



MEMORANDUM

To: Deans, Directors, and Department Chairs

From: David R. Perry, Interim Vice Chancellor for Finance and Administration
Daniel A. Reed, Vice Chancellor for Information Technology and CIO

Re: Policy for Credit Card Merchant Services

Date: July 12, 2006

A University policy has been developed to provide guidance on the acceptance of credit cards to receive payment. University departments provide goods and services to its customers and accept credit cards as an appropriate form of payment. Many University departments have been set up with credit card merchant accounts consisting of point of sale (POS) terminals, customized internet applications, or Yahoo store fronts. The purposes of the credit card merchant policies and procedures are:

- to provide essential information in obtaining and managing merchant accounts for credit card receipts,
- to provide requirements to ensure proper control and integrity of credit card data as well as security in the collection, maintenance, and transfer of credit card data, and
- to ensure compliance with the standards of the leading card associations referred to as the Payment Card Industry (PCI) Data Security Standards.

Several factors led to the development of a University policy for credit card merchant services. There has been a significant increase in the use of credit cards to receive payments, especially for processes using internet applications. The NC Office of the State Controller (OSC) is statutorily charged with administering the State's electronic commerce program, which includes credit card merchant services, and has issued policies and entered into contractual agreements which impact our campus processes. Also, the PCI Data Security Standards apply to our campus departments that accept payments by credit cards.

The primary focus of the PCI Data Security Standards is to help merchants (such as University departments) improve the security of cardholder information by improving overall security standards which reduces the chances of security breaches. The growth of electronic commerce has resulted in increased occurrences of stolen cardholder information throughout the industry, which is an important concern to merchants and others that rely on electronic commerce as an efficient payment method.

The rise in cardholder information compromises has resulted in an increased focus and regulatory actions by the major card associations. To improve the integrity and security of the payment processes used for receipt of payments by credit cards, compliance with the PCI Data Security Standards is necessary. The standards help merchants improve the safekeeping of cardholder information, which in turn reduces the chances of security breaches, fraud, and potential financial losses. These policies and procedures will help ensure that cardholder data and the electronic commerce network are protected and kept secure.

ITS and the Finance Division have worked collaboratively on attaining compliance with industry standards, OSC policies, and sound business principles. The policy for credit card merchant services will help our campus maintain these standards. The policy and related procedure can be accessed from the Administration section of University policies located at the following web address:

<http://www.unc.edu/campus/policies.html>

The policy and related procedure will also be added to the Business Manual.

Given the compliance and complexity issues of credit card merchant processes, it is essential that ITS and the Finance Division be involved to assist campus units with planning and implementation efforts. If your campus unit wants to establish or modify a credit card merchant process, Roxanne Krotoszynski, Cash Manager, should be contacted at 962-4245 or krotoszy@email.unc.edu. ITS and Finance Division staff will be involved as appropriate depending on which merchant process will be used - point of sale (POS) terminals, a customized internet application, or a Yahoo store front.

A Credit Card Merchant Training class has been developed and provides background information as well as detail instructions for campus departments that wish to become or continue as merchants. The policy and related procedure will be reviewed during the training session. Registration information regarding the training class will be forthcoming.

The policy document also contains contact information for ITS and Finance Division staff members who can respond to questions that you or your staff may have. Thank you.

cc: Business Managers Listserve