

**ETAU: COLLEGE OF GENERAL STUDIES**  
**INTRODUCTION TO OPERATIONS**  
**COURSE OUTLINE**

**Learning Objectives:**

At the end of the course, participants should be able to:

- Define the various operational terminologies.
- Understand the functions of merchant settlement, risk management, data security, exceptions/chargebacks, interchange, reporting, customer support and outsourcing.
- Understand the resources available for each of the above functions.
- Understand how to determine the potential benefits of bringing the various operational functions in-house or through third party providers.

**I. Merchant Settlement**

- ❖ Terminology
- ❖ Federal Reserve System
- ❖ EFT Merchant Payment

**II. Risk Management**

- ❖ Terminology
- ❖ Acquirer/ISO/Merchant Level Monitoring
  - Chargeback
  - Deposit
- ❖ Association Level Monitoring
  - Chargeback Monitoring Program
  - High-Risk Chargeback Monitoring
  - Visa Risk Identification Service (RIS)
  - MasterCard Watch And Alert Reports
  - Fraud Reports
    - Advices
    - Alerts
    - Notification
    - Warning

**III. Data Security**

- ❖ Members
  - PCI Security Standards Council
  - Visa
  - MasterCard
  - American Express
  - Discover
  - JCB
- ❖ PCI DDS Version 1.1
  - Build and maintain a secure network
  - Protect cardholder data
  - Maintain a vulnerability management program
  - Implement strong access control measures
  - Regularly monitor and test networks
  - Maintain an information security policy

- ❖ Impact to Acquirers
- ❖ Impact to Service Providers
  - Level 1
  - Level 2
  - Level 3
- ❖ Validation action to Service Providers
  - Level 1 and 2
  - Level 3
- ❖ Impact to Merchants
  - Level 1
  - Level 2
  - Level 3
  - Level 4
- ❖ Validation action to Merchants
  - Level 1
  - Level 2
  - Level 3
  - Level 4
- ❖ Self Assessment Questionnaire validation types
  - Type 1
  - Type 2
  - Type 3
  - Type 4
  - Type 5
- ❖ Payment Applications Best Practices (PABP)
- ❖ PABP Impact to Acquirers
- ❖ PABP Impact to Software Vendors
- ❖ PABP Impact to MLS/ISO

#### **IV. Exceptions/Chargebacks**

- ❖ Terminology
- ❖ Why They Occur
- ❖ Six Basic Categories
- ❖ Documentation Examples
- ❖ Responding to Copy Requests
- ❖ Timeframes
- ❖ Types
  - Procedural
  - Substantive
- ❖ Chargeback process
- ❖ Arbitration
- ❖ Compliance

#### **V. Interchange**

- ❖ Players
  - Acquirer
  - ISO
  - Issuer
  - National Associations
- ❖ Interchange example
- ❖ Determining the discount rate
  - Interchange
  - Assessments
  - Authorizations
  - Processing

- ❖ Terminology
  - Mid Qualified / Partial Qualified
  - Non Qualified / Standard
- ❖ Qualifications Hierarchy
  - Visa
  - MasterCard
- ❖ Examples
  - CPS Retail
  - CPS Retail Debit
  - Merit III Retail
- ❖ Common Downgrade Reasons
- ❖ Categories
  - Visa
  - MasterCard

## **VI. Reporting**

- ❖ Terminal/Point Of Sale (POS)
- ❖ Merchant
- ❖ ISO/MSP
- ❖ Acquirer
- ❖ Association/BIN

## **VII. Customer Support**

- ❖ Technical Help Desk
  - Support
  - Training/Downloads
  - Troubleshooting
- ❖ Merchant Level
  - Support
  - Client Retention
  - Billing
  - Reporting
  - Chargebacks
  - Deposits
- ❖ ISO/MSP Level
  - Business Hours
  - Client/Sales Support
  - Billing/Statements
  - Reporting
  - Reserves

## **VIII. Outsourcing**

- ❖ Risk Management
- ❖ Chargebacks
- ❖ Customer Support
- ❖ Deployment