



Frequently Asked Merchant Questions

POS Check Service

What types of paper checks can the POS Check Service convert to electronic transactions at the point of sale?

The POS Check Service accepts virtually all personal and business checks presented in payment for a purchase.

Consistent with rules of the National Automated Clearing House Association (NACHA), however, the service does not accept checks:

- Drawn on invalid or fraudulent ABA numbers.
- Drawn on banks that do participate in an automated clearing house (ACH) and that have not contracted directly with Visa.
- Not linked to a consumer demand deposit account.

In addition, the service does not accept:

- Convenience and travelers checks.
- Corporate checks.
- Federal Reserve checks.
- Government checks.
- Third-party checks.
- U.S. Treasury checks.

What happens if our sales clerk accepts a check that the service does not accept?

Your sales clerk receives a message on your terminal informing him/her that the service cannot process the transaction. Your clerk then follows your paper check processing procedures.

Are all banks able to participate?

Virtually every bank in the U.S. can accept electronic messages through the POS Check Service—right now! This capability is based on the bank's participation in an ACH or a direct relationship with Visa. Accepting this type of electronic message is a routine banking procedure.

Must our customer sign up before using the service?

One of the strongest features of the POS Check Service is that no customer sign-up is necessary. You can use the service to convert a valid check (see Question 1 above for exclusions) presented by any customer who is making a purchase.

Must our customer complete a check that will be converted?

There is no need for your customer to complete a check (that is, fill in the payee, date, and amount) that will be converted. The only information the system uses directly from the check is the preprinted MICR encoding. There is no problem, however, if the customer chooses to complete the check for his/her own record-keeping purposes.

Your customer does, however, sign the sales draft generated to document the purchase.



What happens to the check after our sales clerk scans it?

The check is voided so that your customer cannot use it again. This may happen in one of two ways: either your terminal automatically voids the check after an approval response is received from the service or your clerk stamps the check "void/non negotiable."

What record does our customer have of the transaction?

Your customer receives a copy of his/her sales draft and the voided returned check at the point of sale. And each month, in compliance with Regulation E, each POS Check Service transaction is described on the customer's checking account statement.

What if our customer doesn't want to use the POS Check Service?

If a customer prefers to pay with a paper check in the traditional way, the sales clerk should respect his/her wishes and process the purchase according to your procedures for paper check transactions.

What if a customer refuses to sign the sales receipt after the check is converted?

If a customer refuses to sign the sales receipt to authorize the electronic debit to his/her checking account, the sales clerk voids the POS Check Service transaction at the terminal. The clerk then accepts the customer's paper check, according to your procedures, or requests another form of payment.

Can a customer use the same check over?

No, a customer may not use the same check for multiple purchases. Although the check is returned, it is voided—rendering it unusable. The system also performs a test to ensure that no duplicate checks are processed.

How do we let customers know that this service is available?

You'll want to educate your customers about the availability of the service and how it works because you benefit from converting the largest possible percentage of paper checks. Your Acquirer/processor can help you achieve your goal by providing a variety of communications tools including consumer leaflets that describe the service and a "How to" reference card.

How do we handle returned merchandise?

Handle returns according to your usual procedures for check purchases. The POS Check Service does not accept transactions for returned merchandise.

What happens if a previously approved transaction must be voided?

Your sales clerk simply presses the "void last transaction" key on the POS terminal. This action causes the POS Check Service to generate an electronic reversal, which prevents the electronic debit from posting to your customer's checking account. Your sales clerk then asks the customer how he/she would like to pay for the purchase and accepts a paper check or other form of payment.

Please note that this transaction has limited use. It is not used for returned merchandise or adjustments.

What happens if a converted check is drawn on insufficient funds or a closed account?

If the check was processed using the Conversion Only or Verification with Conversion service option, the transaction is returned to the Acquirer/processor. A procedure will be established to resubmit the item for payment. Transactions that are guaranteed using the Conversion with Guarantee service option cannot be returned by the bank or third-party authorizer.



What kind of terminal do we need?

Terminals must be capable of electronically reading MICR encoding and printing a sales draft receipt containing at least the following information:

- Cashback amount
- Check number
- Contact information
- DDA number
- Depository bank
- Disclosure agreement
- Local date of transaction
- Location of terminal
- Merchant name and address
- Signature line
- Transaction amount
- Transaction ID
- Transit Routing Number

Please see *POS Check Service Technical Specifications* for details.

What information do our sales clerks need to know to process POS Check Service transactions?

Your sales clerks should have the following basic knowledge:

- Why you are offering the service
- How the service works
- Software and equipment operation
- Check acceptance policies

Your Acquirer/processor can provide turnkey training materials to help your sales clerks learn about the POS Check Service.

Do we have the option to ask for additional customer identification information when a check is presented for conversion?

As permitted by law, you are free to establish your own policy regarding requiring customers to present additional identification when using the POS Check Service.

When businesses decide to require additional customer identification, they typically ask for the customer's driver's license number, state, and date of birth. The sales clerk key-enters any information you collect.

Please note: Your Acquirer/processor or authorizer may contractually require you to obtain additional information from customers using the service.

How do we find out more about the service?

Talk to your Acquirer/processor representative.

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Where to Start

Implementation of the POS Check Service is straightforward because it builds on your existing systems and procedures and the current Visa and banking infrastructures.

And, your bankcard Acquirer/processor will provide support throughout the process.

The following provides a high-level planning checklist for businesses that choose to participate in the service:

Setup

- Obtain or update existing point-of-sale equipment to support POS Check Service transactions according to the POS Check Service Technical Specifications.
- Review and sign the Merchant Agreement with your Acquirer.
- Modify reports and information management systems to integrate tracking and reporting of POS Check Service transactions.
- Choose a third-party authorizer with your Acquirer.

Authorization Processing

- Update terminal printers to print receipts for POS Check Service transactions.
- Develop procedures for sales staff to key enter customer identification information (optional).
- Determine the service levels you will offer (Conversion Only, Verification with Conversion, and/or Guarantee with Conversion) and how these will be processed.

Clearing and Settlement Processing

- Work with your Acquirer to agree on processes for settlement and reconciliation.
- Review procedures that you will use to turn a check over for collection to ensure that POS Check Service transactions can also be accommodated.

Policies and Procedures

- Establish minimum and maximum cashback amounts, if allowing cashback transactions.
- Review merchandise return policies and processes, and ensure that you can handle returns (for example, traditional cashback/store credit) directly with customers. The POS Check Service does not support returns.
- Develop procedures for sales staff to identify and process as paper items checks that are ineligible.
- Develop and maintain a receipt management and retention process that leverages your card processing systems (receipts must be stored for two years.)

Operations and Training

- Establish a customer education plan to address customer issues.
- Train sales staff to support POS Check Service transactions.
- Train collections staff to handle VisaNet and ACH items.