



PaySimple 3.0 Tutorial Series

How to Authorize Credit Card Transactions

Authorizations for credit card transactions are designed to protect both you and your customers. They provide a record of your customer's approval of a transaction, and they enable you to prove to your processor and to the card issuer that you had permission to process a transaction in the event that your customer later claims the transaction was not authorized.

While taking these steps will not 100% protect you from chargebacks, (your customers can still ask that a charge be reversed because they claim that the product or service received was not as advertised), they can go a long way towards significantly reducing them by minimizing the risk that your transactions will be challenged as fraudulent or not authorized, and providing you the proof you need to defend a transaction should it be questioned.

The following sections provide guidance on how to obtain the proper authorization for one-time and recurring credit card transactions, and tips on using the fraud prevention tools available to you as part of PaySimple.

The checklist on the next page is a handy quick-reference tool you can refer to each time you process a credit card payment to make certain that you have met all requirements for authorizing the transaction.

Additionally, you'll find detailed instructions for each authorization type and handy templates in each section of the guide.

CREDIT CARD AUTHORIZATION REQUIREMENTS CHECKLIST

| One Time Transactions | Recurring Transactions |
|---|--|
| <p>Telephone <i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Get verbal permission <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email receipt | <p>Telephone <i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Get verbal permission <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email schedule confirmation <input checked="" type="checkbox"/> Email receipt for each payment <input checked="" type="checkbox"/> Email schedule change confirmations |
| <p>Written <i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Get signed authorization form <input type="checkbox"/> Give customer copy of signed form <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email receipt | <p>Written <i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Get signed authorization form <input type="checkbox"/> Give customer copy of signed form <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Email schedule confirmation <input checked="" type="checkbox"/> Email receipt for each payment <input checked="" type="checkbox"/> Email schedule change confirmations |
| <p>Online <i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Configure PaySimple to display your phone number and email address on invoices. <input type="checkbox"/> Enter Terms of Sale for invoices. <input type="checkbox"/> Enter Terms & Conditions on the payment form configuration screen. <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Display printable online confirmation page <input checked="" type="checkbox"/> Email receipt | <p>Online <i>Your Responsibility</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Configure PaySimple to display your phone number and email address on invoices. <input type="checkbox"/> Enter Terms of Sale for invoices. <input type="checkbox"/> Enter Terms & Conditions on the payment form configuration screen. <p><i>PaySimple Does For You</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Display printable online confirmation page <input checked="" type="checkbox"/> Email schedule confirmation <input checked="" type="checkbox"/> Email receipt for each payment <input checked="" type="checkbox"/> Email schedule change confirmations |

*What PaySimple Does For You assumes that you have entered a valid email address for your customers, not altered any default email settings, and have enabled email notification for each transaction or schedule.

ONE-TIME CREDIT CARD MAIL & TELEPHONE AUTHORIZATION GUIDE

Credit card orders received via mail or over the telephone are known as card-not-present transactions, which means that you do not physically have the card in hand when authorizing the payment. However, you do need to enter your customer's billing address in order to process these transactions via PaySimple. The following sections provide instructions for authorizing telephone and written one-time credit card transactions.

One-time Telephone Transaction Authorizations

Typical Uses: one-time telephone transactions are typically used when a customer is making a purchase over the phone, or paying a bill over the phone. For example:

- Ordering an item from a catalog.
- Making a payment on an invoice received in the mail.
- Leaving a deposit on a large purchase that will be completed in person at a later date.

How to Authorize:

1. Get verbal authorization over the phone from you customer.
2. Send a receipt via email or regular mail.

PaySimple provides three options for sending email receipts:

- In the **Settings-->Configuration-->Email Preferences and Templates** screen, check the "Send a receipt to the customer" checkbox in the **TRANSACTION RECEIPTS** section. Alternately, you can manually check the "Send a receipt to the customer" checkbox on each one-time payment or recurring payment schedule.
- Click the "Email Receipt" link in the **Actions** menu on the **manage payments** screen.
- Use the "Email Receipt" button on a **Transaction Details** screen.

One-time Mailed Transaction Authorizations

Typical Uses: one-time mailed authorizations are often used as part of a contract or order form when a customer is making a single payment for product or services rendered. For example:

- Making a down payment when a contract for home improvements is signed.
- Mailing an order for goods from a catalog.
- Making a charitable donation.

How to Authorize:

1. Have your customer sign and date a form that includes:
 - a. The amount of the payment.
 - b. The date the payment is to be processed.
 - c. The credit card account number and expiration date from which the payment is to be debited.
2. Keep this form on file, in digital or paper form, for at least one year.
3. Send a receipt via email or regular mail.

PaySimple provides three options for sending email receipts:

- In the **Settings-->Configuration-->Email Preferences and Templates** screen, check the "Send notification to the customer" checkbox in the **TRANSACTION RECEIPTS** section. Alternately, you can manually check the "Send to customer with address on file" checkbox on each one-time payment or recurring payment schedule.
- Use the "Email Receipt" link in the **Actions** menu on the **manage payments** screen.
- Use the "Email Receipt" button on a **Transaction Details** screen.

Templates Provided:

- [One-time Credit Card Payment Authorization Form](#)
Use this form to authorize a ONE-TIME payment.

ONE-TIME CREDIT CARD ONLINE AUTHORIZATION GUIDE

Online credit card transactions are by definition those that are authorized by a customer entering payment information into a web form, actively checking a box to agree to the terms and conditions for the transaction (pre-checked boxes are not allowed), and clicking a “Submit” button.

Typical Uses: Online orders for good or services, or online bill payments. For example:

- Purchasing an item from an online store.
- Ordering an e-book.
- Paying rent.
- Making a charitable donation.

How to Authorize:

1. Include the information specified below in your terms and conditions.
2. Enable your customer to view and print a receipt immediately after submitting the web payment form.
3. Email a receipt for the transaction.

The following information must be included on your Web Payment Page (in the terms and conditions section, or elsewhere):

- Name of your Business.
- Your business website address.
- Official business mailing address.
- Phone number answered during regular business hours.
- A complete description of the goods/services being purchased.
- Your Return, Refund, and Cancellation policy.
- Your delivery policy and order fulfillment policy (if applicable).

What PaySimple Does For You: The Web Payment Pages you create as part of your PaySimple system automate most of the authorization steps for you, including displaying terms and conditions on your payment forms and online invoice payment forms, automatically generating a transaction confirmation page and automatically emailing a receipt. To complete the process, you need to complete the configuration steps indicated below for invoice payments and Web Payment Pages.

Online Payment of PaySimple Invoices

1. In the **Settings--> Configuration--> Preferences** screen be certain to:
 - a. Check the box for include phone number-- Make sure to use one that is answered during regular business hours.
 - b. Check the box to include Email address-- Make sure to use one that is monitored during regular business hours.
 - c. Check the box to include website (if you have one).

2. In the **Settings-->Configuration-->Invoice Settings** section enter language in the **Enter your Terms of Sale here** field that includes language required for a one-time online credit card payment. (See *Sample Language for Authorizing One-time Online Credit Card Transactions.*)
3. Make sure that your customer gets a receipt for all payments, and that your company gets a copy of the receipt. To do this, in the **Settings-->Configuration-->Email Preferences and Templates** screen in the **TRANSACTION RECEIPTS** section, check the “Send notification to the customer” checkbox and check the “Send notification to my company at” checkbox and enter your email address in the field.

Web Payment Pages for One-time Payments

1. When creating a new Web Payment Page (See *Add a Web Payment Page* in Chapter 8 of the *PaySimple 3.0 User Guide.*) be certain to:
 - a. Include all required language for authorizing online credit card transactions in the **Terms and Conditions** field. (See *Sample Language for Authorizing One-time Online Credit Card Transactions.*)
 - b. Complete the **Contact Information** section with current contact information for your company. The phone number and email address provided must be monitored and answered during regular business hours.
2. Make sure that your customer gets a receipt for all payments, and that your company gets a copy of the receipt. To do this, in the **Settings-->Configuration-->Email Preferences and Templates** screen in the **TRANSACTION RECEIPTS** section, check the “Send notification to the customer” checkbox and check the “Send notification to my company at” checkbox and enter your email address in the field.

Should your customer ever request a copy of the receipt from an online transaction, you can print a copy or email a copy using the “Print” or “Email” links for that transaction in the **Payments** table on the **manage payments** screen.

Sample Language for Authorizing One-time Online Credit Card Transactions

When configuring your Web Payment Page add the following text to the **Terms and Conditions** field. When entering **Terms of Sale** for your invoices include the following text. Be sure to use this text in addition to your company’s standard terms and conditions for both fields.

Enter your business information in place of the red insert indicators.

I authorize {insert company name} to charge the credit card indicated in this web form, for the noted amount on today’s date. This payment is for {insert description of goods/services}. I understand that returns, refunds and cancellations are {insert your policy here}. I certify that I am an authorized user of this credit card and that I will not dispute the payment with my credit card company, so long as the transaction corresponds to the terms indicated in this web form.

RECURRING CREDIT CARD TELEPHONE AUTHORIZATION GUIDE

You are permitted to authorize recurring schedules over the phone that debit a credit card account. Note that this is different from an ACH schedule, which CANNOT be authorized over the phone. The authorization requires that your customer understand the conditions under which the business is permitted to debit the account (such as amount, date, and frequency), as well as conditions for termination or change of the authorization.

Typical Uses: There are three typical uses for recurring credit card transactions:

- Payments for the same amount on a regular schedule, such as weekly or monthly service fees.
- Payments for a different amount on a regular schedule, such as utility bills.
- Payment plans for discharging a large debt, such as installment payments on a large purchase.

How to Authorize:

1. Get verbal authorization over the phone from your customer to authorize the schedule.
2. Send your customer a schedule confirmation via mail or email that includes:
 - The amount of the recurring transaction (or the amount range for a variable schedule).
 - The frequency of the debits (how often you will charge your customer).
 - The schedule start date, and end date (if defined).
 - Instructions for terminating the schedule.
 - Your business address and a phone number answered during regular business hours.
3. Mail or email a receipt for each payment made as part of the schedule.
4. Mail or email notification to your customer at least 10 days in advance of any change to the schedule amount or frequency.

What PaySimple Does For You: When you check the “Send notification to the customer” checkbox in the **TRANSACTION RECEIPTS** section and the **RECURRING PAYMENT REMINDERS** section of the **Settings-->Configuration-->Email Preferences and Templates** screen, the system will automatically send all required emails to your customers (steps 2, 3 and 4 above) for all PaySimple schedules.

Additional Recommendation: Send a pre-notification email to your customer prior to the date the scheduled payment is processed. The default setting for pre-notification emails is “on” with the pre-notification sent 1 day prior to the payment date. You can change this on a global basis in the **Settings-->Configuration-->Email Preferences and Templates** screen. If you don’t want to send it, select the “No” radio button in the **RECURRING PAYMENT REMINDERS** section. Or, change the number of days prior (choose from 1 to 10 days) that the pre-notification email is sent. You can also make this change on a case-by-case basis for each individual recurring payment schedule when you create it.

RECURRING CREDIT CARD WRITTEN AUTHORIZATION GUIDE

You are permitted to authorize recurring schedules that debit a credit card account by using a signed paper authorization form. The authorization requires that your customer understand the conditions under which the business is permitted to debit the account (such as amount, date, and frequency), as well as conditions for termination or change of the authorization.

Typical Uses: There are three typical uses for recurring credit card transactions:

- Payments for the same amount on a regular schedule, such as weekly or monthly service fees.
- Payments for a different amount on a regular schedule, such as utility bills.
- Payment plans for discharging a large debt, such as installment payments on a large purchase.

How to Authorize:

1. Have your customer sign and date a form (see templates below) that includes the credit card account to be charged, how to terminate the schedule, and the information specified below for the type of recurring payment schedule:
 - a. **Payments for the same amount on a regular schedule:** Amount, frequency, and start date.
 - b. **Payments for a different (variable) amount on a regular schedule:** Frequency, start date, not to exceed amount.
 - c. **Payment plans for discharging a large debt:** Total due, # of payments, amount of payment, frequency, start date.
2. Give your customer a copy of the signed form.
3. Keep this form on file, stored digitally or in paper form, for one year after the last payment on the schedule.
4. Send a receipt for each transaction via mail or email.
5. Mail or email notification to your customer at least 10 days in advance of any change to the schedule amount or frequency.

What PaySimple Does For You: When you check the “Send notification to the customer” checkbox in the **TRANSACTION RECEIPTS** section and the **RECURRING PAYMENT REMINDERS** section of the **Settings-->Configuration-->Email Preferences and Templates** screen, the system will automatically send all required emails to your customers (steps 4 and 5 above) for all schedules.

Additional Recommendation: Send a pre-notification email to your customer prior to the date the scheduled payment is processed. The default setting for pre-notification emails is “on” with the pre-notification sent 1 day prior to the payment date. You can change this on a global basis in the **Settings-->Configuration-->Email Preferences and Templates** screen. If you don’t want to send it, select the “No” radio button in the **RECURRING PAYMENT REMINDERS** section. Or, change the number of days prior (choose from 1 to 10 days) that the pre-notification email is sent. You can also make this change on a case-by-case basis for each individual recurring payment schedule when you create it.

Templates Provided:

- [Credit Card Recurring Payment Authorization Form-Open](#)
Use this form to authorize the SAME amount each time with an OPEN end date.
- [Credit Card Recurring Payment Authorization Form-SET](#)
Use this form to authorize the SAME amount each time with a SET end date.
- [Credit Card Recurring Payment Authorization Form-Variable](#)
Use this form to authorize a DIFFERENT amount each time, with an OPEN end date.
- [Credit Card Payment Plan Authorization Form](#)
Use this form to authorize a SET number of payments of the SAME amount each time.

RECURRING CREDIT CARD ONLINE AUTHORIZATION GUIDE

Recurring online credit card transactions are by definition those that are authorized by a customer entering payment information into a web form along with details about the schedule amount and frequency, actively checking a box to agree to the terms and conditions for the schedule (pre-checked boxes are not allowed), and clicking a submit button.

Typical Uses: PaySimple Web Payment Pages can be configured so that customers can enter recurring transaction schedules themselves. Typical uses for self-provisioned schedules include:

- Contracting for weekly or monthly services.
- Establishing layaway or installment payments on a large purchase.
- Creating an automated recurring order for goods-- such as receiving a shipment of the same vitamins every 90 days.

How to Authorize:

1. Include the information specified below in your **terms and conditions**:
 - a. Name of your business.
 - b. Your business website address.
 - c. Official business mailing address and phone number answered during regular business hours.
 - d. A complete description of the goods/services being purchased.
 - e. Your return, refund, and cancellation policies.
 - f. Your delivery policy and order fulfillment policy (if applicable).
2. Enable your customer to view and print a receipt immediately after submitting the payment form that contains:
 - a. Full details of the schedule.
 - b. A confirmation # for any transaction processed as part of the schedule when it was entered.
3. Send your customer a schedule confirmation via mail or email that includes:
 - a. The amount and frequency of the recurring payment.
 - b. The schedule start date, and end date (if defined).
 - c. Instructions for terminating the schedule.
 - d. Your business address and a phone number answered during regular business hours.
4. Email a receipt for each transaction in the schedule.
5. Mail or email notification to your customer at least 10 days in advance of any change to the schedule amount or frequency.

What PaySimple Does For You: The Web Payment Pages you create as part of your PaySimple system automate most of the authorization steps for you, including displaying terms and conditions on your payment form, automatically generating a transaction confirmation page and automatically emailing a receipt. To complete the process, you need to do the following:

- When creating a new Web Payment Page (See *Add a Web Payment Page* in *Chapter 8* of the *PaySimple 3.0 User Guide* for instructions.) be certain to include all required language for authorizing online credit card transactions in the **Terms and Conditions** field. (See *Sample Language for Authorizing Recurring Credit Card Transactions Online* below.)
- Be certain to complete the **Contact Information** section with current contact information for your company. The phone number and email address provided must be monitored and answered during regular business hours.
- In the **Settings-->Configuration-->Email Preferences and Templates** screen, check the “Send notification to the customer” checkbox in the **TRANSACTION RECEIPTS** section.
- Make certain that you keep copies of all receipts. To do this, in the **Settings-->Configuration--> Email Preferences and Templates** screen, check the “Send notification to my company at” checkbox in the **TRANSACTION RECEIPTS** section and enter your email address in the field.
- Make certain that you send new schedule notifications to your customers and that you keep copies. To do this, in the **RECURRING PAYMENT REMINDERS** section of the **Settings--> Configuration--> Email Preferences and Templates** screen, for the “Do you want to send emails for new and updated recurring payment schedules?” question, check the “Send notification to the customer” check box and the “Send notification to my company at” checkbox and enter your email address in the field.

Should your customer ever request a copy of the recurring schedule details you can print a copy or email a copy using the “Print” or “Email” links in the **Actions** roll over menu for the schedule on the **View scheduled payments** screen. To resend a receipt from an automatically generated transaction, you can print a copy or email a copy using the “Print” or “Email” links in the **Actions** roll over menu for the transaction in the **manage payments** screen.

Sample Language for Authorizing Recurring Credit Card Transactions Online

When configuring your Web Payment Page, add the following text to the **Terms and Conditions** field, in addition to your company’s standard terms and conditions.

Enter your business information in place of the red insert indicators

I authorize {company name} to debit the credit card account indicated in this web form, for the noted amount on the schedule indicated. This payment is for {insert description of goods/services}. I understand that returns, refunds and cancellations are {insert your policy here}. I understand that this authorization will remain in effect until the schedule end date, or until I cancel it in writing which ever comes first, and I agree to notify the business in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted payment date falls on a weekend or holiday, I understand that the payment may be executed on the next business day. I certify that I am an authorized user of this credit card and that I will not dispute the payment with my credit card company, so long as the transaction corresponds to the terms indicated in this web form.

FRAUD PREVENTION GUIDE FOR MAIL, TELEPHONE & ONLINE CREDIT CARD PAYMENTS

Mail, telephone and online credit card transactions are inherently more risky than in-person transactions, as you never physically have possession of or see the credit card. Thus you must rely on other methods to determine if the person making the payment is an authorized user of the card. A combination of technology and common sense can go a long way toward preventing fraudulent transactions. The simple precautionary steps you take can make a significant difference in protecting your business and your customers. The following are some suggestions.

Using AVS Match

AVS (Address Verification System) requires you to get a billing address from your customer and during the transaction authorization process matches that address to the one the credit card issuer has on file for the card. Having this information is an important fraud investigation tool for credit card issuers, and is extremely helpful in the case a transaction is disputed. In fact, performing this check is so important that you will be charged more to process a transaction if you do not perform the AVS check--This is why PaySimple requires that you enter an address for each customer so that the system can perform an AVS check on every transaction processed.

However, PaySimple will process the transaction regardless of the AVS result because there are a number of reasons why it might fail for a valid transaction. For example, the AVS system may be momentarily down, the card may not be found in the AVS system, or your customer moved recently and the AVS system hasn't yet caught up.

TIP: To avoid an extra charge you are required to perform the AVS check--not to get a positive response.

Using CVV2 Match

The CVV2 code is an identification number located on the credit card that is not part of the card number itself. For Visa, MasterCard and Discover it is the three digit number printed on the back of the card located near the signature line. For American Express it is a 4 digit number located on the front of the card on the right side, just above the credit card number.



The idea behind the CVV2 code is to provide merchants processing card-not-present transactions with some proof that the person authorizing the transaction actually has the card in hand. Performing this type of check is protection against fraudulent transactions being initiated by someone who has stolen credit card numbers, because the CVV2 is never stored in any payment processing system. Thus even if a database of card numbers is stolen, the thief would never be able to steal the CVV2 codes that go with the cards.

Performing a CVV2 match is not required, and you will not be charged more if you do not do it (except for Discover transactions, which do charge more if the check is not performed). In fact, proof of a CVV2 match on an authorization can help you defend yourself in the event of a chargeback.

In PaySimple the CVV2 check is automatically performed when the value is entered on a one-time payment form or web payment form (CVV2 is always a required field on web payment forms). Regardless of the result the transaction will process, however the result will be part of the transaction record and you can use it to defend a chargeback.

Identifying Fraud

In addition to validation during the authorization process, there is much you can do to train your employees to identify fraudulent transactions before even attempting to process them. Even with all the technological tools at your disposal, it is possible for an expert thief to beat them. So start with the premise that if something sounds fishy or too good to be true, it probably is--and you should think twice about accepting the order.

The following guides provided by Visa can help you put effective policies and procedures in place, and train your employees:

- [Heads Up to the Warning Signs of Fraud](#)
- [If the Card is NOT There--You Need to be More Aware](#)
- [Take the Order--but Don't Get Taken In](#)

Protecting Your Customers' Information

In addition to protecting your company from processing fraudulent transactions, you are also responsible for protecting your own customers' information from being compromised.

As part of your PCI DSS (Payment Card Industry Data Security Standard) Compliance certification, you should have a security policy in place around how you store and protect customer information--including credit card numbers. You can learn more about PCI in the PCI Center on the PaySimple website.

Utilizing PaySimple for all of your electronic storage of cardholder data is a smart first step towards compliance. Once a credit card number is encrypted and securely stored in PaySimple's PCI Certified system, you can perform additional transactions without the need for external access to the full number again.

But, if you store card holder data in paper form--such as signed authorization forms for recurring schedules--you need to make certain that those forms are protected. The following are some guidelines to use:

- Store any paper documents containing credit card numbers in a locked file drawer or safe.
- Limit access to documents containing credit card numbers on a need-to-know basis.
- Discard (via shredding or incineration) documents containing credit card numbers when there is no longer a business need to keep them. (For recurring schedule authorizations this is one year after the last payment is made on the schedule.)
- After successfully entering and processing a transaction in PaySimple (wait until you have confirmation that the transaction settled), redact (cross-out with a dark pen) the CVV2 number and all but the last 4 digits of the credit card number on any paper authorization forms.

If you store authorization forms in digital format, you need to remove the CVV2 number and all but the last 4 digits of the credit card number (after you have successfully processed a transaction of course.) You can achieve this by redacting (cross-out with a dark pen) this information before scanning a written document for storage. Or, if the authorization form is already in digital format, use a tool such as Microsoft Paint or Adobe Acrobat Standard to delete it prior to storage.

If you record telephone authorizations that contain a CVV2 number, you are required to either remove the CVV2 portion of the recording prior to storage, or to encrypt the recording for storage and ensure that no speech-to text software can be used to perform a mass extraction of stored credit card and CVV2 numbers.