signed delivery confirmation that goods were collected/received by the true cardholder.

Unusual transactions: Be wary of unusual or large purchase requests.

Fraud management: Leverage fraud and transaction management tools available through payment gateways.

Receipts: Use the business or company name most recognised by your customers on your transaction receipts.

Disputes and refunds: Promptly resolve customer disputes and refunds.

NAB requests: Provide transaction receipts when requested, without delay.

Resubmitting transactions: Understand your rights to resubmit unprocessed transactions to avoid unnecessary chargebacks.

Online Protection: Use Verified by Visa or MasterCard SecureCode for eCommerce transactions for additional protection and to reduce risk.

Educate: Ensure you and your staff watch the 'Credit Card Fraud and Protection' video on our website.

Online in focus

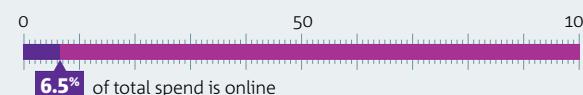
NAB's Online Retail Sales Index, based on up to two million non-cash transactions per day, shows exactly who is spending online and what they're buying. Visit nab.com.au/onlineretailsales

Year to December 2013

Total online spend: \$14.7 billion

Year to December 2013

Total online spend vs traditional spend: (%)



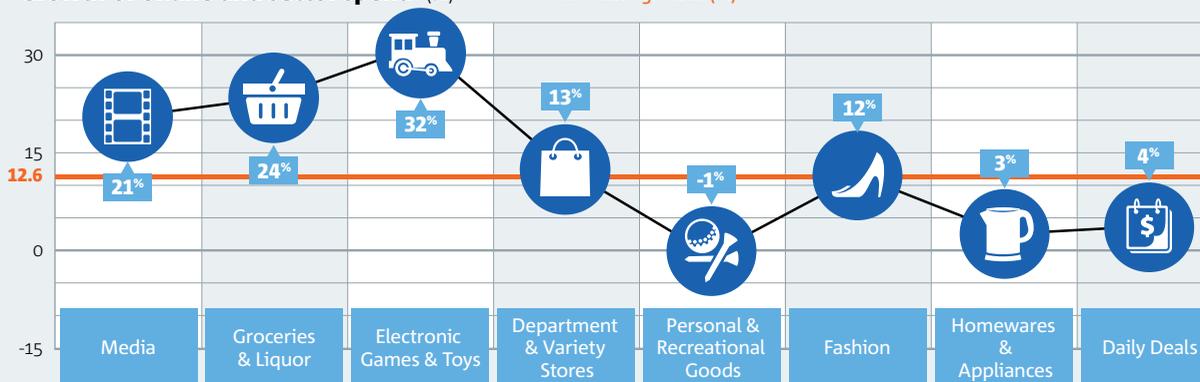
Year to October 2013

Domestic vs international online spend: (%)



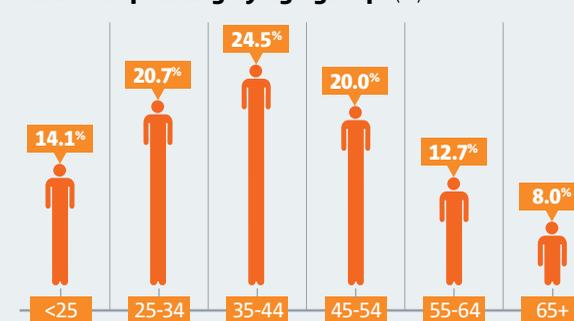
Year-On-Year Growth December 2013

Growth of online and sector spend: (%) — Total online growth (%)

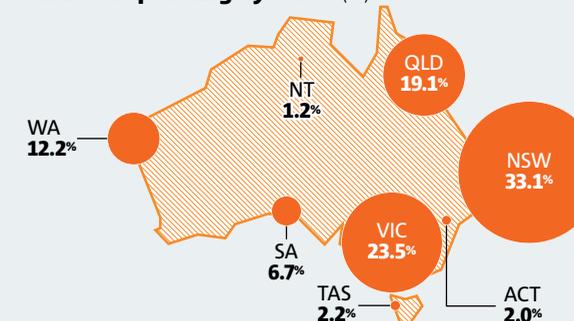


Year to October 2013

Share of spending by age group: (%)



Share of spending by state: (%)



Online sales data is produced by Quantum. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS).

Contact us

Support

NAB Merchant Service Centre
(available 24/7) **1300 369 852**

NAB Transact Support
(8am to 8pm AEST Monday to Friday) **1300 138 313**

National Online Corporate
(8am to 8pm AEST Monday to Friday) **1300 652 565**

NAB Connect
(8am to 9pm AEST Monday to Friday,
9am to 6pm AEST Saturday & Sunday) **1300 888 413**

Sales

NAB Payment Solutions
(8am to 6pm AEST Monday to Friday) **1300 EFTPOS
(1300 338 767)
Option 1**

Merchant fraud team

Phone **1300 668 046**
(8am to 5pm AEST Monday to Friday)

Email **merchant.fraud@nab.com.au**

Web **nab.com.au/merchantfraud**

Authorisations

MasterCard/Visa **13 25 15**
(available 24/7)

Debit account **1300 360 852**
(available 24/7)

American Express **1300 363 614**
(available 24/7)

Diners Club **1800 331 112**
(available 24/7)

Payment Card Industry

Data Security Standard (PCI DSS)

PCI Help Desk (technical assistance) **1300 736 216**
(8am to 5pm AEST Monday to Friday)

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