



# Merchant Services

## Response to Request for Information

Prepared for

### ***COMMONWEALTH OF MASSACHUSETTS***



*and*

### ***MASSACHUSETTS BAY TRANSPORTATION AUTHORITY***



RFP response compiled by:  
Ken Thorsen  
Vantiv  
8500 Governors Hill Drive  
Cincinnati, OH 45249  
Phone: 513-900-3704

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## I. Processor Background

### Safety and Soundness

- 1) Indicate key measures of the processor's financial strength (e.g. capital ratios, market capitalization, cash flow ratios, and available credit lines).

**The 2013 10-K and our most recent 10-Q (as of 6/30/14) include various financial metrics. Please refer to the links below for this information.**

<http://www.sec.gov/Archives/edgar/data/1533932/000153393214000037/vntv-20131231x10k.htm>

<http://www.sec.gov/Archives/edgar/data/1533932/000153393214000220/a10-qvntvx6302014.htm>

- 2) Provide ratings for the processor from two rating agencies (e.g., Standard and Poor's, Moody's).

**Vantiv's corporate credit rating for S&P and Moody's is BB+ and Ba2 respectively.**

- 3) Please provide a copy of your company's 10K for the period ended December 31, 2013.

**Please refer to the links below for this information for the 2013 10-K:**

<http://www.sec.gov/Archives/edgar/data/1533932/000153393214000037/vntv-20131231x10k.htm>

- 4) Please provide a copy of your company's latest annual report. Describe any recent material changes subsequent to the report date.

**Please see the attached 2013 Annual Report. This can also be located using the link below:**

<http://investors.vantiv.com/phoenix.zhtml?c=250843&p=irol-reportsannual>

- 5) Please provide evidence of compliance with associations as well as evidence of PCI compliance and SOC 1 (Service Organization Controls) reports, or its equivalent for outsourced functions to third parties. Please name the assessor.

- > Does your contract acknowledge that the processor is responsibility for all third party data?

**We take responsibility for data solely when it resides in our proprietary systems.**

- > Do you agree to maintain any association-mandated certifications that may become relevant to the Commonwealth's bank card processing in the future, including Payment Card Industry (PCI) certification at no additional cost to the Commonwealth?

**As a Level One Service Provider, Vantiv is assessed annually by a PCI SSC approved QSA.**

- 6) Please describe how your firm and all subcontractors comply with the PCI Data Security Standard (DSS) in its entirety for all payment channels and specific to various payment channels and hosting scenarios, including listing on the PA-DSS and the Visa certified service providers lists.

**As a Level One Service Provider, Vantiv is assessed annually by a PCI SSC approved QSA.**



- 7) Please confirm that your firm and each subcontractor has successfully completed timely and annual assessments and validation based on the PCI DSS, identify each SAQ level, and state the date of last compliance confirmation.

**As a Level One Service Provider, Vantiv is assessed annually by a PCI SSC approved QSA. Vantiv is PCI-DSS compliant. As a Level One Service Provider, Vantiv is out of scope for SAQs and must have a QSA assessment yearly**

- 8) Please identify a list of dates and general description of any data breaches for Bidder and any subcontractors and how resolved.

N/A

- 9) Identify any current security breaches for the Bidder or any subcontractors that are underway and not yet resolved.

N/A

- 10) Please describe security protocols that the Bidder and subcontractors utilize for secure data processing, transmission, and storage of confidential data.

**Please see appendix 3 for the attached VSS Security Program Statement**

- 11) Describe what steps Bidder and subcontractors will take to ensure that Commonwealth data will not be subject to a security breach, or otherwise be improperly accessed, viewed, disbursed, stolen, lost or destroyed.

**Vantiv is PCI-DSS compliant. Please see appendix 3 for the attached VSS Security Program Statement**

- 12) Describe how Bidder and subcontractors will comply with Commonwealth of Massachusetts Security Policies which vendors are required to comply with: Enterprise Information Technology Policies at: <http://www.mass.gov/?pageID=itdtopic&L=2&L0=Home&L1=Policies%2c+Standards+%26+Guidance&sid=Aitd>

**Vantiv will comply as contractually mandated.**

- 13) Describe how Bidder and subcontractors will comply with Commonwealth of Massachusetts Security Policies such as management of public records G.L. c. 66, protection of personal data G.L. c. 66A, protection of private information <http://www.mass.gov/Eoca/docs/idtheft/eo504.pdf>, Chapter 82 of the Acts of 2007 (An Act Relative to Security Freezes and Notification of Data Breaches), and security breaches G.L. c. 93H, and the Comptroller Revenue Collection Data Security Policy.

**Vantiv will comply as contractually mandated.**

- 14) Bidders must execute Executive Order 504 Certification to ensure privacy and security of personally identifiable information as a condition of award of this Contract.

**Vantiv will comply as contractually mandated.**



- 15) Bidder must identify where all subcontractors and merchants are physically located and whether these entities are located in the continental United States. Bidders must identify if any data travels outside the US and where the data travels or is stored (even temporarily). Preference will be given to Bidders that do not send credit card and other sensitive data outside the United States, or who have personnel that reside or work outside the United States who have remote or other access to this data within the United States.

**Vantiv does not store or send data outside of the USA.**

#### **Personnel**

- 16) Provide contact information and biography of key relationship management contacts that will service the account as well as senior management.

**Your Relationship Manager, Melissa McCauley, is supported by a management team that provides outstanding responsiveness, follow-up, and escalation to ensure problems are resolved and new processing opportunities are addressed to allow our clients to compete more effectively in the marketplace. Our Senior Management Team is comprised of the following individuals:**

**Charles Drucker**  
**CEO**  
**Vantiv**  
**[Charles.Drucker@vantiv.com](mailto:Charles.Drucker@vantiv.com)**

**Mr. Drucker is the CEO of Vantiv, LLC. In July 2004, Mr. Drucker joined Vantiv as President and was named CEO in 2009. He is responsible for the strategy, sales, product development, relationship management and administration for the Merchant Services and Financial Institution Services business lines of the company. In 2005, Mr. Drucker was elected to the U.S. Region Board of Directors of MasterCard, International.**

**Before joining Vantiv, Mr. Drucker was the Executive Vice President and Chief Operating Officer of STAR Debit Services, a division of First Data Corporation. Charles' many accomplishments include establishing the strategic direction, creating sales strategies and successfully managing the day-to-day operations of the call centers and client management teams. Other positions while working with First Data Corporation included the Concord Merger Integration Executive Committee and Leadership Team for the Networks division. Mr. Drucker has served as President and CEO of First Data's subsidiary TeleCheck, where he was responsible for providing executive direction, overseeing operations, profit and loss management and business development.**

**Mr. Drucker's extensive 20-year processing and financial services dossier includes eight years at Wells Fargo & Company where he served as Senior Vice President and General Manager of Commercial Services. Directing the ninth largest merchant-acquiring portfolio in the United States, he was tasked with establishing and managing the strategic direction, bottom line P & L, sales, product development, marketing and operations.**

**During his tenure at Wells Fargo, Mr. Drucker was assigned additional responsibilities, which included managing the Corporate Card Division and Consumer Card marketing programs.**

**Prior to joining Wells Fargo and Company in 1993, Mr. Drucker was Vice President and Manager of the Electronic Delivery Division at Bank One/Valley National Bank of Arizona, and Vice President and Merchant Services Division Manager at Security Pacific Bank, also in Arizona.**



**Donald Boeding**  
President  
Vantiv  
Donald.Boeding@vantiv.com

**Mr. Boeding is the President of Merchant Services of Vantiv, LLC. He joined Vantiv in September 2004, as the General Manager of Merchant Services. He has direct responsibility for the day-to-day operations of the National, Commercial (mid-market) and Retail merchant processing business lines including net income, new sales, relationship management, product and technology development, and administration.**

**Before joining Vantiv, Mr. Boeding was Senior Vice President at Wells Fargo Merchant Services. He was responsible for the strategic initiative of integrating the Merchant Services division with key banking divisions at Wells Fargo Bank. His many accomplishments include successfully aligning the merchant processing product and services to achieve greater cross-sales penetration of banking customers; establishing merchant services as a core function of Wells' business DDA product. As Chief Operation Officer at Wells Fargo, Mr. Boeding was responsible for Portfolio Management, Store Servicing, Customer Acquisition, and Credit Risk, P & L, Relationship and Project Management. Additionally, he was responsible for Wells' Customer Care portfolio strategy for 150M customers processing over \$44 billion in credit card transactions. His extensive 20-year merchant services dossier also includes Vice President and Director of Merchant Services at Norwest Card Services and Merchant Services Manager at Commerce Bank of Kansas City.**

**Mr. Boeding represents Vantiv on the Visa®, USA Acquirer Council and as a member of MasterCard® USA's Acquirer Committee; he holds a Bachelor of Science Degree in Finance from the University of Iowa, Iowa City, Iowa.**

**Jamie Landheer**  
Sr. Vice President, Director of National Relationship Management  
Vantiv  
Jamie.Landheer@vantiv.com

**Jamie's responsibilities include proactive monitoring and support of our existing Merchant and Third-Party portfolios as well as developing future payment strategies benefiting both our Merchant Partners and Vantiv. She has been with Vantiv since 1995. Her previous roles within the organization include Merchant Conversions focusing on converting large National clients to Vantiv, Merchant Relationship Management handling our largest Supermarket and Debit accounts as well as an Industry Specialist position on the Supermarket side. Jamie has worked with many of our National Merchant Partners to begin accepting PIN-based Debit for the first time and has also worked with the Debit networks in an effort to help them understand the merchant perspective on debit acceptance. Jamie has spoken at several of the annual FMI Meetings on the cost of payments acceptance and other related topics on behalf of our merchant partners. Jamie is also an active participant on the MasterCard Acquirer working group and the MasterCard POI (Point of Interaction) Council.**

**Susan DeVries**  
Vice President, Director of National Merchant Support  
Vantiv  
Susan.DeVries@vantiv.com

**Susan joined Vantiv in March 2013 as Vice President, Director of National Merchant Support. A direct report Ms. Landheer, Susan oversees the National Relationship Management team responsible for merchant client satisfaction and retention. Susan assists in ensuring Vantiv's products and strategies meet merchants' needs and works to advocate on their behalf to the payment networks. Before joining Vantiv, Susan spent 13 years with Walgreen Co. In her payments role at Walgreens, she spearheaded programs to reduce acceptance costs and increase operational efficiencies. Additionally, Susan led Walgreen's efforts to develop retail financial solutions including gift and prepaid cards.**



**Ken Thorsen**  
**Vice President, National Relationship Management**  
**Vantiv**  
**Ken.Thorsen@vantiv.com**

**Ken has been a member of the National Merchant Relationship Management team since September 2000. He began his career as a Relationship Manager supporting our largest supermarket and fuel clients. In 2005, Ken was promoted to Manager of National Accounts and currently has a team of National Relationship Manager's who report to him. Ken focuses on helping Vantiv's merchant partners navigate the complexities of the payments industry by providing consultation on network regulations, fees and interchange rates to minimize their payments expense and consulting on innovative new products and services.**

**Melissa McCauley**  
**National Relationship Manager**  
**Vantiv**  
**Melissa.McCauley@vantiv.com**

**Melissa began her career with Fifth Third/Vantiv in August 2002 and is a part of the National Relationship Management team reporting to Ken Thorsen. Melissa partners with her customers on cost saving opportunities and consults on the changing payment processing landscape. Melissa has been working with MBTA since May 2013.**

17) How many employees does the processor have in each functional area involved in providing this service?

<b>Department</b>	<b>Total</b>
<b>Exec</b>	<b>12</b>
<b>FI</b>	<b>98</b>
<b>Finance</b>	<b>147</b>
<b>HR</b>	<b>37</b>
<b>IT</b>	<b>497</b>
<b>Legal</b>	<b>98</b>
<b>Marketing</b>	<b>27</b>
<b>Merchant</b>	<b>611</b>
<b>Ops</b>	<b>870</b>
<b>Product</b>	<b>77</b>
<b>M&amp;A</b>	<b>4</b>
<b>Total</b>	<b>2,478</b>

18) Please provide a detailed copy of your company's policy relative to:

- > The prohibition of discriminatory employment practices
- > Affirmative action/equal opportunity

**Please see appendix 3 for the attached copy of Vantiv's Affirmative Action & Equal Opportunity Policy.**



## Experience/Competitive Position/References

19) Where is the company's headquarters?

**Vantiv's headquarters are located at 8500 Governors Hill Drive, Cincinnati OH 45249.**

20) Provide a general overview and history of your organization (organizational structure, parent, subsidiaries, and number of employees). How long have you been providing card processing services? What is the name of the sponsoring financial institution associated with Visa and MasterCard card processing?

**Formed in 1971 and most recently known as Fifth Third Processing Solutions, LLC, Vantiv, LLC became a joint venture between Advent International and Fifth Third Bank (a subsidiary of Fifth Third Bancorp (FITB) in 2009. On March 22, 2012, Vantiv became a publicly traded company on the New York Stock Exchange and trades under the ticker symbol VNTV. Vantiv is headquartered in Cincinnati, Ohio.**

**For 40 years, Vantiv's team of committed professionals has made us one of the most trusted and respected organizations in the payment processing industry, as well as the nation's largest PIN debit acquirer (*the Nilson Report, March 2013*). We've driven many of the changes that prompted the shift from cash to electronic payments, and that innovative spirit continues to be our strength. We're innovators, thought leaders, boundary pushers and we are changing the face of payments.**

**We at Vantiv believe that clients need and deserve more. We are the partner who listens and truly embraces the intricacies of your business and payment opportunities. Vantiv is an industry leader with a deep understanding of the latest technologies, products, and services, and the vision to know what's ahead. Our industry experts will navigate the complexities of an ever-changing payments landscape, and ultimately enable success. We capture the synergies that lie at the intersection of close relationships, expertise, and technology, crafting exceptional payment solutions that deliver. Vantiv truly believes that the best experiences are seamless, and we are relentless in our pursuit of the development and execution of superior payment solutions.**

**Processing transactions, managing risk, delivering system reliability—these are all essential in our industry. But we at Vantiv believe that clients need and deserve more. We are the partner who listens and truly embraces the intricacies of your business and payment opportunities. Vantiv is an industry leader with a deep understanding of the latest technologies, products, and services, and the vision to know what's ahead. Our industry experts will navigate the complexities of an ever-changing payments landscape, and ultimately enable success. We capture the synergies that lie at the intersection of close relationships, expertise, and technology, crafting exceptional payment solutions that deliver. Vantiv truly believes that the best experiences are seamless, and we are relentless in our pursuit of the development and execution of superior payment solutions.**

**Vantiv, as a direct processor, has a single, proprietary technology platform that provides our clients with differentiated payment processing solutions and provides us with significant strategic and operational benefits. Our clients access our processing solutions through a single point of access and service, which is easy to use and enables our clients to acquire additional services as their business needs evolve. Our platform also allows us to collect, manage and analyze data that we can then package into information solutions for our clients. It also provides insight into market trends and opportunities as they emerge, which enhances our ability to innovate and develop new value-added services. Our single platform allows us to more easily deploy new solutions that span the payment processing value chain, such as prepaid, ecommerce and mobile, which are high growth market opportunities. Since we operate one scalable technology platform, we are able to efficiently manage, update and maintain our technology and increase capacity and speed, which provide significant operating leverage.**



**Vantiv offers a broad suite of payment processing services that enable our merchant and financial institution clients to address their payment processing needs through a single provider. Our solutions include traditional processing services as well as a range of innovative value-added services. We provide small and mid-sized clients with the comprehensive solutions originally developed for our large clients that we have adapted to meet the specific needs of our small and mid-sized clients. We have developed industry specific solutions with features and functionality to meet the specific requirements of various industry verticals, market segments and client types.**

**The Vantiv management team has significant experience in the payment processing industry and has demonstrated strong execution capabilities. Since we created a stand-alone company in 2009, we have invested substantial resources to enhance our technology platform, deepened our management organization, expanded our sales force, completed many acquisitions, introduced several new services, launched the Vantiv brand and built out and moved into our new corporate headquarters. We executed all of these projects while delivering substantial revenue growth and strong profitability.**

**Next to our employees, our beliefs and values have made us one of the most trusted, best-performing, and highly valued companies in the payment solutions industry.**

**Our Values:**

- **Take action. We harness our expertise and insights to overcome challenges and create solutions.**
- **Take ownership. This is all about accountability. Whether positive or negative, we hold ourselves accountable for our actions, intentions, and results.**
- **Do the right thing. Always. We've committed ourselves to the highest ethical standards. Our clients—and investors—deserve nothing less.**
- **Work together. As individual contributors, we are good. Together, we're the best. We foster a collaborative working environment and celebrate our collective strengths and successes.**

**As the third largest merchant acquirer and the largest PIN debit acquirer based on number of transactions in the U.S., Vantiv's growth strategy includes expanding further into high growth payment segments, such as ecommerce, payment facilitation (PayFac™), mobile, prepaid and information solutions, and attractive industry verticals such as petroleum, business-to-business, government, healthcare, gaming and education.**

**Vantiv supports more than 400,000 merchant locations (9 of the top 25 U.S. retailers by revenue), and 1300 Financial Institutions. The company processes 17 billion transactions and nearly \$600 billion in volume.**

21) Do you use a third party for any segment of the customer or card processing services? If yes, explain.

**Vantiv does not require any third party to perform our core merchant processing. We own and operate all of our transaction processing engines, as well as our terminal support and technical help desk.**

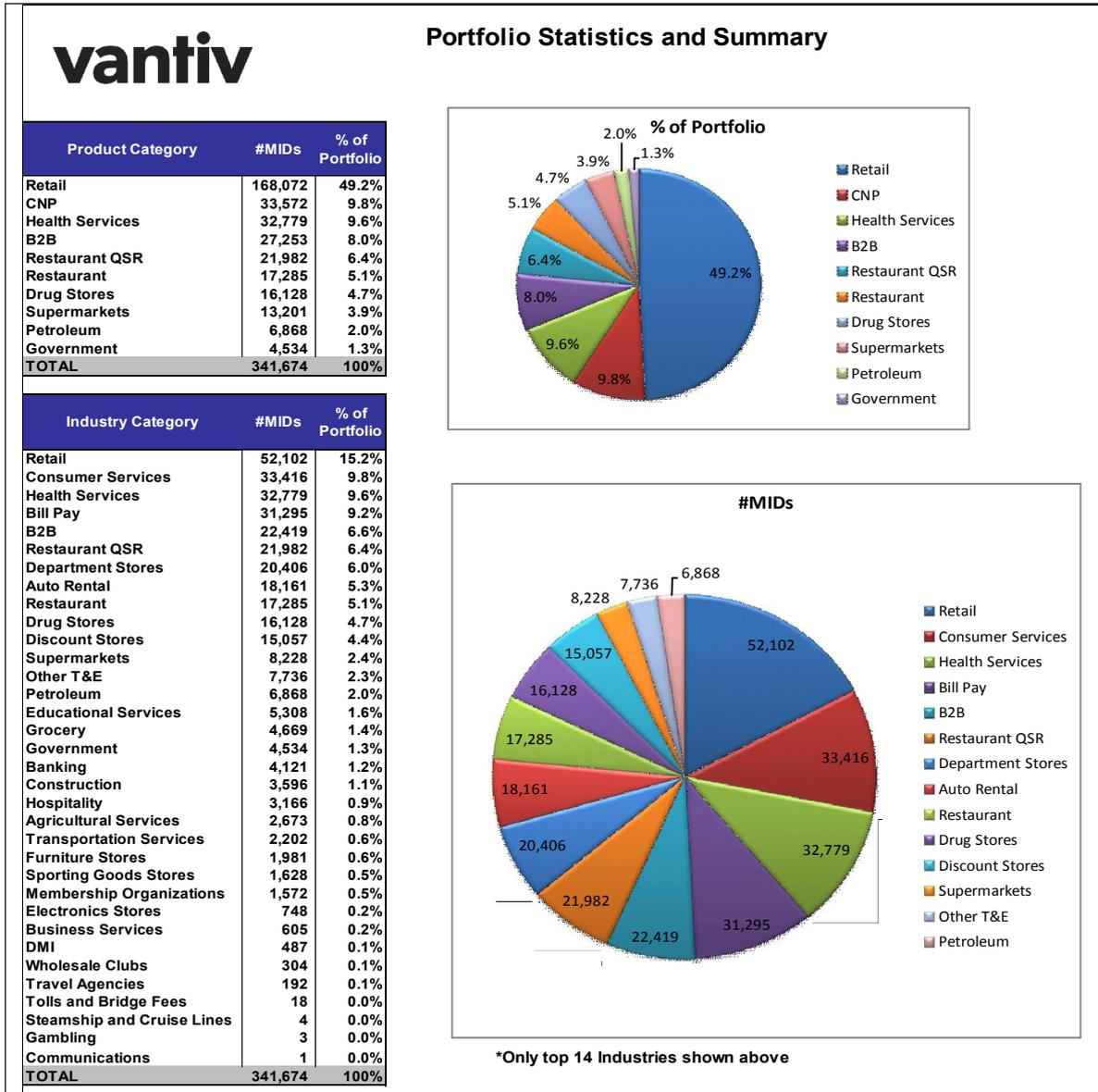
22) Specify the number of customers for which you are providing card processing services and categorize them broadly by segment (e.g., Supermarkets, Retail, Government, Transportation, and Transportation Commuter.)

**Vantiv supports nearly 400,000 merchant locations (8 of the top 25 U.S. retailers by revenue), and 1,400 Financial Institutions. The company processes 16.9 billion transactions and more than \$1 billion in net revenue.**



**Market Leadership**

- #1 Ranked U.S. Merchant Acquirer in PIN debit transactions
- #2 Ranked U.S. Merchant Acquirer in transaction growth (2010-2011)
- #3 Ranked U.S. Merchant Acquirer in total transactions
- 8 of the top 25 national retailers are clients of Vantiv



23) Are you currently providing card processing for governmental agencies i.e., tax, licenses, registrations, tuition, fines, fees, and assessments? If yes, please describe and state the number of years of experience.

**Yes, Vantiv supports nearly 400,000 merchant locations (8 of the top 25 U.S. retailers by revenue), and 1,400 Financial Institutions and have been for over 40 years. 4,534 of these merchant locations are in the Government sector. For specific references from several of these merchants please see our references response for question #28 below.**



24) Are you currently providing card processing services to transit agencies? If yes, please describe and state the number of years of experience.

**Yes. We have been providing card processing for over 8 years to transit authorities.**

25) Do you have vendor certified interfaces with Scheidt & Bachmann's automated fare collection applications? If yes, please describe and state the number of years of experience.

**Yes. As MBTA's processor today, we have established a direct integration & relationship with Scheidt & Bachmann to support the fare vending machines, ticket office machines & CharlieCard.MBTA.com. This direct certification has been in place since 2009.**

26) What is the average number of transactions currently processed daily? What is the greatest number of transactions processed in an hour? How does that compare to your current capacity? What would our volume ranking be, given our current number of transactions?

**Vantiv processes more than 45 million transactions and greater than \$1.5 billion dollars in volume per day. Vantiv has a tested capacity of over 3,000 transactions per second. We begin our peak season planning in February of each year, and schedule calls with our largest customers throughout the year leading up to peak season, so that we can plan accordingly to meet capacity requirements. We plan to run our systems at 50% capacity during peak, which is obviously lower than 50% during off peak months. We would also like to point out that we have capacity on demand with IBM should we have any concerns about maintaining our capacity requirements.**

**Vantiv is the third largest merchant acquirer and the largest PIN debit acquirer based on number of transactions in the U.S. (Nilson Report, March 2013).**

27) What is the volume of your largest customer? How do our peak periods compare to your system-wide peak periods? At what point would you need to extend your capacity and what resources would be required?

**The Average annual transaction count for our Top 5 merchants is over 726 million transactions. Vantiv provides payment-processing services for some of the largest retailers, universities, restaurants and supermarkets in the country. Peak periods for these merchants will vary depending on their MCC. We recognize that peak season varies merchant to merchant and this is also taken into consideration during our peak season planning periods.**

**Our Peak Authorization times are in the annual Holiday Season, which runs from the day after Thanksgiving until the first week of the New Year. During this time, our processing volumes is double our average volume throughout the year, and peak processing loads can be triple our average volume. Our systems are specifically configured to handle tremendously high transaction volumes while maintain sufficient capacity to handle unforeseen volume peaks. Average system utilization during non-peak periods is less than 30%, and during peak processing periods, our system utilization rate is 60% to 65%. During peak processing periods, our average authorization response times are slightly slower than non-peak periods, primarily due to the slower response times of the networks than to the overall volume on our systems – for example, average internal processing time for a transaction is less than 0.07 seconds during non-peak periods and less than 0.10 seconds during the highest peak volumes.**



28) Provide contact information of four references, preferably similar to our organization or with comparable volumes and communication capabilities, who are currently using your card processing services.

**Richard Ponce**  
**City of Chicago**  
**Deputy Director ,Payments Processing-Reconciliation**  
**DePaul--Room 320**  
**333 S. State Street**  
**Chicago, IL 60604**  
**Phone: 312-745-2892**

**Terri O'Neil**  
**UMASS**  
**Director of Cash Management Operations**  
**333 South Street, Suite 450**  
**Shrewsbury, MA 01545-4176**  
**Phone: 774-455-7585**

**Matt Deseck**  
**University of Michigan**  
**Treasurer's Office - Assistant Director of HSIP & Card Programs**  
**10090 Wolverine Tower**  
**3003 S. State Street**  
**Ann Arbor, MI 48109**  
**Phone: 734-615-2103**

**Susan Albonetti**  
**University of Cincinnati**  
**Assistant Treasurer**  
**51 Goodman Drive**  
**Suite 500, University Hall**  
**Cincinnati, Ohio 45219**  
**Phone: 513-556-4793**

29) Explain your company's representation on MasterCard, Visa and other boards or committees including the PCI Council.

**Representation of our merchants' needs is an ongoing role that Vantiv pursues with Visa, MasterCard and other organizations that play a critical role in the delivery of services to our clients.**

**Charles Drucker, President of Vantiv, served on the Board of Directors of MasterCard International. Since the earliest days of the credit card industry, we have actively participated in a wide variety of association positions and held various board positions. Due to the structure of the associations, positions are made available on a rotating basis to principal members, and as these opportunities have been made available, we have accepted them to provide the vital representation our clients need.**

**Vantiv's representatives also participate in a variety of ad hoc advisor groups and committees sponsored by Visa and MasterCard. We are active members of the following industry groups:**

**Visa Best Practices Committee**

**This committee addresses the latest issues facing merchants in various industry segments. It includes many top merchants and processors that regularly meet to address operational issues pertaining to the retail acceptance of bankcards. A variety of Best Practices Committees have been formed to address the needs of different industry segments. Best Practice Committees we work with include the following:**



**Visa and MasterCard Acquirer’s Committees**

This committee addresses a variety of issues pertaining to merchant acquirers.

**MasterCard U.S. Deposit Access Providers**

This group focuses on developments in Home Banking and Internet services. A wide variety of issues related to direct marketing and Internet-related issues are addressed by this group.

We participate in a number of industry-related associations and organizations that serve the various customers we support, and we will join additional organizations that our clients request our participation in to better represent their specific processing and support requirements. Organizations in which we currently participate include, but are not limited to, the following groups:

- Merchant Risk Council
- Retail Technology Conference
- Retail Information Systems News
- Food Marketing Institute
- National Association of Convenience Stores
- National Retail Federation
- Shop.org
- Direct Response Forum
- Treasury Management Association of Chicago
- Association for Financial Professionals
- Treasury Management Association
- Various State Grocers Association
- Various Other Regional and National Associations

Tom Humphrey leads our Merchant Compliance Team. Tom has 10 years of experience in the payments industry, and is a member of the Visa North America Risk Executive Forum and the MasterCard US Fraud Advisory Council. Reporting to Tom, Lisa Conroy works directly with our largest merchants on PCI DSS compliance validation and is the Vantiv liaison to the card brands on merchant PCI compliance and enforcement related matters. Lisa has been with the Vantiv compliance team for nearly 8 years and has been involved with the evolution of the merchant PCI compliance support structure at Vantiv since its inception. Also on the compliance team, Mirian Hubbard has been with Vantiv for more than 4 years and spends most of her time in direct conversation with our merchants talking through their validation requirements.

30) Do you provide expertise, dedicated resources and guidance to achieve PCI compliance among your merchant customers at no charge?

Yes.

31) List industry-related associations or organizations of which your company is a member or in which it has direct representation.

We participate in a number of industry-related associations and organizations that serve the various customers we support, and we will join additional organizations that our clients request our participation in to better represent their specific processing and support requirements. Organizations in which we currently participate include, but are not limited to, the following groups:

- Multi-Unit Restaurant Technology Conference
- Restaurant Executive Summit
- National Restaurant Association
- Food Marketing Institute
- Retail Technology Conference



- Retail Information Systems News
- National Association of Convenience Stores
- National Retail Federation
- Treasury Management Association of Chicago
- Treasury Management Association
- Various State Grocers Association
- Various Other Regional and National Associations
- Various State Restaurant Associations

32) List any major credit/debit card rule or policy changes your company has proposed or influenced.

Vantiv is a vocal merchant advocate and although we have not directly influenced a credit / debit rule or policy change we will challenge the networks on behalf of our merchants. Over the past 20 years, Vantiv has dominated the acquiring space in electronic payments processing, making interchange management a priority. Instead of relying on an issuing portfolio to drive revenue, Vantiv has focused on retaining customers through a more consultative and professional approach to relationship management and program support. We work closely with our merchant partners in analyzing performance and establishing strategies to minimize this cost component, which has allowed them to recognize in some cases, hundreds of thousands of dollars in savings on an annual basis. A couple of examples of these successes are summarized below:

**Merchant #1:** This is one of our better examples. Merchant #1 was a retailer for whom we processed PIN debit, but did not process credit. Interestingly enough, this merchant processed their credit with a large card issuing bank processor through MDEX. Our first significant cost savings initiative was to help them restructure their routing priorities, and upon an in depth analysis, we recommended a strategy, and then negotiated directly with the Debit Network to structure a deal that saved the merchant over \$3 million/year. We then analyzed their MDEX pricing structure and discovered that they were being billed incorrectly as a result of the tier that their processor had them under. This allowed them to recognize another million dollar plus savings, and convinced the merchant that they should migrate their credit business to Vantiv.

**Merchant #2:** With their former processor, Merchant #2 was not providing the requisite Level II data for all their Visa and MasterCard commercial transactions in order to qualify them at the incented interchange rates. By simply making a change to include the sales tax data in their incoming settlement file, Merchant #2 was able to save approximately \$354,000 in annual interchange expense.

**Merchant #3:** Following Merchant #3's conversion to Vantiv, we were able to work with them on a number of initiatives that are projected to save them approximately \$950,000 in annual interchange expense, including activating them for our Automated Reauthorization System, lobbying MasterCard to qualify a portion of their processing portfolio at the Supermarket rate for their Consumer credit and debit activity as well as working with a number of the credit and debit networks to improve their respective tier qualifications.

**Merchant #4:** We were able to help this merchant get into a Maestro tier (after several discussions - we finally convinced MC that they needed to put them in a Maestro tier, even though they were not making any Maestro tier changes for the April 2008 release). Getting Merchant #4 into the Maestro Tier 1 program was considered a huge success.

Also, we worked very hard with Visa so they would pull ALL of Merchant #4's volumes (several different DBAs) and Visa determined they should be in Visa Tier III Debit Supermarket. Visa had not recognized them as a tier eligible merchant until we brought this to their attention and helped them



figure out how to pull all of their applicable volume. After this merchant became PCI compliant, they were able to get moved into Tier 3 for Visa Debit (signature)

**Merchant #5:** we recognized that most of this merchant’s transactions, which should have been qualifying for the Visa AFD rates (Credit and Debit), were falling to EIRF because of INVALID CARDHOLDER ID. They were sending the wrong value in the Cardholder ID field for AFD transactions. The RM worked with Merchant #5 to get the issue resolved. The financial impact for one month alone was over \$40,000. This change saved this merchant \$500,000 annually.

33) If your organization believes a conflict of interest may arise during the course of this transaction, the nature of the conflict should be described.

N/A

## II. Transaction Processing

### Processing Functions/Networks

1) Using the Commonwealth's profiles, illustrate the network connectivity requirements to support current and projected volumes. A diagram must indicate the functions performed by the vendor and those performed by others, including subcontractors.

**Please see appendix 3 for the current network diagram for MBTA and the proposed diagram for The Commonwealth of Massachusetts.**

2) Would all network connectivity to the Commonwealth and related maintenance and security be the responsibility of the card processor?

Yes

3) What backup procedures are available in the event of a network failure?

**Vantiv utilizes two fully redundant, geographically remote data centers located in Florence KY and Grand Rapids MI to support our merchant processing applications. The data center in Florence, KY is our primary data center for high volume merchant processing, and this location is configured with redundant hardware systems and support resources to protect our customers from non-catastrophic processing outages. The fully redundant data center in Grand Rapids is also a “hot site” and provides authorization support services for our merchant processing applications along with full disaster recovery support if a catastrophic failure occurs in the Florence data center. In fact, many of our largest merchants utilize both data centers to “load balance” their transaction traffic. Both data centers have direct interfaces to all major networks to provide the fastest and most reliable processing possible. Multiple interfaces in both data centers are utilized for our highest volume processing interfaces to protect our clients from the loss of a critical network interface.**

**Clients can route authorization requests to either the Florence or Grand Rapids data center through our Host-to-Host, Host Data Capture, and through MPSNet, our asynchronous dial authorization system. Our systems can route transactions across the backbone network that connects our data centers to distribute transactions between our processing systems top allow our authorization applications to re-route transactions across an alternate network interface. This processing capability is also used to support debit POS links that are only supported in the Florence Data Center. If the Florence Data Center is not available, all debit POS networks are re-established in the Grand Rapids Data Center through ISDN or dial connections and, if longer term processing support is required, the permanent network interfaces are re-terminated into our Grand Rapids data center to provide full processing capabilities in this data center.**



The Florence and Grand Rapids data centers are capable of handling the full processing requirements of our clients during peak processing periods. As our processing volume increases, our processing systems will be upgraded to support our ongoing processing requirements. Our dual data center processing support strategy eliminates the single point of failure that exists in a typical single site processing solution, and this configuration increases processing system performance during peak processing periods since transactions can be routed into both data centers to take advantage of multiple network routing paths. One of the main strengths of this configuration is the virtual elimination of processing outages since either data can provide processing support to clients that have establish network connectivity to both data centers. Clients can load balance transactions between data centers or implement a smart-switching capability to route transactions to the system providing the best authorization performance.

One of the capabilities of our processing systems that significantly differentiates Vantiv from other processors is our ability to provide a single point of settlement for Host Data Capture transactions processed in different data centers. Our processing systems combine the processing activity acquired in both data centers and handle this activity as a single settlement entity. Processing totals, settlement, funding, reporting and other information provided to our clients appears as if all processing occurred through a single data center. This processing capability allows our clients to freely route transactions to either data center without impacting the rest of their processing program.

This processing capability is notable since most processors offer separate primary and backup processing sites. If processing is shifted from the primary site, any transactions processed in the backup site are handled through a separate settlement process. This processing environment results in multiple reports, funding, and other information. Such an environment is difficult to reconcile and does not provide immediate recovery support like the mirrored authorization capabilities offered by our processing systems.

- 4) If the agency transmits data and there is a transmission failure, who is responsible for the notification of the failure? How will it be discovered? When and how will it be communicated?

Network monitoring, problem notification and error resolution support are provided through our Network Control department. Operators and support technicians are on-site 24 hours a day to monitor our systems, customer terminals and system links, detect problems, diagnose communication and processing errors, initiate corrective procedures and assist our customers in identifying and resolving support problems. Our systems monitor all client authorization and card network interfaces to detect problems and notify our Network Control staff of potential or actual system problems. Network Control staff works with our programming and technical support personnel to resolve problems that cannot be corrected through communication monitoring systems and other diagnostic systems.

We use a variety of tools to manage our communication networks to detect potential problems and reconfigure our systems to improve network performance. The Network Control staff monitors a variety of problems, including communication errors, processor time-outs, line failures, hardware problems, and other conditions through performance and availability monitoring systems. When a system error occurs, network-monitoring systems automatically detect the problem and display an operator message. The Network Control personnel can analyze these problems using a variety of diagnostic systems. Network Control staff will attempt to correct problems, and if recovery cannot be completed within a short period, the appropriate customer contact will be notified.

- 5) Describe the system of internal controls and appropriate certifications that assure accuracy of the processing and reporting of credit/debit transaction processing.

The growth and success of our merchant partnerships and industry positioning over the last 20 years validates our discipline, credibility, stability and innovative spirit. We have a time tested, well proven, proprietary processing platform that allows us to seamlessly enable and support new technologies, customized solutions and various alternative payment methods for our merchant partners. Our



relationship management team is the best in the industry as validated by having the lowest attrition rate for large scaled enterprise accounts in the industry. Our partners lean on us for thought leadership, to challenge the associations, to introduce new technologies, for innovation and best in class day-to-day support. We are nimble and have the greatest depth in understanding the complexities of the payment landscape. We are more than just a transactional payment provider.

Some examples of our innovation include:

- Vantiv worked with several of our customers as they implemented RFID, Proximity Payments and PayPass.
- We worked with one retailer to implement the Magtek Anti-Fraud Technology.
- As mobile payments and GPS technology are leveraged in the retail arena, we are actively participating in multiple pilots with our partners as they deploy these solutions.
- We currently have merchants utilizing mobile selling assistants and kiosks to process electronic payments.
- One retailer is working with Vantiv and a third party to integrate a web catalog, customer reviews, and product comparisons. As mobile technology continues to grow and evolve, we expect to support a multitude of solutions

Vantiv has earned new business and maintained existing business through the consultative and collaborative partnerships we build with our customers. We are focused on interchange management, including negotiating directly with the networks on our merchant's behalf, proactive consultation in the area of compliance, and of course, continued stability and commitment to customer service through our best in class relationship management team, and reporting and reconciliation product, Direct.

As you may have heard, the marketplace has clearly decided that their merchant acquiring needs cannot be best supported by large issuers due to the conflict of interest between merchants and bank issuers along the lines of:

- **Interchange.** As issuers benefit from incremental interchange revenue on downgraded or non-optimally cleared transactions while Merchants are penalized by incremental interchange expense for downgrades.
- **Chargeback/Exception.** As issuers are forced to adversely impact either their cardholding consumers or their merchant partners.
- **Card Data Security.** As in situations where breaches are suspected major issuers are forced to look to their merchant partners to cover their losses from fraud and card reissuance or absorb it themselves.

We firmly believe that we are best positioned to partner with the merchant community to enhance processing environments. We have the experience, scale, and merchant centric approach to the business to build a program that works best for you in the near term and long term. We will help you build your program through proactive collaboration as we engage in more substantial discussions, and we will validate our approach through honest consultation, and confirmation from existing merchant partners.

We are uniquely qualified to handle your PIN Debit transactions. If you are a retailer with an average ticket that borders on signature debit providing lower interchange rates than PIN Debit, you need a partner who can strategically and dynamically route your transactions to the lowest cost provider.

Beyond these and other client-driven activities, Vantiv continually has a robust array of projects and activities in our development queue including the ACH card support, continued enhancement of alternative payments capabilities, Visa Offers, ongoing WIC implementations, network compliance releases, continual VAR and software certifications and terminal certifications.



6) When do you schedule your system down time and how long is the system not available? How do you notify the customer?

**Our system availability is calculated by the amount of time each month that our systems are operational and performing the duties and functions relative to the processing of transactions. For clients with high-availability processing requirements, we establish processing interfaces into two of our two data centers (Florence, Kentucky Data Center and our Grand Rapids Data Center), and we establish backup communication resources to reduce the opportunities for processing disruptions. The combined availability of these systems has approached 100% since our dual data center processing configuration was established in 1995. If a client is utilizing our Florence, KY data center and there is a failure, all authorization traffic is based on the mirrored processing configuration we have developed to support our clients in Grand Rapids. We have established a standard service level availability rate of 99.6% for each data center. By staggering maintenance outages between these locations and providing high availability systems, our clients should experience the highest total availability rate in the industry.**

**Our system availability service level standards include an outage allowance for regularly scheduled system maintenance. Performance standards, developed for our network customers, measure system availability using the following parameters:**

**“Maintenance Outage Minutes” (MOM) shall mean, with respect to a calendar month, the length of time, measured in minutes, of outages which are due to routine maintenance and occur during the calendar month but only to the extent that such outages:**

- a) **Occur between 1:00 a.m. and 5:30 a.m. EST, and b) Do not exceed an aggregate amount of 120 minutes in a calendar month with four (4) Mondays and 150 minutes in a calendar month with five (5) Mondays, excluding, however, any time spent in responding to special requests by customer.**

**“Outage Minutes” (OM) shall mean, with respect to a calendar month, the aggregate length of time, measured in minutes, of outages occurring in that month minus any Maintenance Outage Minutes for that month.**

**“Scheduled Minutes” (SM) for each calendar month will be equal to the difference of 60, multiplied by the hours in that month, minus the Maintenance Outage Minutes for that month.**

**“Calculated Availability” (AV) for each calendar month will be quotient of Schedule Minutes for that calendar month minus any Outage Minutes (OM), multiplied by 100% and then divided by Scheduled Minutes, or:**

$$AV = \frac{SM - OM * 100\%}{SM}$$

Where:

- AV = Calculated Availability
- SM = Scheduled Minutes for the calendar month
- OM = Outage Minutes for the calendar month

7) Please describe your stand-in processing capabilities and specific locations of backup facilities.

**Vantiv utilizes two fully redundant, geographically remote data centers located in Florence, KY and Grand Rapids, MI to support our merchant processing applications. The data center in Florence, KY is our primary data center for high volume merchant processing, and are configured with redundant hardware systems and support resources to protect our customers from non-catastrophic processing outages. The fully redundant data center in Grand Rapids is also a “hot site” and provides authorization support services for our merchant processing applications along with full disaster recovery support if a catastrophic failure occurs in the Florence data center. In fact, many of our**



largest merchants utilize two data centers to “load balance” their transaction traffic. All data centers have direct interfaces to all major networks to provide the fastest and most reliable processing possible. Multiple interfaces in both data centers are utilized for our highest volume processing interfaces to protect our clients from the loss of a critical network interface.

Clients can route authorization requests to either the Florence or Grand Rapids data center through our multiple interfaces. Our systems can route transactions across the backbone network that connects our data centers to distribute transactions between our processing systems to allow our authorization applications to re-route transactions across an alternate network interface. This processing capability is also used to support debit POS links that are only supported in the Florence Data Center. If the Florence Data Center is not available, all debit POS networks are re-established in the Grand Rapids Data Center through ISDN or dial connections and, if longer term processing support is required, the permanent network interfaces are re-terminated into our Grand Rapids data center to provide full processing capabilities in this data center.

The Florence and Grand Rapids data centers are capable of handling the full processing requirements of our clients during peak processing periods. As our processing volume increases, our processing systems will be upgraded to support our ongoing processing requirements. Our dual data center processing support strategy eliminates the single point of failure that exists in a typical single site processing solution, and this configuration increases processing system performance during peak processing periods since transactions can be routed into both data centers to take advantage of multiple network routing paths. One of the main strengths of this configuration is the virtual elimination of processing outages since either data center can provide processing support to clients that have established network connectivity to both data centers.

Clients can load balance transactions between data centers or implement a smart-switching capability to route transactions to the system providing the best authorization performance. Clients utilizing Host Data Capture processing perceive a single point of settlement through a settlement consolidation process that combines activity from both data centers to provide consolidated processing, funding, and reporting of all activity. This processing capability simplifies processing compared to the multiple settlement entries associated with processing environments that utilize primary and backup data centers for processing support.

One of the capabilities of our processing systems that significantly differentiate Vantiv from other processors is our ability to provide a single point of settlement for Host Data Capture transactions processed in different data centers. Our processing systems combine the processing activity acquired in both data centers and handle this activity as a single settlement entity. Processing totals, settlement, funding, reporting and other information provided to our clients appears as if all processing occurred through a single data center. This processing capability allows our clients to freely route transactions to either data center without impacting the rest of their processing program.

8) Please describe your disaster recovery plan and provide an estimate of how long it will take you to recover in the event of a disaster.

Our disaster recovery plans address the full recovery of our processing applications, including settlement processing. The Grand Rapids facility contains the resources required to support all of our processing requirements, and this data center can accommodate additional hardware resources for non-critical tasks (internal Vantiv tasks, etc.) if the recovery process requires an extended period due to a catastrophic loss of our Florence KY facility. As several notable industry incidents have demonstrated, disaster recovery support is a critical aspect of a mission-critical processing program. Our disaster recovery procedures are reviewed at least annually by our internal and external auditors and by most of the regulatory agencies that review the operations of Vantiv.



**Recovery procedures established for our merchant processing applications include:**

- **Notification of recovery site that a disruption has occurred**
- **Notification of networks and key customers that a disruption has occurred**
- **Initial evaluation and assessment of recovery procedures and requirements**
- **Review of archived data files for recovery assessment**
- **Restoration of data base files at recovery site**
- **Transfer of network control functions to recovery site**
- **Transfer of communication links to recovery site**
- **Testing and certification of processing systems at recovery site**
- **Notification of customers that recovery is proceeding**
- **Activation of communication links into recovery site**
- **Staggered activation of processing at recovery site**
- **Activation of processing (settlement, etc.) support at recovery site**
- **Initial processing of recovered processes**
- **Review of initial recovery processing results**
- **Activation of full recovered processing**
- **Release of production data to all affected processing endpoints (networks, etc.)**
- **Review of steps required to recover primary processing facility**
- **Recovery and restoration of operating system software at primary site**
- **Restoration of application software and data base files at primary site**

**We have designated different levels of disaster recovery objectives, designated A, B, C, etc in accordance with the regulatory requirements pertaining to the provision of these services to our clients. Since delayed settlement processing can create interchange downgrades, significant cost increases, substantial reconciliation and settlement problems, and rolling processing impacts, settlement is designated a “Class A” recovery objective. “Class A” disaster recovery objectives have a target recovery period of 24 hours. Recovery procedures for these objectives are initiated within a few minutes of a full disaster declaration. Recovery of these objectives is initiated within 3 to 5 hours, and full recovery efforts should be completed within 24 hours. It is important to note that online real-time authorization processing in the Grand Rapids data center, which can be supported through online host interfaces or dial authorization interfaces, is not disrupted during the recovery of our data processing capabilities.**

9) List any services routinely associated with payment and credit/debit card processing, that you could provide the Commonwealth.

**Vantiv has been a premier source of merchant processing services for leading businesses nationwide for over four decades. A pioneer in payment technology since the earliest days of the card industry, we have helped thousands of businesses increase their profitability by providing the highest quality transaction processing solutions available, while supporting the complexities of a largely-franchised operating structure with a range of connectivity and technology needs.**

**Our goal across the entire chain of payment services delivery is to help drive your business, to add value across it and to do so removing complexity.**

**Here is a summary of the services and support that Vantiv can continue to bring to The MBTA and provide to The Commonwealth of Massachusetts operations.**

### **Core Processing**

**Vantiv’s core processing solutions for you include:**

- **Credit Card Acceptance: Processing billions of dollars of card transactions per year, Vantiv has been partnering with leading retailers, supermarkets, restaurants, and other businesses for**



decades. Our in-house systems and innovative development capabilities allow you to choose from a variety of authorization and settlement configurations.

- **Debit Card Acceptance:** Take advantage of the speed, security, dependability and cost efficiency of our redundant direct links into every major debit network.
- **Gift Card Solutions:** Vantiv's comprehensive gift card program helps you capitalize on this growing multi-billion dollar industry. Whether you need turnkey solutions or customized support, Vantiv can create the gift card program that fits your objectives. By offering a wide range of program options, we provide your organization with the ultimate in choice and flexibility by providing a significant opportunity for small companies to grow their businesses.
- **Electronic Benefits Transfer (EBT) Acceptance:** By connecting you with online state EBT programs, Vantiv gives you single-point access to credit, debit, and EBT networks throughout the nation
- **POS Terminal Hardware Options:** Vantiv provides the secure, reliable connection that makes your customers' purchases possible. Multiple platforms enable support of all major manufacturers of POS hardware.

One of our main differentiators is found with Interchange Management and our strategic position in the market as a merchant-centric processor. Interchange is the fee that the Networks charge to a merchant to accept credit and debit cards as payment for a product or service, and is the most significant cost component of a merchant's card processing program. Most of the interchange that is billed is paid back to the card-issuing bank. We are not a large card-issuing bank, but our primary competitors in this business are large card issuers. Therefore, we find ourselves more aligned with the merchant community in working to minimize this cost component for the merchant. We are confident that we can identify savings opportunities for the merchant community through analysis and proactive collaboration.

Our goal is to be an active partner in helping MBTA and The Commonwealth to succeed and to build a long-term business partnership. For your review, I have highlighted some key drivers concerning your merchant processing decision that differentiate Vantiv from our competitors:

#### **Decreasing Costs**

An important goal in our relationship will be to decrease costs associated with credit/debit card processing. Over 95% of your total cost of processing electronic transactions is related to interchange cost. Vantiv will qualify your transactions at the best possible interchange category via Vantiv's least cost routing technology and in-house transaction matching system. Vantiv will always qualify transactions at the lowest possible interchange rate. The Vantiv matching system will repair potentially downgraded transactions by automatically populating certain missing fields in your settlement files to improve the interchange qualification level. Downgraded transactions are only charged the Association pass-through category and are NOT charged a "billback" or "non-qualified surcharge" fee. This feature alone can save hundreds of thousands of dollars per year.

#### **Data Security and PCI Compliance**

In addition to our existing Host Capture interface with Transaction Plus, we have recently added an enhancement to that interface to accommodate Point to Point Encryption. By encrypting the card data at the time the card is swiped through your POS, plus using a Host Capture interface, will take your POS out of scope for PCI DSS.

#### **Ecommerce**

In December 2012, Vantiv chose to acquire Litle & Co. ([www.litle.com](http://www.litle.com)) for best-in-class ecommerce payment processing solutions and services; the perfect complement to our comprehensive suite of traditional and innovative Point-of-Sale and Gift Card solutions. Together with Litle we are well positioned to provide best of breed solutions across all channels including ecommerce.



### **Mobile Acceptance-Mobile Checkout**

**The age of mobile payments is just taking hold. Vantiv has launched Vantiv Mobile Accept, which is a simple to use mobile app that combines with a card reader to allow merchants to quickly and securely swipe any credit, debit or prepaid card for processing on a smartphone or tablet. Vantiv Mobile Accept employs end-to-end encryption so the transaction data is never stored on the phone and never available in the clear. Vantiv has successfully completed an independent third party security assessment of Mobile Accept. Your customers can feel safer knowing their data is protected by encryption technologies that meet PCI Security Standards Council guidelines. We are also able to support your existing mobile app.**

10) Do you provide a tokenization security solution? Please describe. Is there an additional cost associated with this service?

**Vantiv provides a full suite of security products. With tokenization we replace important card data with a substitute value – or a token – that is unusable in the wrong hands. We offer a fully integrated tokenization solution that lets you retain the data, but with reduced PCI related risks. Tokenization is especially helpful with processes that repeatedly use stored card data such as settlement, recurring payments, chargeback processing, and loyalty program tracking. You simply use the token and eliminate the storage of card data. This helps the systems in scope for PCI Compliance.**

**Please see appendix 3 for the attached pricing proposal.**

11) Do you have the ability to process contactless bank card transactions?

**Yes.**

12) Is there a limit to the number of cards that can be accepted and processed for partial payment transactions? Please explain.

**No.**

13) Provide a copy of any terms and conditions for credit/debit card processing that the MBTA will be required to follow.

**Please see appendix 3 for the attached Bank Card Merchant Agreement in effect today between MBTA and Vantiv.**

14) Please provide information on any services you provide to support international/foreign cards acceptance, including any risk considerations associated with exchange rates, chargebacks, refunds, and associated costs.

**Vantiv can support the authorization and settlement of foreign/international credit cards. The process is no different than those established for your domestic transactions. Pay in Your Own Currency is another product we offer to our merchants. This allows your clients to pay in their home currency. The rate is guaranteed for 48 hours to ensure standard net gains or losses. The product also offers reduced chargeback risk since you know exactly the amount they are paying. Refunds are processed the same as you would domestic transactions and all settlement is in USD.**

15) Do you have a separate test environment for projects in development? Multiple test environments? Are there any limitations on access to this test environment(s)?

**Vantiv has a testing platform that your IT team would send test transactions before going into production. We typically require minimal notice for scheduling purposes. We have test cards for Credit, Debit, EBT, and Gift Card products. These are all test cards that work based on scenarios in the test scripts. The credit and gift card test cards will work in production and will continue to work in production for the scenarios in the test scripts. The debit and EBT cards will not work in production.**



**We can create test gift cards specific to a merchant's program that can be used for testing. We develop a comprehensive test script containing several sample transactions for the types of credit, debit, and EBT transactions that can be processed on your systems. We will work with your MIS personnel to certify the test script using actual test credit, debit and EBT cards as well as system generated messages. We will log all authorization requests and responses and review this information to ensure all transactions are handled correctly. If any problems are encountered, we will work with your MIS and reconciliation staff to identify the cause of the problem and update your support systems to correctly support the transaction.**

16) Do you perform an exact validation on the card number and the card expiration date on each authorization transaction?

**Yes.**

17) Do you assign a unique identifier reference number to each authorization? Does this unique identifier stay with the transaction through settlement and reporting?

**Vantiv provides an authorization code for each approved transaction in addition to the networks assigning a reference number. Merchants can also send in a unique identifier for each transaction. We can pick that number up and provide it back in the authorization message and/or reporting including our EMAF (enhanced merchant activity file).**

18) Provide your average response times for lease-line and dial authorization methods for both peak and normal periods.

**Vantiv maintains (during both peak and normal periods):**

- **An average system availability of nearly 99.9%**
- **An average internal response time of 0.02 seconds**
- **A network transaction response time of 0.59 seconds**
- **A managed production volume at more than 3,000 transactions per second.**

19) Please provide your performance standards for authorizations. You may provide performance standards by method of acquiring the transaction (i.e. FVM, handheld device).

**Please see the response to question 18 above.**

20) What are the procedures to reverse an incorrect authorization?

**The best procedures to reverse an authorization will vary depending upon when the authorization occurred, and when you recognize you want to reverse the authorization. An authorization may be reversed at the POS, or through our Virtual Terminal product available to you through Vantiv Direct, which we will discuss in more detail later in this proposal.**

21) Do you support adjustments (edits) and voids before transactions are settled?

**Yes, we support debit adjustments as a part of Vantiv Direct and within our Virtual Terminal. Vantiv also supports voids and reversals within our standard message specifications.**

22) Do you support reversals, hold and send transactions?

**Yes.**



23) Describe the monitoring and notification process if a transmission fails.

**Our network management system monitors POS terminals, data lines, authorization links, network endpoints, and other system connections. Our terminal monitoring system allows operators to identify a current or potential problem, and provides the information needed to locate and correct the problem, or contact personnel to resolve the problem. The Network Control terminals display problem messages and queues reminders of unresolved errors and worsening authorization link conditions. If a problem is detected by our monitoring systems, our systems automatically attempt to recover processing. Standard recovery steps taken by our systems include:**

- **Automatically attempt to re-establish communication at five-minute intervals**
- **Attempt to automatically recover from a condition without intervention**
- **Notify network control personnel if the problem is not resolved**
- **Continually remind network operators of problem situations until resolution is reached**

**When a link goes down and cannot be recovered automatically using our diagnostic facilities, the Network Control operators follow standard operating procedures outlined in a Network Control Escalation Guide. We utilize a 5 to 15 minute window (varies by type of connection, client, etc.) to gauge the escalation requirements of a problem. If the operator determines the problem cannot be corrected within this time frame, we will call the appropriate contact to within your company or third party vendor support staff report the problem. When an authorization link or other direct-connect device cannot be recovered through the Network Control console, we initiate these escalation procedures:**

- **Incidents are displayed on a network control terminal**
- **The network control operator then checks the online configuration data for the link, noting business hours, phone numbers, past problems, etc.**
- **The operator will then attempt to fix the problem by reconfiguring the link or terminal, polling the system, reactivating the link and conducting other maintenance measures.**
- **If these actions do not correct the problem, the operator contacts the appropriate dispatch team, vendor, or third party agent.**
- **The operator then initiates a downtime log entry on the online Network Incident Reporting System.**
- **Operator attempts to phone the appropriate people.**
- **If the response team does not respond, the operator logs the non-response to provide reporting.**
- **Operator will continue to attempt to contact the designated response team.**
- **The operator will consult our Escalation Guide for additional information on how to respond to the problem. The Escalation Guide contains a section for each major customer. Recovery procedures can be tailored to each client's requirements.**
- **If no response is received, the operator logs the problem and attempts to contact the team again.**
- **When the team or vendor(s) contact network control, the operator informs them of the nature of the problem and finds out the estimated time of arrival or repair.**
- **The incident log is updated along with the actual time of arrival and a resolution description.**

24) What is your response time to return an "accept" or "decline" message to the merchant? What is the industry's acceptable response time?

**We are confident that we will meet and exceed expectations surrounding average response times for your authorization requests. Please be advised of the following year-end 2013 statistics:**

**Vantiv has an average internal response time of 0.02 seconds.**

**Vantiv maintains a network transaction response time of 0.59 seconds.**

**Vantiv has a tested capacity of over 15,000 transactions per second.**



**Settlement**

25) Please provide by major brand (e.g. Visa, Amex, Discover, NYCE, etc.), the processing cut-off time for end of business day settlement transmission (including weekends and holidays).

The following table outlines our Expedited Funding Schedule for Visa, MasterCard and Discover:

<b>Expedited Funding Schedule</b>				
<b>Electronic Merchant Deposit (EMD) File Processing -- Visa®/MasterCard® Transactions</b>				
<b>2:00 a.m. ET EMD Transmission Deadline</b>				
<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>
Friday Sales Saturday Sales Sunday Sales	Monday Sales	Tuesday Sales	Wednesday Sales	Thursday Sales
<p><b>Example:</b> Monday’s sales that are settled via an EMD file transmission received prior to 2:00 AM EST on Tuesday can be processed during the early morning settlement processing windows of Visa® and MasterCard® and these transactions will be funded to our clearing account on Tuesday. The transfer of these funds to your account will be initiated on Tuesday. The transfer of these funds to your account will be initiated via ACH or FedWire on Tuesday. The availability of these funds is controlled by the method of funds transfer (ACH vs. FedWire) and the funds availability policy of your depository account. Standard ACH transfers have a one-day clearing time frame, so an ACH item initiated on Tuesday would be received by your depository bank on Wednesday morning. The receiving depository institution would control the availability of these funds.</p>				

If a merchant cannot meet the expedited settlement submission time frames outlined above, we offer a standard settlement processing cut-off time frame of 5:00 p.m. ET on the next business day following the transaction date (e.g. Monday transactions must be received by 5:00 p.m. ET on Tuesday in order to be processed according to our Standard Funding Schedule). EMD files received by this time are processed by our systems and will be included in late morning, early afternoon or late night clearing file transmissions to Visa and MasterCard. The funding of these transactions is one business day longer than the Expedited Funding schedule outlined in the previous schedule. We will not initiate funding for any transactions not funded by Visa and MasterCard if these processing windows are not met.

Our Standard Schedule of Funding and Sample Processing Schedule are outlined in the following table:

<b>Standard Fund Schedule</b>				
<b>Electronic Merchant Deposit (EMD) File Processing - Visa® /MasterCard® Transactions</b>				
<b>5:00 p.m. ET EMD Transmission Deadline</b>				
<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>
Thursday Sales	Friday Sales Saturday Sales Sunday Sales	Monday Sales	Tuesday Sales	Wednesday Sales
<p><b>Example:</b> Monday’s sales that are settled via an EMD file transmission received after 2:00 AM EST on Tuesday. These transactions are processed during the Tuesday and the transactions will be funded to our clearing account on Wednesday. The transfer of these funds to your account will be initiated on Wednesday. The transfer of these funds to your account will be initiated via ACH or FedWire on Wednesday. The availability of these funds is controlled by the method of funds transfer (ACH vs. FedWire) and the funds availability policy of your depository account. Standard ACH transfers have a one-day clearing time frame, so an ACH item initiated on Wednesday would be received by your depository bank on Thursday morning. The availability of these funds would be controlled by the receiving depository institution.</p>				

American Express will dictate their own settlement funding schedules.



26) What is the latest time offered to your customers for transmission of settlement transactions to meet these settlement times?

**This will vary depending upon processing method. Normally, 2:00 AM.**

27) Can you provide next day availability of funds for all card types?

**Please see our response above regarding funding schedules.**

28) Do you offer expedited and standard fund schedule options? Describe when the respective funds will be available to Commonwealth, including weekends and holiday transactions. Are settlement transactions made by ACH or Fedwire?

**Please see our response above regarding funding schedules.**

**Vantiv supports direct account credit, ACH and FedWire. An account is identified as Expedited Funding when we deposit the funds via FedWire.**

29) Can you support batch end of day settlement files and real time settlement of transactions?

**Yes we can support both EMD & Batch Settlement Files in addition to Host Data Capture processing.**

30) Can you cut-off batch activity precisely when settlement occurs? For example, if a batch is manually settled once per day at 11:58 p.m., transactions processed at 11:59 p.m., will be part of the next day.

**Yes. You can specify an auto-close time for each batch by merchant identification number. Once the batch auto-closes, the next transaction will open a new batch and those transactions will process the following business day.**

31) Can you generate a batch reference number, which stays with the transaction throughout the payment cycle and reporting? If not, is there a transaction identifier that stays with the transaction from authorization through settlement and reporting?

**Vantiv provides an authorization code for each approved transaction. Merchants can also send in a unique identifier for each transaction. We can pick that number up and provide it back in the authorization message and/or reporting.**

32) Is terminal identification information referenced on settled transactions?

**Yes.**

33) Do you allow for multiple settlement accounts? Are settlement amounts by terminal or batch number listed separately on the bank statement or will they appear as one lump sum? How are Saturday and Sunday activities handled?

**Yes. Vantiv has the capability of line item reporting of settlement amounts on our statement. Settlement amounts are currently lumped together for Saturday and Sunday's processing activity; however, we also provide the MD-600 report that provides the detail of the deposited amounts on a daily basis for easy reconciliation. You will receive separate funding from American Express.**



34) Describe the monitoring and notification process if a settlement transmission fails? In other words, how do you handle suspended (failed) batch transmissions?

**Our network management system monitors POS terminals, data lines, authorization links, network endpoints, and other system connections. Our terminal monitoring system allows operators to identify a current or potential problem, and provides the information needed to locate and correct the problem, or contact personnel to resolve the problem. The Network Control terminals display problem messages and queues reminders of unresolved errors and worsening authorization link conditions. If a problem is detected by our monitoring systems, our systems automatically attempt to recover processing. Standard recovery steps taken by our systems include:**

- Automatically attempt to re-establish communication at five-minute intervals
- Attempt to automatically recover from a condition without intervention
- Notify network control personnel if the problem is not resolved
- Continually remind network operators of problem situations until resolution is reached

**When a link goes down and cannot be recovered automatically using our diagnostic facilities, the Network Control operators follow standard operating procedures outlined in a Network Control Escalation Guide. We utilize a 5 to 15 minute window (varies by type of connection, client, etc.) to gauge the escalation requirements of a problem. If the operator determines the problem cannot be corrected within this time frame, we will call the appropriate contact to within your company or third party vendor support staff report the problem. When an authorization link or other direct-connect device cannot be recovered through the Network Control console, we initiate these escalation procedures:**

- Incidents are displayed on a network control terminal
- The network control operator then checks the online configuration data for the link, noting business hours, phone numbers, past problems, etc.
- The operator will then attempt to fix the problem by reconfiguring the link or terminal, polling the system, reactivating the link and conducting other maintenance measures.
- If these actions do not correct the problem, the operator contacts the appropriate dispatch team, vendor, or third party agent.
- The operator then initiates a downtime log entry on the online Network Incident Reporting System.
- Operator attempts to phone the appropriate people.
- If the response team does not respond, the operator logs the non-response to provide reporting.
- Operator will continue to attempt to contact the designated response team.
- The operator will consult our Escalation Guide for additional information on how to respond to the problem. The Escalation Guide contains a section for each major customer. Recovery procedures can be tailored to each client's requirements.
- If no response is received, the operator logs the problem and attempts to contact the team again.
- When the team or vendor(s) contact network control, the operator informs them of the nature of the problem and finds out the estimated time of arrival or repair.
- The incident log is updated along with the actual time of arrival and a resolution description.

35) Does your system identify and eliminate duplicate transactions and batch level duplicates? Describe the procedure.

**Yes. During the pre-processing of settlement files, our systems sort and process the transaction information to detect potential duplicate transactions. We identify duplicate transactions using the terminal ID, card number, transaction amount, and sequence number. If duplicate transactions are identified, we identify the duplicate transactions in the EMD Edit file. These transactions are settled. Our systems do not eliminate these transactions since the vast majority of duplicate transactions that cause serious processing issues with Visa and MasterCard are detected and eliminated through duplicate file checking, which is performed when an EMD file is received. Additional information on duplicate file and duplicate transaction processing can be provided as required.**



36) Describe your approach to settlement problem resolution. If the error is that of the processor, do you pick up the cost associated with any downgrades of the transactions?

**We would evaluate each problem on a case by case basis with the merchant and determine impact as well as resolution and restitution.**

37) Please describe the frequency and detail of reporting for settlement that will be provided including fields available on the reports. Are custom reports available?

**Please see the responses in the Information reporting section on pages 45-59.**

38) Can gross settlement be credited to the bank account daily? Can discounts and interchange fees be settled the subsequent month on a separate invoice?

**Vantiv is proposing an Unbundled Price Schedule. Interchange will be calculated on net sales daily while Dues are assessed on gross sales monthly along with Vantiv's fees. The network Fees will be passed through without mark up or surcharging for downgrades.**

**Vantiv has the capability of line item reporting of settlement amounts on our statement. Settlement amounts are currently lumped together for Saturday and Sunday's processing activity; however, we also provide the MD-432 report that provides the detail of the deposited amounts on a daily basis for easy reconciliation.**

39) Can merchants individually choose to have their fees netted from proceeds or billed monthly for the prior month?

**In our Unbundled Pricing Model, Interchange is debited daily while all other fees are debited monthly.**

#### Operations and Chargebacks

40) Describe the ticket retrieval request process and turnaround time. What response times do you require for ticket retrieval? How do these timeframes compare to Association rules?

**Our reporting and reconciliation product, Direct, provides a convenient online means of reviewing chargebacks. By reviewing chargeback records and working with our staff to resolve an item, your staff can easily keep informed on the status of all items. Direct allows your staff and your dedicated Vantiv Chargeback Representative to update your chargebacks to reflect their current status. Customer comment fields allow your staff to update our operations staff with current resolution information. The close interaction of your back office personnel and your Vantiv dedicated Chargeback Representative is critical to the success of your back office support team. During your conversion, our support team will work with your staff to establish the appropriate handling procedures to ensure that the chargeback resolution process is as efficient as possible.**

**When a chargeback has been received and placed in a Direct work queue, then your Chargeback Representative reviews the requests and works with your back office support staff to resolve the item. We attempt to resolve chargeback requests using information already available to our chargeback operations personnel. Many chargebacks can be resolved by providing additional processing information, such as shipping confirmation for direct marketing transactions, or additional sales information such as clearly defined sales and return policies. This information confirms that the transaction was handled properly by the merchant and a chargeback is not available to the cardholder. Information supporting the reversal must be forwarded within the required chargeback handling time frames.**

**After receiving an Advice of Chargeback (the chargeback pre-notification provided to our clients for incoming chargebacks), the item can be resolved within 15 days to avoid having the item posted to your**



account. If a chargeback is resolved outside of this time frame, a credit will be made to your account guidelines. If a chargeback cannot be resolved within the required time frames, we can send the item to the card issuer on a "good faith collection basis". There are no defined requirements for handling good faith collection requests, but if a response is not received within 90 days, the request is closed out. If a chargeback is successfully reversed by the acquirer, the card issuing institution still has the opportunity to submit a second chargeback if the documentation provided by the merchant to resolve the chargeback does not resolve the problem (e.g. illegible, incorrect information, etc.). If necessary, we will pursue additional resolution measures, including arbitration, as required. We will typically submit pre-arbitration cases to the card issuer prior to proceeding with an arbitration case to avoid the high cost. If the item still cannot be resolved through these procedures, experienced industry representatives will file an arbitration case on behalf of the merchant.

In most instances, chargebacks must be resolved within 45 days unless the transaction is initiated from a foreign country. Chargebacks received by our merchants can typically be resolved through the provision of original sales draft information. An issuer has 120 days from the posting date of the transaction to initiate most chargebacks. Exceptions to these requirements include chargebacks related to the Non-receipt of Merchandise (120 days from the anticipated delivery date) and Credit Not Processed (120 days from the return of the merchandise). We have established the following chargeback processing standards for the handling of our customers' chargebacks:

Chargeback Processing Operating Standards	
Exception Item Action	Response Time Frame
Acquirer Chargeback Pre-notification Period (Customer settlement account is debited if chargeback item is not resolved within 15 days - We are debited immediately by the card associations but will not charge your account for 15 days to provide time to resolve the item)	15 calendar days
Visa/MasterCard Chargeback Response Period (Chargebacks received from a card issuer must be handled within 45 calendar days to avoid an automatic chargeback with no representation rights. Certain chargebacks, including those related to Visa Mediation, have no representation rights.)	45 calendar days

41) Please describe your process for handling chargebacks and customer service support. Include requirements that Commonwealth must follow to avoid receiving any losses associated with chargebacks by card type.

**The Chargeback Operations group handles the processing of Retrieval Requests and Chargebacks. A chargeback operations representative will be assigned to your account to provide the ongoing assistance required to track and fulfill draft retrieval requests and resolve outstanding chargebacks. Our support team has been recognized by both Visa and MasterCard (14 years in a row!) for their outstanding customer support performance. All online tools to assist merchants in managing the dispute process are available through Direct."**

Vantiv has established processing systems in conjunction with Visa, MasterCard and the other card networks to control fraud and provide the reliable processing systems required to ensure that all transactions accepted at your locations are properly authorized and your deposits are reviewed for possible fraudulent or collusive activity. The foundation of our Risk Management strategy is the belief



that fraud prevention begins at the point of sale. Customer service representatives are the first line of defense in the prevention of fraud. Fraud control continues with systems that detect activity that has already occurred to provide ongoing notification of possible collusion or organized fraud activity. Monitoring systems and risk management controls can identify possible fraudulent activity, but in most cases these systems identify fraud that has already occurred rather than deter fraud that may occur.

Vantiv continues to work closely with Visa and MasterCard to provide our customers ongoing fraud education. We will work with your operations personnel to develop a comprehensive fraud education program that can provide the information your employees need to detect counterfeit cards and fraudulent behavior. Additional fraud protection is gained through the ongoing reinforcement of this education by your managers. We can conduct periodic fraud training seminars at your headquarters or select regional locations to provide follow-up training. We also offer reports enabling your operations personnel to detect possible collusive activity and other processing problems that may increase the likelihood of incurring employee-caused fraud losses.

42) Can you establish a chargeback threshold for automatic resolution by the card processor for chargebacks below the threshold, a service we currently have today? What is the level you recommend?

**Vantiv will work with MBTA and The Commonwealth on best practices for chargeback resolution and partner with you to accommodate any and all chargeback needs.**

43) What percentage of chargebacks is handled without merchant involvement?

**Over 50% of our merchants' chargebacks are resolved with no merchant intervention. We would like to review the reason codes that you currently receive to accurately estimate the percentage of chargebacks that will be resolved without your involvement.**

44) How often are chargebacks reversed?

**By reviewing outstanding chargebacks and resolving outstanding items our merchants can eliminate many chargebacks before their accounts are debited. Over 65% of all chargeback requests received by our clients are resolved prior to the expiration of the pre-notification period. By resolving chargebacks prior to charging your account, we can substantially improve the account reconciliation and balancing process.**

45) Are credit card chargebacks and other debit adjustments netted from the daily proceeds or are they debited individually? What account?

**Unlike most processors, Vantiv will not debit a merchant's account until the exception item is deemed lost. Funds will not be debited immediately. Upon this event, Vantiv will debit the chargeback from your daily proceeds. This will be detailed via Direct - our Internet based back-office support solution in a formatted report. You can also pull this information through our chargeback activity file. Funds can be debited from the operating account or you may elect to set up a separate account for these exception items. Vantiv supports debits from either the operating account or a separate escrow account.**

46) Is a history of chargeback information available to support research functions? For what amount of time?

**Vantiv provides 18 months of detailed transaction information, as well as comprehensive, flexible support for signature capture.**



47) Do you have the capability to store and retrieve transaction information for bank card transactions and non-bank card transactions? If so, do you have a system that enables the merchant to retrieve and receive this information online? How much history is available?

**Yes. Vantiv considers our chargeback processing system to be totally “paper-less” processing. Vantiv provides 18 months of detailed transaction information, as well as comprehensive, flexible support for signature capture. Vantiv can store digitally recorded signatures on your behalf or receive digital signatures necessary for exception processing from your own local storage. Signature capture systems from Penware, CheckMate, and other vendors are supported by our processing systems as long as the graphic compression and encryption algorithms for the captured signature images can be provided. If this information is available, when a retrieval request or qualifying chargeback (one that can be resolved with the electronic draft information) is received, the encrypted and compressed signature information is combined with our facsimile draft data to generate a facsimile (also known as substitute) draft response.**

**Direct integrates imaging, scanning, signature capture and facsimile draft support to provide the highest quality facsimile draft fulfillment support in the industry today. The availability of signature capture information significantly improves the level of chargeback handling we provide and has proven to substantially reduce our partner’s chargeback losses. Digital signatures can be transmitted to Vantiv’s host for daily storage, via the EMD as an addendum to the settlement file.**

48) Describe your process for setting up applicable merchant/terminal numbers for all types of card transactions. Can you link the MBTA ten digit fare collection device numbers to vendor terminal numbers if different on the output reports?

**As part of the initial conversion planning process, we will establish procedures to establish Merchant IDs for new locations, products, and service offerings. We have established a custom Merchant ID Request form for clients that establish new locations on a frequent basis.**

**Vantiv does and will continue to support sending back the 10 digit fare collection device number as we can allow for it in your current message specifications. We will also echo back the device numbers in your Daily Enhanced Merchant Activity File.**

**This form is forwarded to the Relationship Manager via an email or facsimile transmission. A sample of a Merchant ID Request form is included in the sample graphic below, and, of course, other formats and information can be supported:**



**Request for Merchant Identification Numbers**

Specify Credit Card Type(s):  
Circle Specific Card(s) or  
Circle on "All the Above"

Visa  
 MasterCard  
 American Express  
 Discover  
 Diners Club  
 All the above

Provide Bank Information:

Bank Name	_____
Account (DDA) #	_____
Routing & Transit #	_____
Contact Name / #	_____

Vendor # (existing machines only): \_\_\_\_\_

American Express External Billing (CAP) #: \_\_\_\_\_

Physical Address (of POS Software): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Include literal, as it will appear on customers' bill  
(up to 25 characters long): \_\_\_\_\_

Legal name (for Diners Club use): \_\_\_\_\_

Customer Service #: \_\_\_\_\_

Product contact: \_\_\_\_\_

Settlement Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Chargeback and Retrieval Information  
if different from Settlement Address: \_\_\_\_\_  
 \_\_\_\_\_

Contact Name and Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail (if applicable): \_\_\_\_\_

Comments: \_\_\_\_\_  
 \_\_\_\_\_

Deadline for Merchant ID request: \_\_\_\_\_ Date Sent: \_\_\_\_\_

**BELOW TO BE COMPLETED BY CREDIT CARD VENDOR.**

Date Received: _____	Store Number(s): _____
Merchant #(s): _____	_____
V #:	_____

49) Describe your ability to support automatic cancellation of transactions.

**We support debit adjustments or the cancellation of transactions as a part of Vantiv Direct and within our Virtual Terminal. Vantiv also supports voids and reversals within our standard message specifications.**

50) Describe the dispute process and procedures for the merchant.

**"Client Services handles what we classify as "Level I" issues such as network adjustment problems and basic "how to" questions. Normally all "how to" and "inquiry" questions can be immediately addressed, but other issues, such as network adjustments may require outside research with a network. If we receive a timely response from the networks involved in the issue, we can resolve such questions within one to two days. Our standard response time for these inquiries is two hours.**

**Our Client Services group is responsible for initially answering incoming customer service calls and determining the problem resolution requirements. Client support personnel from other departments are cross-trained to assist Client Services during peak processing periods. Settlement assistance, report creation, and related assistance are provided. The Client Service representatives assist customers in resolving non-technical support issues and will serve as the initial contact for all minor customer support issues.**



### Problem Resolution

If a Client Services cannot resolve the issue, the problem is referred to the Problem Resolution Department (“Level II”). The Problem Resolution Group handles the technical issues and researches system problems. If a problem requires immediate attention, the Problem Resolution Coordinator will contact the appropriate technical support group to correct the problem. Our standard response time objectives for these inquiries are two days. Certain issues require immediate prioritization and escalation and will be resolved much faster, and escalated as required. If a problem cannot be resolved within our standard time frames, the customer will be contacted to provide an estimated time of completion.

The Chargeback Operations group handles the processing of Retrieval Requests and Chargebacks. A chargeback operations representative will be assigned to your account to provide the ongoing assistance required to track and fulfill draft retrieval requests and resolve outstanding chargebacks. Our support team has been recognized by both Visa and MasterCard (14 years in a row!) for their outstanding customer support performance. All online tools to assist merchants in managing the dispute process are available through Direct."

51) Describe the reporting available for refunds. Can the MBTA map the refund back to the entity and do you provide summary reporting by entity for refunds on a daily or monthly report?

We offer the following reports on a daily and monthly basis:

#### MD-601 Merchant Daily Consolidated Settlement Report

Category: Settlement –*Includes All Products*

Description: Daily detailed listing of all transactions submitted by a merchant for processing. This report includes the account number in a truncated format and summary totals are provided at the batch, merchant, division and chain levels. *Note: This report contains transactions for all products for most merchants. However, some merchants opt to have their credit transactions excluded to limit the size of the report.*

#### MM-311 Unmatched Credit Report\*

Category: Fraud Alert – *Credit Only Report*

Description: Monthly summary of credit transactions with unmatched credits grouped by store location. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the credit card for the last 120 days.

#### MM-312 Unmatched Credit Report\*

Category: Fraud Alert – *Credit Only Report*

Description: Monthly summary of credit transactions with unmatched credits grouped by card number. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the card for the last 120 days.

### Debit Card Processing

52) Describe your debit card processing capabilities. Which networks can you use and do you direct the debit card transaction to the lowest cost network? In other words how do you select the clearing network if the related card can be used in multiple debit networks? Explain the process.

Vantiv is the top debit processors in the industry today, and our processing systems support direct links to all major national and regional ATM and POS networks in the U.S., as well as to all credit, EBT, and many other network endpoints. Unlike virtually every other major merchant processor in the nation, Vantiv does not utilize a third party processor to provide debit POS processing. In fact, many of our largest competitors route their debit transactions through Vantiv, because they do not support direct links to all of the debit networks. We directly support this processing to eliminate the potential points of failure and higher costs that are associated with third party debit POS service providers. We provide



single point settlement and online adjustment processing support for all networks that provide processor-level settlement and adjustment support. We can provide regional network access for virtually all regional and national ATM and POS network. The Jeanie Debit network is owned by Vantiv.

Vantiv can provide dynamic "least cost routing" to specific debit networks. This processing capability allows us to define the routing priorities for your debit POS transactions. When a cardholder transaction is processed through our systems, the card account number is queried against our BIN file to determine debit POS network eligibility. Our systems also compare the debit POS eligibility rights defined by your debit POS program. By defining your debit POS eligibility entries from least cost to highest cost, we can setup our systems to route debit card transactions to the lowest cost network.

Vantiv has also prepared a cost savings analysis for our PRIME strategic routing for the MBTA. We estimate that by allowing Vantiv to set up our PRIME strategic debit routing Vantiv could save MBTA about \$8,000 annually. Please see attached appendix on our specific PRIME routing analysis specifically for MBTA.

**Our comprehensive gateway processing support capabilities include:**

- Regional and National POS Network Support
- Single point settlement for simplified reconciliation
- Suspense tracking for tracking client activity against network cutoff timeframes
- Online Adjustment System for simplified network adjustment support
- Consolidated Credit and Debit POS reporting
- Network Sponsorship

<b>Debit POS Networks Supported Include:</b>
Accel
Alaska Option
ATH
AFFN
Credit Union 24
Interlink
Jeanie
Maestro
Member Access
Networks
NYCE
Pulse
Shazam
Star

53) Describe your BIN file management capabilities and its applicability and potential benefit to the Commonwealth. What related tools might be available?

Vantiv delivers two BIN management support solutions to help drive would-be signature based debit transaction to online, PIN based debit transactions. One solution provides a merchant hosted file that we deliver monthly (it can be more frequently if desired), the second is an online solution whereby the BIN file is hosted by us and responses are sent back indicating online debit network availability.

BIN file management and Online PIN Prompting support can be provided to the merchant to try to convert as many PIN capable transactions away from high cost Visa® and MasterCard® rates to lower cost POS Debit network rates. Vantiv offers least cost routing options for PIN based transactions based on network priorities and transaction amount. We consult with each merchant to determine their preference, and then facilitate processing based on their associated direction.



54) Describe the fraud prevention program and applications and training available to the merchant. Please also include job titles/job functions for persons who will be responsible for working directly with the Commonwealth on fraud-related matters (including day-to-day tasks as well as more long-term efforts).

**With the billions of electronic payments processed by merchants each year, it is inevitable that some transactions result in losses as a result of a customer fraud, collusive employee action, and other fraudulent activity. Vantiv has established processing systems in conjunction with Visa, MasterCard and the other card networks to control fraud and provide the reliable processing systems required to ensure that all transactions accepted at your locations are properly authorized and your deposits are reviewed for possible fraudulent or collusive activity. The foundation of our Risk Management strategy is the belief that fraud prevention begins at the point of sale. Customer service representatives are the first line of defense in the prevention of fraud. Fraud control continues with systems that detect activity that has already occurred to provide ongoing notification of possible collusion or organized fraud activity. Monitoring systems and risk management controls can identify possible fraudulent activity, but in most cases these systems identify fraud that has already occurred rather than deter fraud that may occur.**

**Vantiv continues to work closely with Visa and MasterCard to provide our customers ongoing fraud education. We will work with your operations personnel to develop a comprehensive fraud education program that can provide the information your employees need to detect counterfeit cards and fraudulent behavior. Additional fraud protection is gained through the ongoing reinforcement of this education by your managers. We can conduct periodic fraud training seminars at your headquarters or select regional locations to provide follow-up training. We also offer reports enabling your operations personnel to detect possible collusive activity and other processing problems that may increase the likelihood of incurring employee-caused fraud losses. Measures implemented to combat fraud include:**

- **Distribution of Fraud Prevention Materials**
- **Card Acceptance Procedures**
- **Card Identification Information**
- **Visa/MasterCard Training Guides**
- **Custom Training Materials**
- **Security Meetings**
- **Joint Visa/MasterCard training**
- **Industry seminars**
- **Ongoing review and support**
- **Internet Fraud Screening**
- **CyberSource**
- **Evolve Skipjack**

**As a proactive processing partner, one of our top priorities is adding value to your payment processing program. We understand that the most efficient and economical bankcard acceptance program begins with the human element at the point of sale. We provide several forums for initial training and ongoing education of our clients. The primary source for all training, from initial support through the ongoing release of industry and regulatory information, is the Relationship Manager assigned to your account. During the initial conversion process, the Relationship Manager will work with your staff to determine the appropriate training process. Over the years, we have used a variety of training strategies, including train-the-trainer, on-site staff training, customized training guides, and internet Webinars. Visa and MasterCard jointly assist us in many of these efforts by not only getting involved in providing training support, but also in allowing us to utilize the resources that both Visa and MasterCard have developed to assist merchants. Additional training materials are available through videos, reference guides and booklets, and point of sale material.**



55) The MBTA is considering implementing an address/zip code feature into certain transactions such as those that occur at fare collection devices (FVMs and TOMs); describe your ability to handle this type of transactions. Describe if there is a need to update the PIN pads with necessary modifications to accept these transactions and if so, describe your recommended implementation process. Should the MBTA make a final determination of its desire to implement this function, please explain how you would help the MBTA with obtaining any needed approvals from card associations, if necessary.

**Our systems fully support the entry of both Address Verification Service (AVS) and CVV2 information to assist card issuers and merchants in the authentication of card not present transactions.**

**Vantiv Direct, our online reporting tool, records and archives all chargeback and retrieval information in an IBM DB2 database. Our solution provides our clients with easy access to this information and allows for each user to sort the data fields by specific store number or by card number. The Vantiv Relationship Managers help their clients to identify trends, as it relates to high chargeback numbers or fraud related issues. Vantiv would work with The MBTA to test and certify AVS with the networks prior to piloting this service. Vantiv can certify this solution without involving the networks in this solution.**

56) Describe your capability regarding velocity checks that can be set at the processor level for Commonwealth transactions.

**The flexibility of the Vantiv Velocity Product allows merchant to select the level of monitoring support. The Commonwealth can select to monitor transactions across all locations for chain level monitoring or monitor transactions within a specific location or merchant number or within a division of stores. If The Commonwealth has a specific location that appears to have large amounts of fraud, they may elect to only turn on velocity monitoring at those specific locations. It is really the merchants' preference to determine the level of monitoring support and where.**

57) Describe any limitations on files. e.g., number each day, records in a batch, volume per day.

**Our systems have been designed to accommodate the processing requirements of the nation's largest merchants. There are few system parameters that would limit your processing. We will review your current processing program to determine the impact of any limitations on your systems. Based on the information provided in the Request for Proposal, we do not anticipate any issues related to processing limitations. There are some limitations to the maximum dollar size of an individual transaction and the amount that can be transmitted in a single processing file, as well as the maximum number of transactions that can be processed simultaneously across a single processing interface. These limitations include:**

<b>Maximum Authorization Amount, Online Systems:</b>	<b>\$999,999.99</b>
<b>Maximum Authorization Amount, Batch Systems:</b>	<b>\$999,999.99</b>
<b>Maximum Authorization Amount, Dial Authorization Systems:</b>	<b>\$999,999.99</b>
<b>Maximum Number of Simultaneous Transactions per Auth. Interface:</b>	<b>255</b>
<b>Maximum Number of Batches in an EMD File:</b>	<b>999,999</b>
<b>Maximum Number of Stores per Merchant Chain Code:</b>	<b>9,999</b>
<b>Maximum Number of Terminals per Merchant ID:</b>	<b>9,999</b>
<b>Maximum Number of Settle Batches per Terminal per Day:</b>	<b>999</b>
<b>Maximum Number of Transactions per Merchant ID per Day:</b>	<b>99,999,999</b>

**Modifications to the above can be made to meet your processing requirements.**

<b>Maximum Processing File Amount, Batch Authorization System:</b>	<b>\$999,999,999.99</b>
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<b>Maximum Processing File Amount, EMD Settlement System:</b>	<b>\$999,999,999.99</b>
<b>Maximum Number of Batch Authorization Files per Day:</b>	<b>999</b>
<b>Maximum Number of EMD File Transmissions per day:</b>	<b>999</b>

#### **Duplicate File Checking**

**During the processing of EMD files, our systems verify that a duplicate EMD file has not been received. Our systems maintain a log of the last ten settlement files processed by our system for each chain code/client to detect possible duplicate files. Duplicate files are identified through a number of processing parameters, including submission date, processing date, transaction count, and total sales. If any of these factors indicate a duplicate file may have been received, the EMD Edit Report is updated to reflect the duplicate file problem. If a duplicate file is detected, the entire file is rejected. The EMD Edit report is available within 20 minutes of file transmission to notify our clients of the duplicate file problem. If a duplicate file is detected, the file processing is terminated, the file is rejected by our systems, and none of the transactions in the file are settled.**

#### **Duplicate Batch Checking**

**During the processing of EMD files, our systems verify that duplicate batches have not been included in the EMD file. Our systems maintain a log of the last ten batches processed by our system for each store/account number (batch within the EMD file) to detect possible duplicate batches. Duplicate batches are identified through a number of processing parameters, including submission date, processing date, transaction count, and total sales. If any of these factors indicate a duplicate batch may have been received, the EMD Edit Report is updated to reflect the duplicate batch problem. If a duplicate file is detected, the entire file is rejected. The EMD Edit report is available within 20 minutes of file transmission to notify our clients of the duplicate file problem. If a duplicate batch is detected, EMD file processing is terminated, the entire EMD file is rejected and none of the transactions in the EMD files are settled.**

#### **Duplicate Transaction Checking**

**During the pre-processing of settlement files, our systems sort and process the transaction information to detect potential duplicate transactions. We identify duplicate transactions using the terminal ID, card number, transaction amount, and sequence number. If duplicate transactions are identified, we identify the duplicate transactions in the EMD Edit file. These transactions are settled. Our systems do not eliminate these transactions since the vast majority of duplicate transactions that cause serious processing issues with Visa and MasterCard are detected and eliminated through duplicate file checking, which is performed when an EMD file is received. Additional information on duplicate file and duplicate transaction processing can be provided as required.**

58) Do you own any debit card networks?

**Yes, Vantiv owns the Jeanie debit network.**

### **III. Technical Capabilities**

1) Describe the operating system platform pertinent to the recommended solution. Provide system specifications.

**Vantiv owns and controls its own single integrated processing platform. This means that Vantiv controls both the front end processing platform as well as the back end processing platform, you would be able to benefit from the following with our in house solution:**

- **Capability to qualify transactions at an optimal interchange qualification.**
- **Flexibility to capture orders from a variety of sources (ecommerce, POS, mPOS) through a single relationship**
- **Provide comprehensive reporting from an authorization and settlement transaction perspective.**
- **Help reduce the risk of chargeback's since we will be able to cleanly match up information being sent in the authorization message with the settlement message on a transaction by transaction basis.**



**Vantiv owns and operates all of our transaction processing engines. We would not require any third party service providers or front-end authorization engines to handle your payment processing. We would recommend The MBTA to continue to process using the same message format you do today with us and settle Host Data Capture to reduce your PCI scope. Your Relationship Manager can provide you with our auth and settlement system specifications upon request.**

2) Is your processing software PCI compliant?

**Yes, Vantiv is PCI Compliant. Our data security procedures have been reviewed and approved by a QSA. Our PCI assessor is Trustwave. Vantiv is PCI and CISP compliant. Our last validation date was in June of 2014. Proof of Vantiv's Report on Compliance is available on Visa's website:**

**<http://usa.visa.com/download/merchants/cisp-list-of-pcidss-compliant-service-providers.pdf>**

3) Are your upgrades to next generation or available versions provided such that we maintain our configurability (so our code maintains its compatibility)? If not, do you support the cost of development and integration?

**Yes, Vantiv can share any upgrades or next generation versions of our message specifications and systems to The Commonwealth. Your Relationship Manager will provide these updates to you.**

4) Do you have the capacity to handle a 100% increase in our transactional volumes?

**Yes, Vantiv can support this increase. Our Merchant Services processes for nearly 400,000 merchant locations for 47,816 merchant chains. Vantiv has a tested capacity of over 3,000 transactions per second. We begin our peak season planning in February of each year, and schedule calls with our largest customers throughout the year leading up to peak season, so that we can plan accordingly to meet capacity requirements. We plan to run our systems at 50% capacity during peak, which is obviously lower than 50% during off peak months. We would also like to point out that we that have capacity on demand with IBM should we have any concerns about maintaining our capacity requirements.**

5) What equipment do you recommend we obtain for processing? Do you provide this equipment for lease/sale? Provide pricing details. What is your maintenance and/or replacement policy for this equipment?

**Vantiv can support multiple different terminals for The Commonwealth. We can sell for purchase, lease, or rent the equipment which could be from such vendors as VeriFone, Ingenico, Equinox and others. Specific information on pricing and maintenance can be provided by the Relationship Manager specifically for the Commonwealth.**

6) Describe the networking monitoring system and operation. Do you provide customer reporting on exceptions and bottlenecks? Outline the security measures in place for the protection of data transmitted for processing.

**Network monitoring, problem notification and error resolution support are provided through our Network Control department. Operators and support technicians are on-site 24 hours a day to monitor our systems, customer terminals and system links, detect problems, diagnose communication and processing errors, initiate corrective procedures and assist our customers in identifying and resolving support problems. Our systems monitor all client authorization and card network interfaces to detect problems and notify our Network Control staff of potential or actual system problems. Network Control staff works with our programming and technical support personnel to resolve problems that cannot be corrected through communication monitoring systems and other diagnostic systems.**



We use a variety of tools to manage our communication networks to detect potential problems and reconfigure our systems to improve network performance. The Network Control staff monitors a variety of problems, including communication errors, processor time-outs, line failures, hardware problems, and other conditions through performance and availability monitoring systems. When a system error occurs, network-monitoring systems automatically detect the problem and display an operator message. The Network Control personnel can analyze these problems using a variety of diagnostic systems. Network Control staff will attempt to correct problems, and if recovery cannot be completed within a short period, the appropriate customer contact will be notified.

- 7) Describe the security measures used to prevent unauthorized user access to either system or the data.

Vantiv has established processing systems in conjunction with Visa, MasterCard and the other card networks to control fraud and provide the reliable processing systems required to ensure that all transactions accepted at your locations are properly authorized and your deposits are reviewed for possible fraudulent or collusive activity. The foundation of our Risk Management strategy is the belief that fraud prevention begins at the point of sale. Customer service representatives are the first line of defense in the prevention of fraud. Fraud control continues with systems that detect activity that has already occurred to provide ongoing notification of possible collusion or organized fraud activity. Monitoring systems and risk management controls can identify possible fraudulent activity, but in most cases these systems identify fraud that has already occurred rather than deter fraud that may occur.

Vantiv continues to work closely with Visa and MasterCard to provide our customers ongoing fraud education. We will work with your operations personnel to develop a comprehensive fraud education program that can provide the information your employees need to detect counterfeit cards and fraudulent behavior. Additional fraud protection is gained through the ongoing reinforcement of this education by your managers. We can conduct periodic fraud training seminars at your headquarters or select regional locations to provide follow-up training. We also offer reports enabling your operations personnel to detect possible collusive activity and other processing problems that may increase the likelihood of incurring employee-caused fraud losses. Vantiv has never experienced a security breach.

- 8) Describe the security measures used to protect Internet and mobile transactions.

**Please see the response to the previous question.**

- 9) Have you experienced any data breaches in the past 3 years? If so, please explain.

**Vantiv has never experienced a security breach.**

- 10) Do you provide fraud management training or awareness programs?

**Please see the response to question #54 in the Debit Card processing section above (pages 35-36)**

- 11) Describe your local back up and/or redundant systems.

Vantiv utilizes two fully redundant, geographically remote data centers located in Florence, KY and Grand Rapids, MI to support our merchant processing applications. The data center in Florence, KY is our primary data center for high volume merchant processing, and this location is configured with redundant hardware systems and support resources to protect our customers from non-catastrophic processing outages. The fully redundant data center in Grand Rapids is also a “hot site” and provides authorization support services for our merchant processing applications along with full disaster recovery support if a catastrophic failure occurs in the Florence data center. In fact, many of our largest merchants utilize both data centers to “load balance” their transaction traffic. Both data centers have direct interfaces to all major networks to provide the fastest and most reliable processing possible. Multiple interfaces in both data centers are utilized for our highest volume processing interfaces to



**protect our clients from the loss of a critical network interface.**

12) Describe your "hot-site" back-up capabilities in case of a complete site failure. How often are they tested? When was the last time you needed to use it?

**The Grand Rapids Data Center is a hot-site for our settlement processing applications, which operate from a single data center to provide a consolidated settlement point. If processing was supported through both data centers, each data center would only capture and process a portion of your processing activity, and separate reports, deposits, and Direct files would be created for each data center's activity. By consolidating settlement processing in Florence, a single point of settlement, reporting and deposit processing can be provided. Settlement process can be recovered in the Grand Rapids Data Center following a catastrophic loss of our Florence Data Center. Settlement processing can be recovered in the Grand Rapids Data Center within 24 hours of the declaration of a disaster recovery event. They are tested on a regular basis.**

13) What is the expected time frame to become operational should a catastrophic event occur?

**We have designated different levels of disaster recovery objectives, designated A, B, C, etc in accordance with the regulatory requirements pertaining to the provision of these services to our clients. Since delayed settlement processing can create interchange downgrades, significant cost increases, substantial reconciliation and settlement problems, and rolling processing impacts, settlement is designated a "Class A" recovery objective. "Class A" disaster recovery objectives have a target recovery period of 24 hours. Recovery procedures for these objectives are initiated within a few minutes of a full disaster declaration. Recovery of these objectives is initiated within 3 to 5 hours, and full recovery efforts should be completed within 24 hours. It is important to note that online real-time authorization processing in the Grand Rapids data center, which can be supported through online host interfaces or dial authorization interfaces, is not disrupted during the recovery of our data processing capabilities.**

14) What are established service levels for system availability?

**Our system availability is calculated by the amount of time each month that our systems are operational and performing the duties and functions relative to the processing of transactions. For clients with high-availability processing requirements, we establish processing interfaces into two of our two data centers (Florence, Kentucky Data Center and our Grand Rapids Data Center), and we establish backup communication resources to reduce the opportunities for processing disruptions. The combined availability of these systems has approached 100% since our dual data center processing configuration was established in 1995. If a client is utilizing our Florence, KY data center and there is a failure, all authorization traffic is based on the mirrored processing configuration we have developed to support our clients in Grand Rapids. We have established a standard service level availability rate of 99.6% for each data center. By staggering maintenance outages between these locations and providing high availability systems, our clients should experience the highest total availability rate in the industry.**

**Our system availability service level standards include an outage allowance for regularly scheduled system maintenance. Performance standards, developed for our network customers, measure system availability using the following parameters:**

**"Maintenance Outage Minutes" (MOM) shall mean, with respect to a calendar month, the length of time, measured in minutes, of outages which are due to routine maintenance and occur during the calendar month but only to the extent that such outages:**

**a) Occur between 1:00 a.m. and 5:30 a.m. EST, and b) Do not exceed an aggregate amount of 120 minutes in a calendar month with four (4) Mondays and 150 minutes in a calendar month with five (5) Mondays, excluding, however, any time spent in responding to special requests by customer.**



“Outage Minutes” (OM) shall mean, with respect to a calendar month, the aggregate length of time, measured in minutes, of outages occurring in that month minus any Maintenance Outage Minutes for that month.

“Scheduled Minutes” (SM) for each calendar month will be equal to the difference of 60, multiplied by the hours in that month, minus the Maintenance Outage Minutes for that month.

“Calculated Availability” (AV) for each calendar month will be quotient of Schedule Minutes for that calendar month minus any Outage Minutes (OM), multiplied by 100% and then divided by Scheduled Minutes, or:

$$AV = \frac{SM - OM}{SM} * 100\%$$

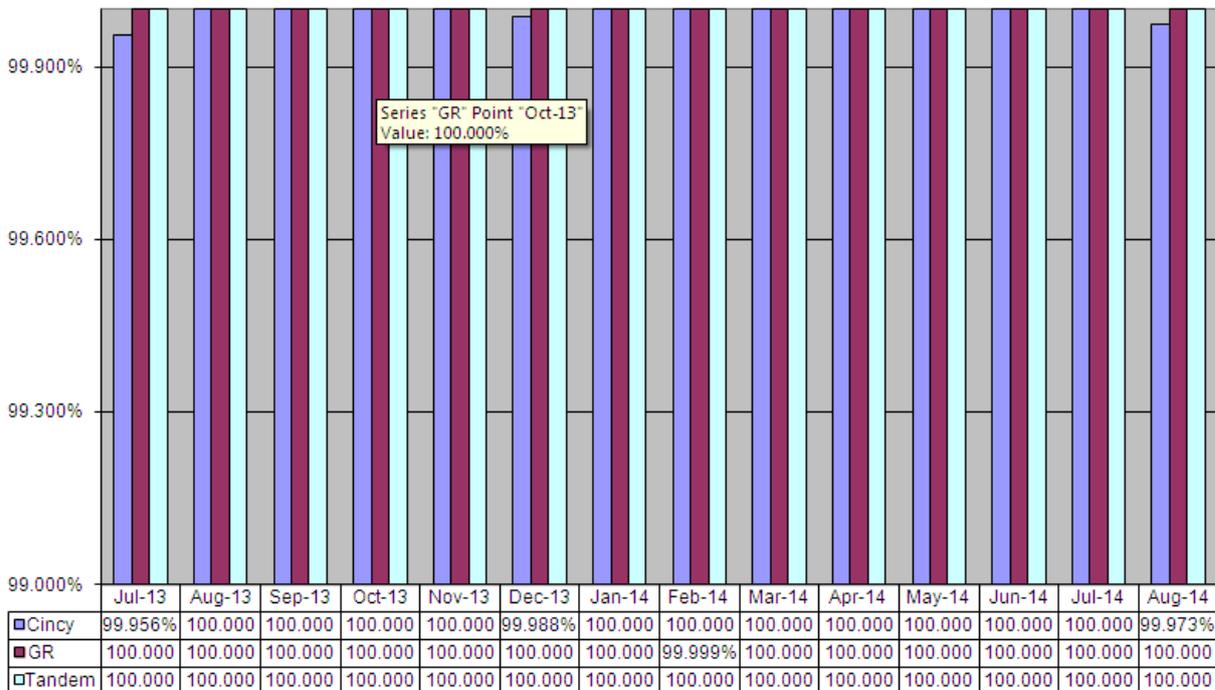
Where:

- AV = Calculated Availability
- SM = Scheduled Minutes for the calendar month
- OM = Outage Minutes for the calendar month

15) Provide system availability statistics for the current and prior years.

Our systems availability for the past 12 months including our maintenance window is 99.96%. See the latest report, published in August 2014, below:

Online System Availability (excluding Maintenance Window)



16) What was the longest period you were unable to authorize transactions during the past year? Describe the situation.

Due to Vantiv’s redundant data center configuration, there was no time that we were unable to authorize transactions.



#### IV. ACH (WEB, CCD, TEL, POP, BOC, ARC)

- 1) Describe any relationships with financial institutions, subcontractors, warranty services, or partnerships required to support ACH payments.

**Vantiv uses Sage Payment Solutions as a third-party ACH provider. A merchant agreement with Sage would be required as well as the Vantiv merchant agreement in order to process ACH payments.**

- 2) How long does it take from ACH payment to settlement in a Commonwealth bank account?

**By default, funding time frames range from 5-7 business days for ACH Debit. However, faster funding times may be available depending on certain variables that our underwriting team will evaluate upon request for faster funding.**

- 3) Describe the ACH testing process.

**Should The Commonwealth choose to use Sage EFT's gateway/virtual terminal, upon service activation a Sage EFT Representative will contact the predetermined point of contact at The Commonwealth and schedule a training to educate them on the use of their new Sage virtual terminal. In this scenario, since the service provider is also the processor, no testing is necessary for ACH Debit transactions.**

**Should The Commonwealth opt to take advantage of Sage EFT's Check 21 service so they're able to process payments received through the mail, then the configuration and testing of The Commonwealth's check reader and The Commonwealth's terminal is done by Vantiv's sales agent in conjunction with the assistance of Sage's technical staff.**

**In the event The Commonwealth uses a third party gateway in lieu of Sage's, then testing is done throughout the integration process of the gateway provider and Sage.**

- 4) Describe security concerns both in file transmission and the protection guaranteed for each customer's bank account.

**From a data transmission standpoint, we always utilize secure channels of communications. At a minimum we always use SSL-certified encrypted channels (both through HTTPS and SFTP). In addition, where possible, we also will implement PGP encryption prior to transmission (this is usually always performed with communications to and from our ODFIs). As for additional protection of consumer data, we:**

- **Limit employee access to consumer data based on need to perform job duties**
- **Mask account information for user interfaces and reporting**
- **Maintains all consumer data behind firewalls and on separate secure network production LANS.**

- 5) What is the process for ACH refunds or chargebacks? Where does this appear in transaction and deposit reports? Are there associated charges with processing ACH refunds or chargebacks to Merchant Department or customer? If so, all charges must be clearly identified in the cost section.

**In the event of a chargeback due to NSF, closed account, etc., the processor will debit The Commonwealth's account on file for the return.**

**Fees associated to chargeback consist of a transaction fee and a return item fee. Please note that merchants with our service are no longer responsible for the bank's return item fee which are usually between \$10 to \$15 per return. If the transaction amount is \$2,500.00 or above, the processor will collect a .50% discount rate of the actual amount processed whether returned or processed successfully.**



**The Commonwealth's customers are responsible for NSF fees issued by their individual banks. This fee varies bank to bank and the processor has no involvement.**

**Chargebacks reporting is available via the merchant's reporting portal which is provided to you upon activation. Daily custom reports can also be generated and emailed on a daily basis.**

- 6) Ensure that all software, hardware, telecommunication, supplies, etc., required to process ACH BOC, POP, and ARC transactions are listed in the Hardware section.

**ACH transaction processing would require coding and certification to Sage in the case that HP ConveniencePay is used.**

**Should The Commonwealth prefer to use HP ConveniencePay's payment gateway and HP ConveniencePay is willing to support the integration, Sage EFT will provide HP ConveniencePay with their host specifications/API and assign a Development Coordination to assist throughout the certification and testing process at no cost.**

- 7) Identify any additional charges that can occur related to processing ACH transactions, such as warranty service in the cost section.

**Please see the attached ACH agreement and pricing proposal for any program fees**

- 8) If ACH customer support is different from credit/debit cards, please describe.

**The Commonwealth will have 24/7 access to Sage EFT's Technical support when needed. For general support on issues such as billing inquiries and reporting assistance, The Commonwealth will have access to Sage EFT's Customer Support Team Monday thru Friday, 7am – 7pm CST and on Saturdays from 8am – 5pm CST. It's important to note that Sage EFT's technical and customer support teams are cross trained. So in the event there is assistance needed that is more customer support oriented during after hours, our Technical Team will be able to assist in most cases.**

- 9) Are ACH payments included in the same daily transaction reports as credit cards or other payments, or in separate reports? Explain.

**Since Sage's billing is separate from Vantiv, the reporting is also separate.**

- 10) Do ACH payments appear in the same on-line deposit reports and bank account statements as credit card payments or other payments? Explain.

**Since Sage's billing is separate from Vantiv, the reporting and statements are also separate. On The Commonwealth's and customer bank statements, transaction will identified as "elec fee".**

- 11) Is the ACH deposit file separate from the credit card deposit file? Explain.

**Since Sage's billing is separate from Vantiv, the deposit file is also separate.**

- 12) What type of daily and monthly reporting is available to support staff in monitoring and reconciling ACH transactions?

**Daily and monthly reporting is available via the Sage reporting portal. Web based reporting provides full transaction tracking with many features. View statements and transaction history, reconcile billing, gain fast access to batch detail and much more. Reports can be customized and exported in several popular formats.**



13) Identify how the Bidder ensures compliance with NACHA, Regulation E, and other banking rules and emerging data security compliance frameworks for ACH processing.

**We require the merchant / originator complies with the rules and we verify that they are complying through monitoring and training on an ad-hoc basis.**

**The consumer authorization method / environment determines the SEC Code that the merchant / originator will be using, which is reviewed during the initial on-boarding process.**

- **Meeting NACHA Guidelines and Regulation E with regard to consumer authorizations is verified for compliance during on-boarding.**
- **Upon approval, we monitor transaction processing and contact the merchant for proof of authorization and compliance testing.**
- **If / when we are notified that changes are needed to the SEC Codes then the authorizations are reviewed as needed.**

**Regular monitoring is done for compliance with other NACHA guidelines with respect to the return rate allowances and the number of submission of returns, etc.**

**While NACHA has not implemented any specific security compliance regulations yet, we have not been waiting by idly. Since PCI-DDS is required for card payments, we decide many years ago to adhere to the same standards. To that end, we have undergone many security audits to ensure compliance and can provide the supporting documentation.**

14) Identify all potential risks to the customer and to the Commonwealth for processing ACH transactions, including identity theft and security breaches and what procedures the Bidder and subcontractors have in place to mitigate these risks.

**Potential risks to all parties can be placed into three categories:**

- **Transmissions – we always utilize secure channels of communications. At a minimum we always use SSL-certified encrypted channels (both through HTTPS and SFTP). In addition, where possible, we also will implement PGP encryption prior to transmission (this is usually always performed with communications to and from our ODFIs).**
- **Data Storage – Data is stored on a separate secure network production LAN behind a firewall.**
- **Data Access – Access to the physical hardware environment is limited to a very few system administrators and is not available to the business users. Access to the data by the business users is controlled by custom software and access to specific data elements is control on an as-need-basis. Each and every data call requires proper security credentials and have been audit by outside firms to ensure they cannot be hacked.**

15) Please explain options for setting up recurring payments functionality.

**Sage allows for:**

- **Consumer Recurring Debit**
- **B2B Recurring Debit**

**Details on setting up when the payments go through would depend on the software/ISV.**



## V. Information Reporting

- 1) Describe your reporting service options (e.g. raw data files, electronic reporting application).

**Through Vantiv Direct, our award winning back-office reporting management tool, we offer our customers formatted reports, summary and detailed transaction data on a daily basis. We also offer raw data files for daily transaction activity and chargeback activity. We offer several methods for the delivery of your reports. The most common among our National client base is to receive reports through Direct. Summary transactional data is stored for 36 months, and detailed data is stored for 18 months.**

- 2) Describe the daily and/or monthly reconciliation reports available to the merchant. Provide examples of standard reports and ad hoc reports available. Define the method of access and delivery timeframes.

**Direct has, as a standard feature, an ad-hoc reporting tool that was custom written by Vantiv to provide our customers with a product that is easy to use, without sacrificing any of its powerful features. Historical data on all transactions is stored in an IBM DB2 database, which is readily accessible by our clients through Direct, our online reporting system. As with our standard reports, summary data is stored for 36 months, while detailed transaction data is stored for 18 months.**

### Reconciliation Reporting

**Vantiv developed its industry-leading back-office management support system called *Direct* to provide value-added support capabilities for a variety of back-office support functions that are critical to the ongoing support of a bankcard program. Our Java-based Direct application streamlines many back-office support tasks, including report delivery, Visa® and MasterCard® chargeback and draft retrieval processing, daily reconciliation, fraud and cardholder inquiry research, custom data inquiries, and many other behind-the-scene functions that improve the quality of your bankcard program. Direct was first introduced in February of 1997 as our online reporting system, and today this innovative application has established Vantiv as the industry-leader in integrated back-office management systems.**

### Direct Overview

**Direct provides access to a range of corporate services offered by Vantiv, including Merchant Services, Treasury Management, Lockbox Processing, and other banking and trust services. Direct can be tailored to the specific needs of our clients through a flexible security and user access system that defines the various applications (merchant, treasury, etc.) and functions (chargeback, reporting, BIN lookup, etc.) that a Direct user can access. After entering the User ID and Password, the Direct application queries the user security settings and tailors the screen displays and system functions based on the settings established for the user. Once this customization is completed, the main Direct application screen is displayed. Direct reports are downloadable, or exportable to Excel or other similar reconciliation software packages. Most of our large national merchants also receive our Enhanced Merchant Activity File (“EMAF”), Chargeback Activity File (“CAF”), and a PIN Debit Adjustment file on a daily basis. These files are raw data files, which may also be exported into your accounting software reconciliation package for your use.**

**Standard Direct features include Totals Reporting, Detailed Batch Review, Retrieval and Chargeback Handling, Data Exporting, Online and Off-line Report Access, Online Transaction Searches, Facsimile Draft Ordering, and many other features. A handy feature of the main menu is user-controlled access. A processing option will only appear on the main menu screen if the user has access to the function. The Direct system is accessible through corporate Internet and WAN connections, local Internet Service Providers (ISPs), direct dial access (long distance charges and access charges may apply) and direct system access using standard TCP/IP protocols. Security features include user passwords (supported by**



the TOP Secret system), custom user access controls, triple DES encryption, Secure Socket Layer support, advanced firewall protection systems, digital application and user certificates, and other system and data security measures.

As previously stated, Direct maintains the current and most recent 18 months of detailed processing activity and 36 months of summary data to provide a data warehouse to support exception processing, online transaction inquiry, and other customer reporting functions. This information is accessible through the Transaction Inquiry menu item. Clients can review their daily deposits by batch and store totals. A listing of all transactions included in the batch can be obtained by selecting a batch deposit and selecting the batch detail function. The Daily Total Search Criteria Screen allows our clients to select activity by chain code (if multiple chain codes are used for the client), by processing dates, by transaction dates, by division (if division codes are supported) and by store number. Advanced search options allow clients to select transaction export options, including start and stop dates, and transaction cutoff time. The default search is based on chain code and processing date.

The information displayed in the Daily Total Review and the Batch Total Review screens can be sorted by clicking on the column headers. A repeated selection of the column header reverses the sort order. A menu option allows Direct users to select up to three sort fields for more display flexibility. Data columns can be re-ordered by selecting the column header and dragging the header to the required location. Sorting and column display settings are retained between sessions for each Direct user. The information displayed in the Daily Total Review screen and the Batch Detail Review screen can be exported for use in another system. Data can be exported to a standard file ASCII file format and imported into many applications, including Microsoft Excel, Lotus 1-2-3, Oracle, Microsoft Access, Microsoft FoxPro, Lotus Approach, and standalone report writers (Crystal Reports, etc.). Export files allow clients staff to develop custom reports and load data into their data warehouse systems. Transaction filtering and sorting options refine the data selected for exporting.

Direct provides a streamlined interface for online reporting. Reports can be downloaded to a Direct Back Office Workstation through standard FTP file transmission. These reports can be stored on a local disk or a LAN storage system. Direct retains copies of the most recent 60 days of downloaded reports. If a report has been deleted or lost, Direct allows our customers to quickly download the missing report without ordering a regeneration of the report. This support capability allows users to easily recover from the loss of a critical processing result following an accidental file deletion or system problem. Reports received through Direct can be automatically printed, or stored and reviewed through Direct or through a stand-alone report viewer application that is available to support personnel that do not have online Direct access. One of the nice user features of the Direct Report function is the detailed report name and date information that is available to assist clients in locating the appropriate reports. Reports can be automatically deleted after a defined period to reduce the number of reports stored by the system. Reports can be archived to tape or disk to provide a backup of all reports that have been downloaded. Direct can restrict access to specific reports and other Direct functions by user.

Direct was developed to replace our online chargeback and retrieval tracking system. After reviewing the capabilities of other systems available in the industry, we are confident Direct is the best application available for the handling of exception items. A key factor in looking at this system to support your processing is the integration of this system with our operations staff. We use the Direct system to process all exception items, and the system offers many features geared at providing cooperative support capabilities that allow our chargeback group and our clients to mutually resolve exception items. The success we have had in resolving exception items through Direct is demonstrated in the numerous service quality awards that Vantiv has received from Visa and MasterCard. Our merchant portfolio generated the lowest chargeback rate (chargebacks divided by sales) and the highest retrieval request fulfillment rate for all acquirers with an annual processing volume in excess of \$5 billion. Direct offers a sophisticated document management system that allows clients to review retrieval request and chargebacks and resolve these exception items by providing the required information or through the origination of a facsimile draft. Direct integrates imaging scanning, signature capture and facsimile draft support to provide the highest quality draft fulfillment support available.



While Direct offers many innovative features that have transformed the industry's view of how a back office support system can improve the exception item and reconciliation process, one of the most important features of Direct is the customer input that drives the future functionality of the system. Many of the features that have already been incorporated in Direct were the result of client's suggestions and requests for additional functionality. By developing Direct in Java, we can easily and automatically update an older version of Direct without diskettes and other media that are usually required to update a processing application. This capability streamlines the future directions of the system, since we can introduce new enhancements without focusing on the logistics of distributing the updates to our clients. This automatic update capability also simplifies our customer service support for Direct, since all customers using Direct will have the most recent version of the system. Future Direct applications will be developed in stand-alone Java code to further improve the capabilities and maintenance requirements of the system.

Main features of the Direct application include:

- Online IBM DB2 Database Warehouse Access
- Credit Settlement Data (including Visa Check Card / MasterCard MasterMoney)
- Detail Transaction Information (18 months of detail transaction data)
- Summary Transaction Information (3 years of summary transaction information)
- Authorization Data (Credit, Debit/EBT and Vantiv Gift Card)
- Summary at Chain Code, Division, Store/Merchant Number, Card Type, Interchange Category with Sales and Return Transaction Information (count and amount)
- Signature capture information (IVI Checkmate, VeriFone, Penware, NCR, etc.)
- Facsimile Draft Line Item Information
- Transaction Date and Processing Data access options
- Debit / EBT Settlement Data (PIN-based transactions)
- Debit Adjustment Transactions
- Transaction Date and Processing Data access options
- Vantiv Settlement Data (Gift Card Transactions)
- Six months of authorization data (approvals and denials)
- Internal (Host and Dial) and Third Party (Vital, Paymentech, etc.) Authorization Data
- Account Review Function
- Searches for all activity available for a cardholder account number
- Searches Authorization and Settlement Data and see the history of the card

#### Online Report Delivery

- Pre-formatted reports available on-line for instant access (45 days of reports archived)
- Retrieve, sort, and store daily, weekly, and monthly mainframe generated formats on a local drive or network storage device.
- Online statement and merchant service invoices
- Online File Delivery (Merchant Activity File, Chargeback Data, etc.)

Vantiv Direct's Business Objects feature allows users to create their own reports based on their unique requirements. Accesses the data maintained in the IBM DB2 database to provide a wide range of reporting capabilities that cannot be addressed through standard mainframe reports.

#### Fiscal Reporting by Transaction Date

#### Interchange / Surcharge Reporting

#### Card Type Reporting (International/Domestic, Consumer/Commercial, etc.)

- BIN Reporting
- Issuer BIN information (hours of operation, contact, affiliates, etc.) for all Visa and MasterCard BINs – updated on a monthly basis.



- **Online Chargeback and Retrieval Database**
- **Exception Item Information available for 9 months (18 months w/signature capture)**
- **Chargeback Rules / Regulations Information / Help Screens**
- **Daily Work Queues / Exception Item Handling Screens**
- **Online scanning support – respond via a basic scanner to all outstanding requests.**
- **Standard TWAIN-scanner interfaces supported**
- **View all transaction data including CVV2, AVS, interchange, and all other transaction detail needed to respond to chargebacks and access to all images including cardholder dispute /request letters.**
- **Direct FaxQueue Support Option**
- **Allows stores to transmit documents to a central office for processing**
- **Unique WATS access number provided for each FaxQueue client**
- **Facsimile draft support — automates sending retrievals based on certain reason codes. Complete with merchant’s logo. Option for displaying up to 30 lines of detail transaction description (based on level of data merchant supplies).**
- **Order facsimile drafts for report delivery – receive them next day on-line.**
- **Sorts, filters and totals can be customized and saved based on user’s ID.**
- **On-line documentation that provides a complete overview of the features and functions of Direct. Document includes Visa and MasterCard’s chargeback and retrieval reason codes, function descriptions, screen shots, and useful feature instructions.**
- **Direct System Access (IBM 3270 Functions)**
- **Online adjustments**
- **Real-time transaction reporting (Gift Card)**
- **Direct Scheduler**
- **Allows files to be downloaded and uploaded; reports retrieved and printed automatically.**
- **Vantiv Gift Card Functions**
- **Merchant POS Functions: Activation, Purchase, Refund, Re-load, Close, Balance Inquiry**
- **Card Activity Data**
- **Batch Activation**
- **Application Overview**

**Direct is a stand-alone application that is developed and supported by Vantiv’s in-house programming and technical support staff. This application utilizes a wide range of Internet-based processing technologies to provide a secure processing environment that minimizes installation and updating tasks through automatic upgrades.**

**Highlights of the Direct application include:**

- **Java-based Application**
- **Utilizes Sun Virtual Machine for wide range of platform compatibility**
- **Microsoft Windows Environments (with appropriate Java support)**
- **Windows XP**
- **Windows 2000**
- **Windows NT**
- **Windows ME / 98 SE / 98**
- **Sun Solaris (with appropriate Java support)**
- **Apple Macintosh (with appropriate Java support)**
- **Self Updating**
- **Automatic Component / Package Upgrades**
- **Reduces impact of new system features**
- **Ensures up-to-date application capabilities**
- **Eliminates CD / Diskette installations**
- **Standard Device Support**
- **TWAIN-compatible Scanners**
- **Standard printer interfaces**



- Standard network interfaces
- Firewall security parameters may require some updates to support
- Security Processing Environment
- Physical Security: All Direct servers are located in the Vantiv Corporate Headquarters, Third Floor Data Center and are secure from physical manipulation.
- Top Secret Security System: All transactions contain a Top Secret User ID and Password for authorization purposes. Additionally, Direct retrieves a profile from Top Secret that shows the applications and chain codes for which a user is authorized.
- SSL & Triple DES Encryption: Initial server connection is established using Secured Sockets Layer (SSL), the industry standard for Internet encryption. This secure connection is used to exchange a triple DES key, which is used for the remainder of the session.
- Secure Host Access Session: The data that is transmitted using the Host Access (Menu ADJ, Menu EFT) function within Direct is secured using encryption technology; therefore, unauthorized users will not be granted access.

All reports are available on-line (through Direct). Users are automatically notified that they have new reports waiting when they logon to the system and Direct includes a scheduling tool that allows the users to schedule downloads of key reports and files and have them automatically printed and/or stored on their local or network drive. Also, "optional" emails can be sent to notify users of the availability to reports (ex. Billing statement). Security can be defined by the merchant to allow the user access to all or selected reports, and to what specific hierarchy level (chains, division, store) they have immediate access to.

We strongly encourage an online demonstration of this product as a follow up to this proposal. Please visit our *Direct Demo* at [vantiv.com](http://www.vantiv.com) or directly at <http://www.vantiv.com/direct-demo/frameset.html>.

#### Quick Reports Guide

The Quick Reference Guide to Key Vantiv Direct Reports lists only the most commonly used Vantiv Reports. A comprehensive reports directory detailing our entire suite of reports is available upon request.

#### Standard Reports

##### **BIMERFIN Merchant Monthly Billing Statement (a.k.a. Monthly Services Invoice)**

**Category:** Billing

**Description:** Monthly summary of the charges being assessed for prior month's services including per transaction fees, dial communication fees, third-party and network pass-through fees, equipment rental/purchase fees, communication fees, etc. Fees are reported and charged at the Chain Level.

##### **MD-081 Merchant Daily Interchange Adjustments**

**Category:** Interchange Management -*Credit Only Report*

**Description:** Daily report that provides a summary of the interchange downgrades incurred on Visa and MasterCard transactions as well as Discover transactions if a merchant is Discover Acquired. The report provides merchant, division and chain level summaries of the number of transactions downgraded and the dollar amount of surcharges incurred categorized by surcharge reason (i.e. key entered).

##### **MD-082 Merchant Daily Transaction Reject Report**

**Category:** Settlement -*Credit Only Report*

**Description:** Daily report that provides detailed information about credit card transactions that have rejected during our internal settlement editing process. The report will provide detailed information including a precise explanation for the rejection (i.e. invalid merchant number, invalid account number, etc). Note: This report will not include transactions that are rejected once they are received by the individual networks.



**MD-085 Merchant Daily Interchange Summary**

**Category:** Interchange Management -*Credit Only Report*

**Description:** Daily summary of the total credit card interchange paid by each store location. The report details the volume, count and total amount of credit card interchange fees paid broken out by interchange category. Grand Totals are also provided at the merchant, division and chain levels.

**MD-402 Chargeback Balancing Report by Chain**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report detailing merchant chargebacks items. This report predicts exception items before they are charged to the merchant's bank account and provides chargeback count and amount totals at the division and chain levels.

**MD-410 Credit Card Processing Detail (Chargebacks and Miscellaneous Credit Adjustments)**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report that provides a detailed listing of credit card chargebacks and credit miscellaneous adjustments broken out by division and store number. The report also provides chargeback count and amount totals at the division and chain levels.

**MD-413 Chargeback Pre-Notification Report**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report that notifies merchant of incoming chargebacks. This report provides transaction detail to assist the merchant with the draft fulfillment.

**MD-414 Draft Retrieval Requests Report**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report that notifies merchant of incoming draft retrieval requests. This report provides transaction detail to assist the merchant with draft fulfillment.

**MD-421 Daily Retrieval, Pre-note and Aging Report**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily summary of all chargeback document requests that remain unfulfilled by the merchant. The purpose of this report is to alert merchant of unfulfilled requests and notify them of their outstanding chargeback liability. The report breakouts the data into 4 sections: Unfulfilled Draft Retrievals (10 - 29 Days), Unfulfilled Pre-Notifications (15+ Days), Unexpired Chargebacks, and Division/Chain Totals.

**MD-477 Daily ACH Comprehensive Settlement Report**

**Category:** Settlement -*Includes Only Products/Card Types Settled by FTPS, LLC*

**Description:** Daily ACH report showing the merchant's settlement rules along with a detailed accounting of what items were settled by Fifth Third Processing Solutions, how many ACH items were sent for the chain code on the date reported and how the items were grouped or rolled together (if applicable).

**MD-600 Merchant Daily Consolidated Report**

**Category:** Settlement -*Includes All Products*

**Description:** Daily summary of the batches/files submitted by a merchant for processing within a given day as well as any adjustment to the merchant's settlement due to credit interchange fees, credit chargebacks or debit/EBT/check adjustments. Totals are provided at the merchant, division and chain levels.

**MD-601 Merchant Daily Consolidated Settlement Report**

**Category:** Settlement –*Includes All Products*

**Description:** Daily detailed listing of all transactions submitted by a merchant for processing. This report includes the account number in a truncated format and summary totals are provided at the batch, merchant, division and chain levels. *Note: This report contains transactions for all products for most merchants. However, some merchants opt to have their credit transactions excluded to limit the size of the report.*

**MD-602 Possible Fraud: Multiple Transactions Same Card and Same Day Report**

**Category:** Fraud Alert–*Includes All Products*

**Description:** Daily report that identifies when multiple transactions have occurred on the same card in the same day when at LEAST one of the transactions has been key-entered. The transaction amounts do not have to be the same for the items to be flagged. This report helps identify possible fraudulent transactions.

**MD-603 Possible Fraud: Same Card and Same Amount Same Day Report**

**Category:** Fraud Alert –*Includes All Products*

**Description:** Daily report that identifies multiple transactions that occurred on the same card number for the same dollar amount in the same day. This report helps identify possible duplicate or fraudulent transactions.

**MD-606 Merchant Business Day Chain Summary Report**

**Category:** Settlement –*Includes All Products*

**Description:** Daily report that provides totals for “Previously Settled”, “Settled Today” and “Batch Total” amounts based on a merchant’s business day. Totals are provided at the store, division and chain levels.

**MD-900 Bankcard Chargeback Pre-notification**

**Category:** Exceptions Management –*Credit Only Report*

**Description:** Daily report notifying the merchant of a pending chargeback and requests action for dispute.

**MD-901 Bankcard Advice of Chargeback**

**Category:** Exceptions Management –*Credit Only Report*

**Description:** Daily report notifying the merchant of a chargeback, chargeback reversal or a denied reversal request.

**MD-910 Merchant Adjustment Notification**

**Category:** Exceptions Management –*Debit, EBT, Check and WIC Only*

**Description:** Daily report notifying the merchant that a debit /EBT /check/ WIC adjustment will be debited or credited to the merchant’s account. This report provides information that the merchant can use to dispute the adjustment

**MW-600 Merchant Weekly Consolidated Report**

**Category:** Settlement –*Includes All Products*

**Description:** Weekly summary of the batches/files submitted by a merchant for processing within a given week as well as any adjustment made to the merchant’s settlement due to credit interchange fees, credit chargebacks or debit/EBT/check/WIC adjustments. Totals are provided at the merchant, division and chain levels.

**MW-606 Merchant Weekly Chain Summary Report**

**Category:** Settlement –*Includes All Products*

**Description:** Weekly snapshot of the Batch Totals for each day of the week (Saturday through Sunday) and the weekly Grand Totals as well. The report provided these totals at the store, division and chain levels.

**MM-302 Merchant Monthly Billing Summary (For Bundled Merchants)**

**Category:** Settlement – *Credit Only Report*

**Description:** Monthly summary, by location and chain code, of a merchant's monthly activity including credit card deposits, discount fees, interchange adjustments, chargebacks, requests for draft copies, miscellaneous adjustments, number of transactions, and authorization method breakouts.

**MM-303 Merchant Monthly Billing Summary (For Unbundled Merchants)**

**Category:** Settlement – *Credit Only Report*

**Description:** Monthly summary, by location and chain code, of a merchant's monthly activity including credit card deposits, interchange fees, interchange adjustments, chargebacks, requests for draft copies, miscellaneous adjustments, number of transactions and authorization method breakouts.

**MM-311 Unmatched Credit Report\***

**Category:** Fraud Alert – *Credit Only Report*

**Description:** Monthly summary of credit transactions with unmatched credits grouped by store location. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the credit card for the last 120 days.

**MM-312 Unmatched Credit Report\***

**Category:** Fraud Alert – *Credit Only Report*

**Description:** Monthly summary of credit transactions with unmatched credits grouped by card number. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the card for the last 120 days.

**MM-313 Unmatched Credit Report\***

**Category:** Fraud Alert – *Credit Only Report*

**Description:** Monthly summary of credit transactions with unmatched credits totaled by store number. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the card for the last 120 days.

**MM-314 Monthly Merchant Fee Allocation Report\***

**Category:** Settlement – *Credit Only Report*

**Description:** Monthly summary of a merchant's credit card activity and credit fees for the month. This report was designed to allow for the allocation of fees by merchant location for an unbundled billing merchant.

**MM-436 Monthly Merchant Checkcard Report**

**Category:** Specialty – *Credit Only Report*

**Description:** Monthly count and amount summary by location of the Check Cards processed as Credit Card / Signature Debit transactions. This report identifies the percentage of transactions that have the potential to be processed as Pin-Debit card transactions. *Note: Discover transactions will be included only for Discover Acquired merchants.*

**MM-437 Monthly Merchant Commercial Card Report**

**Category:** Specialty – *Credit Only Report*

**Description:** Monthly detailed listing of the count and amount for all Commercial and Purchasing cards processed by the merchant. This report identifies transactions that require the submission of Level II and III data in order for the transactions to qualify at the lowest possible interchange rate. *Note: This report will include Visa and MasterCard for all Non-Settled or Fifth Third Settled merchants and will include Visa, MasterCard and Discover for all Discover Acquired merchants.*

**MM-600 Monthly Consolidated Report**

**Category:** Settlement – *Includes All Products*

**Description:** Monthly summary, by location, of a merchant's monthly processing including sales submitted, rejects, non-settled sales, interchange fees, credit chargebacks, debit/EBT/check/WIC adjustments and net totals. Store totals are broken out by date and then summarized for the month. Monthly Division Totals and Chain Totals (including Cash Back and Convenience Fees) are also



provided.

#### **MM-850 Merchant Monthly Statistical Summary Report**

**Category:** Billing –*Debit/EBT/Check/WIC only*

**Description:** Monthly summary detailing debit/EBT/check/WIC network totals for each store location. In addition, this report also provides network totals and grand totals at the chain level as well.

*Note: This report is available for unique ACRO merchants only. In addition, while this report currently includes data for credit card networks for those merchants who process via Host Data Capture but includes only debit/EBT/check/WIC network data for all other merchants. The credit network data for Host Data Capture merchants will no longer be included on the report sometime in fourth quarter 2009 or first quarter 2010. At that time, the report will include debit/EBT/check/WIC only for all merchants.*

#### **EFADJPRTR08 Transaction Adjustment Record Report (TARR)**

**Category:** Exceptions Management –*Debit, EBT, Check and WIC Only*

**Description:** Daily detailed listing of all debit/EBT/check/WIC adjustments that were keyed by the merchant or a cardholder's institution. This report includes information on the original transaction and the adjustment.

\* Reports with an asterisk are not automatically generated for every merchant and require the merchant's Relationship Manager or Conversion Manager to complete the Bankcard Merchant Report Set Up Change Request Form and submit the form to IT.

#### **Premier Issue Gift Card Reports**

All Gift Card reports are not applicable to all merchants and can be dependent upon the products and processing platforms that a merchant selects for their Gift Card program(s).

#### *Chain Level Reports*

##### **MD-434 Daily Transaction Summary Report**

**Category:** General –*All Gift Card Merchants*

**Description:** Daily summary of all Gift Card processing activity for a single processing/business day for each store/location (broken out by card program if the merchant has more than one card program). This report provides information on all the gift card transaction that have occurred, including completed transactions, completed reversals, declined reversals and mismatched reversals for a given day. The report provides program summaries at the merchant, division and chain levels as applicable.

##### **MM-435 Monthly Transaction Summary Report**

**Category:** General –*All Gift Card Merchants*

**Description:** Monthly report containing detailed information about gift card transactions (counts and amounts), including completed transactions and reversals, for a given month. Summaries are provided at the merchant, division and chain levels as applicable.

##### **MD-440 Daily Premier Issue Transaction Detail Report**

**Category:** General –*All Gift Card Merchants*

**Description:** Daily report containing detailed transaction information for all Gift Card transactions processed by a merchant in a single day, including source (i.e. POS, DVRS, etc.). This report provides daily summary totals for each transaction type (i.e. activation, purchase, etc.) at the merchant, division and chain level.

##### **MM-440 Monthly Premier Issue Transaction Detail Report**

**Category:** General –*All Gift Card Merchants*

**Description:** Monthly report containing detailed transaction information for all Gift Card transactions processed by a merchant in a single day, including source (i.e. POS, DVRS, etc.). This report provides monthly summary totals for each transaction type (i.e. activation, purchase, etc.) at the merchant, division and chain level.



#### **MM-560 Monthly Premier Issue Program Overview Report**

**Category:** Chain Level –*Available only at Chain Code Level*

**Description:** Monthly summary of all Gift Card transactions, including approved transactions, transaction reversals, and declines. The report provides count and amount of transactions broken out by device type (i.e. POS, VRU, Web, etc.) and includes information on active non-active, inactive and closed gift cards.

#### *ACRO/ Program Level Reports*

#### **MD-550 Daily Premier Issue Account Ledger**

**Category:** Program Level –*Only Merchants with ACRO Based Programs*

**Description:** Daily summary of all approved Gift Card transactions and Gift Card transaction reversals that affect the outstanding liability of the merchant's gift card program. This report provides information on the count and amount of transactions done on active, non-active and closed gift cards. In addition, beginning and ending balance information provides the total outstanding amounts owed to gift card holders. This report provides summaries at the merchant and program levels.

#### **MM-550 Monthly Premier Issue Account Ledger**

**Category:** Program Level –*Only Merchants with ACRO Based Programs*

**Description:** Monthly summary of all approved Gift Card transactions and Gift Card transaction reversals that affect the outstanding liability of the merchant's gift card program. This report provides information on the count and amount of transactions done on active, non-active and closed gift cards. In addition, beginning and ending balance information provides the total outstanding amounts owed to gift card holders. This report provides summaries at the merchant and program levels.

#### *Franchise Settlement Reports*

#### **MD-431 Premier Issue Daily**

**Category:** Settlement –*Only Merchants with Franchise Settlement*

**Description:** Daily report that provides detailed listing of all Franchise-Settled transactions that resulted in the movement of funds between participating franchisee locations that accept the gift card program. This report only includes transactions that result in cross-location usage and is only provided to merchants that are on a daily franchise settlement cycle.

#### **MM-431 Premier Issue Monthly**

**Category:** Settlement –*Only Merchants with Franchise Settlement*

**Description:** Monthly report that provides detailed listing of all Franchise-Settled transactions that resulted in the movement of funds between participating franchisee locations that accept the gift card program. This report only includes transactions that result in cross-location usage and is only provided to merchants that are on a monthly franchise settlement cycle.

#### **MD-438 Premier Issue Daily Net Settlement Position Report**

**Category:** Settlement –*Only Merchants with Franchise Settlement*

**Description:** Daily store summary of all issued and acquired cards. This report includes totals for each of the following transaction types: activations, purchases, refunds, re-loads, unloads, closes/redemptions and fee assessments. This report provides a net settlement position or ACH total for each store to assist with balancing. This report also provides settlement summaries at the division and chain levels as applicable.

**MM-438 Premier Issue Monthly Net Settlement Position Report**

**Category:** Settlement –*Only Merchants with Franchise Settlement*

**Description:** Monthly summary that provides totals for each of the following transaction types: activations, purchases, refunds, re-loads, unloads, closes/redemptions and fee assessments. This report provides a net settlement position or ACH total for each store to assist with balancing. This report also provides settlement summaries at the division and chain levels as applicable.

***Central Settlement Reports*****MD-531 Premier Issue Daily**

**Category:** Settlement –*Only Merchants with Central Settlement*

**Description:** Daily detail report, generated at the chain level, listing all Central Settlement transactions that resulted in the movement of funds between the participating location and the central account. This report allows merchant to reconcile ACH activity with corresponding transaction detail information and is available for participants on a daily or monthly central settlement processing cycle.

**MM-531 Premier Issue Monthly**

**Category:** Settlement –*Only Merchants with Central Settlement*

**Description:** Monthly detail report, generated at the chain level, listing all Central Settlement transactions that resulted in the movement of funds between the participating location and the central account. This report allows merchant to reconcile ACH activity with corresponding transaction detail information and is available for participants on a daily or monthly central settlement processing cycle.

**MD-538 Premier Issue Daily**

**Category:** Settlement –*Only Merchants with Central Settlement*

**Description:** Daily summary report listing all Central-Settled transactions that resulted in the movement of funds between the participating location and the central account. This report allows merchant to reconcile ACH activity with corresponding transaction summary information and is available for participants on a daily or monthly central settlement processing cycle.

**MM-538 Premier Issue Monthly**

**Category:** Settlement –*Only Merchants with Central Settlement*

**Description:** Monthly summary report listing all Central-Settled transactions that resulted in the movement of funds between the participating location and the central account. This report allows merchant to reconcile ACH activity with corresponding transaction summary information and is available for participants on a daily or monthly central settlement processing cycle.

- 3) Provide a complete description of how electronic files are provided, the format options, availability, frequency and if the file falls under PCI controls. Include a spec of the transaction elements available, e.g. merchant DBA name, merchant ID, chain ID, store ID, terminal ID, amount, transaction date, settlement date, transaction type status, fees, chargebacks, card type, etc.

Vantiv offers several methods for the delivery of your reports. The most common among our National client base is to receive reports through Direct. With Direct you can receive data in a variety of different methods including:

- Raw transaction and/or chargeback activity data files are available on a daily basis through Direct or other methods such as Connect Mailbox or standard FTP. File formats are available upon request. These files are available to the merchant by 6:00 AM EST.
- On-line screens/Export. Direct offers the ability to do searches against our relational transaction database, view the information on screen, then print or export. Detailed transaction level data is available for 18 months, and summary data is stored for 36 months.



**Multiple search methods, including chain, process or transaction date, store, division, account number, etc., are standard.**

- **Standard Reports.** These are sent to the user electronically through Direct and are stored on the user's local or network drive. They are in a text format, meaning they can be viewed in Direct, Word, etc. In addition, this makes them very easy to be emailed or sent to other non-Direct users. These reports are available to the merchant by 6:00 AM EST.
- **Vantiv can report on any transaction information provided to us by you, including split-dialed transactions.**

**Vantiv has the ability to archive reports. We retain summary level data for 36 months and detailed transaction level processing information for a minimum of 18 months, and if reports from prior periods are required, we can restore these reports. For standard reports (not ad-hoc), we make the data available for download for 60 days. But, once they are downloaded to the user's local hard drive or network drive they may be kept for as long as the user desires. Vantiv also does a backup on older reports to tape – so if a circumstance should arise where the user has lost the report and it is older than 60 days, a restore process is available to retrieve the missing report. For ad-hoc reporting, users can also save a copy of the report and keep it for as long as necessary.**

**Please see appendix 3 for the attached Guide to Key Reports for National Merchants for more detail and to see a sample report.**

4) Would you "push" the file to our Secure FTP location or do we have to get it from you?

**Yes, we have the ability to push files to your FTP server.**

5) Please advise the support level you will provide to develop the reporting interface? Staff support, financial support. Include an estimate of development time.

**Training for your staff on our reporting tools will be provided through your dedicated Relationship Manager. Initial training can be provided onsite. Additional training can be provided either onsite or online via the internet. Vantiv also has a weekly online reporting training session every week.**

**Vantiv has a dedicated IT support team for any and all day-to-day needs. In addition, Vantiv also has a team of developers working on the next generation Vantiv Merchant Reporting, Vantiv IQ available in 2015.**

6) If data is accessed electronically, what are the restrictions on the timeout process that would impede the electronic download of information?

**We are not aware of any restrictions in pulling reports or timeouts as it relates to our Vantiv Reporting Tool.**

7) If a merchant needs reports from a previous period or a specific timeframe, are they readily available? How long is reporting and historical information stored and retrievable in your system?

**Vantiv Direct retains summary level data for 36 months and detailed transaction level processing information for a minimum of 18 months, and if reports from prior periods are required, we can restore these reports. For standard reports, we make the data available for download for 60 days, and once the data is downloaded to the user's local hard drive or network drive it may be kept for as long as the user desires. Vantiv also does a backup on older reports to tape – so if a circumstance should arise where the user has lost the report and it is older than 60 days, a restore process is available to retrieve the missing report. For ad-hoc reporting, users can also save a copy of the report and keep it for as long as necessary.**



- 8) Describe the multiple tiered merchant hierarchy structure, how it is reported and the flexibility afforded the merchant for customizing the reports. E.g., tailoring, grouping and roll-ups. Please advise also if the hierarchy structure is used for invoicing purposes as well.

**Vantiv supports multiple merchant IDs to allow clients to separate processing activity based on a number of factors, such as location, function, product, sales group, customer alliance, and many other factors. This information can be further refined through divisional information, which allows our systems to provide roll-up reporting to consolidate processing activity while maintaining individual location information. Our systems currently support the following data hierarchy:**

1. Chain
2. Division
3. Store/Account Number

#### **Hierarchy Notes:**

##### ***Chain Codes***

Typically one chain code is assigned per client, but for complex merchant organizations, more than one chain code may be required. Settlement and reporting is at the chain code level. If multiple chain codes are utilized, separate reports and settlement entries will be made by our systems. Reports and settlement can be directed to the same destination or to a different destination for each chain code.

##### ***Divisions***

Division codes are numeric values, such as 111 and 123, used to group individual store / account numbers for roll-up reporting. Reports reflect divisional roll-up information, and Direct can be setup to limit access to specific division sections within reports. Settlement entries can be made at the division level if this roll-up processing option is required. Typical uses of the division code include regional groups, such as using Division 100 for Eastern, Division 200 for Southeast, etc.

##### ***Account Numbers***

The account number is the lowest level of processing hierarchy supported by our systems. Separate account numbers are assigned to each location and/or product function. Store/Account Numbers can be grouped at the division level and are also rolled up to the chain code level. Settlement entries and processing invoices can be made at the account level if chain code roll-up is not required.

The reporting structure can easily be adjusted on a periodic basis to accommodate your needs. Vantiv can tailor reporting to allow you to send specific report groups, comprising a subset of merchant numbers to different locations. There is no additional cost for this service, since it is a standard offering in our reporting package.

- 9) Are there reports designed around fraud? Describe. Do you have the ability to report on stolen cards as a reason for chargebacks? Can you advise/report if the card that is lost or stolen has been used within the last day/week in the fare collection system?

**Yes, reporting is available and reason codes are available in Direct for chargebacks. Within our Direct chargeback management tool you have the ability to access the card history in Account review for the last 18 months. Other reports available designed to provide fraud alerts include:**

#### **MD-602 Possible Fraud: Multiple Transactions Same Card and Same Day Report**

**Category:** Fraud Alert—*Includes All Products*

**Description:** Daily report that Identifies when multiple transactions have occurred on the same card in the same day when at LEAST one of the transactions has been key-entered. The transaction amounts do not have to be the same for the items to be flagged. This report helps identify possible fraudulent transactions.



**MD-603 Possible Fraud: Same Card and Same Amount Same Day Report**

**Category:** Fraud Alert –*Includes All Products*

**Description:** Daily report that identifies multiple transactions that occurred on the same card number for the same dollar amount in the same day. This report helps identify possible duplicate or fraudulent transactions.

**MM-311 Unmatched Credit Report\***

**Category:** Fraud Alert – *Credit Only Report*

**Description:** Monthly summary of credit transactions with unmatched credits grouped by store location. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the credit card for the last 120 days.

**MM-312 Unmatched Credit Report\***

**Category:** Fraud Alert – *Credit Only Report*

**Description:** Monthly summary of credit transactions with unmatched credits grouped by card number. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the card for the last 120 days.

**MM-313 Unmatched Credit Report\***

**Category:** Fraud Alert – *Credit Only Report*

**Description:** Monthly summary of credit transactions with unmatched credits totaled by store number. Unmatched credits are determined by comparing return amounts to the total amount of purchases on the card for the last 120 days.

- 10) Describe your reporting capabilities for velocity checks that are set at the processor level (if available).

**We can provide reporting for velocity checks and will work with you to tailor reporting based on your specific needs.**

- 11) Describe your reporting capabilities for exception management processing. For example, do you have the systematic capability to identify and report on such items as double charges, refunds and chargebacks that would facilitate the research and resolution of exception transactions? Do you provide separate reports so that these items can be mapped back to a specific entity or location with summaries and totals possible at the entity level?

**Direct was developed to replace our online chargeback and retrieval tracking system. After reviewing the capabilities of other systems available in the industry, we are confident Direct is the best application available for the handling of exception items. A key factor in looking at this system to support your processing is the integration of this system with our operations staff. We use the Direct system to process all exception items, and the system offers many features geared at providing cooperative support capabilities that allow our chargeback group and our clients to mutually resolve exception items. The success we have had in resolving exception items through Direct is demonstrated in the numerous service quality awards that Vantiv has received from Visa and MasterCard. Our merchant portfolio generated the lowest chargeback rate (chargebacks divided by sales) and the highest retrieval request fulfillment rate for all acquirers with an annual processing volume in excess of \$5 billion. Direct offers a sophisticated document management system that allows clients to review retrieval request and chargebacks and resolve these exception items by providing the required information or through the origination of a facsimile draft. Direct integrates imaging scanning, signature capture and facsimile draft support to provide the highest quality draft fulfillment support available.**



**Chargeback Reports available in Direct are:**

**MD-402 Chargeback Balancing Report by Chain**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report detailing merchant chargebacks items. This report predicts exception items before they are charged to the merchant's bank account and provides chargeback count and amount totals at the division and chain levels.

**MD-410 Credit Card Processing Detail (Chargebacks and Miscellaneous Credit Adjustments)**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report that provides a detailed listing of credit card chargebacks and credit miscellaneous adjustments broken out by division and store number. The report also provides chargeback count and amount totals at the division and chain levels.

**MD-413 Chargeback Pre-Notification Report**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report that notifies merchant of incoming chargebacks. This report provides transaction detail to assist the merchant with the draft fulfillment.

**MD-414 Draft Retrieval Requests Report**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily report that notifies merchant of incoming draft retrieval requests. This report provides transaction detail to assist the merchant with draft fulfillment.

**MD-421 Daily Retrieval, Pre-note and Aging Report**

**Category:** Exceptions Management -*Credit Only Report*

**Description:** Daily summary of all chargeback document requests that remain unfulfilled by the merchant. The purpose of this report is to alert merchant of unfulfilled requests and notify them of their outstanding chargeback liability. The report breakouts the data into 4 sections: Unfulfilled Draft Retrievals (10 - 29 Days), Unfulfilled Pre-Notifications (15+ Days), Unexpired Chargebacks, and Division/Chain Totals.

12) Can you provide one report including select merchants to an oversight agency in the Commonwealth relationship on a monthly and annual basis including all transaction volume, amounts, and fees?

**Vantiv is happy to work with The Commonwealth on this specific request and tailor reporting specific to your needs on a monthly and/or annual basis.**

13) Is your online information reporting system owned or operated internally, or is the system outsourced through a third party?

**All functions regarding the support of our merchants are handled in-house.**

**VI. Customer Service and Quality**

1) Describe your customer service function and organizational structure including hours of operation, established turnaround times, record for meeting them, regular client meetings and technical support. Do you have 24/7 technical support coverage?

**Vantiv will provide MBTA and The Commonwealth with a Relationship Manager, who is dedicated to meeting your needs, saving money, and delivering cutting edge solutions to your business as they come to market. Your Relationship Manager, along with our Interchange Management Team will monitor interchange qualification levels to ensure that you are paying the lowest possible fees. They will also work with your operations to ensure best practices to reduce fraud.**



Your dedicated Relationship Manager will be your primary point of contact at Vantiv, and will be the individual who is your first line of communication.

**Client Services**

Client Services handles what we classify as “Level I” issues, such as network adjustment problems and basic “how to” questions. Normally all “how to” and “inquiry” questions can be immediately addressed, but other issues, such as network adjustments may require outside research with a network. If we receive a timely response from the networks involved in the issue, we can resolve such questions within one to two days. Our standard response time for these inquiries is two hours.

Our Client Services group is responsible for initially answering incoming customer service calls and determining the problem resolution requirements. Client support personnel from other departments are cross-trained to assist Client Services during peak processing periods. Settlement assistance, report re-creation, and related assistance are provided. The Client Service representatives assist customers in resolving non-technical support issues and will serve as the initial contact for all minor customer support issues.

Calls to our Client Services area are logged in a Request Tracking System and distributed to the individuals or department managers responsible for resolving the issues. The Client Services team is staffed 24-hours a day, 365 days a year at the number listed below:

Client Services Line  
Available 24 x 7 x 365

1-877-744-5300

**Problem Resolution Staff –**

If Client Services cannot resolve the issue, the problem is referred to the Problem Resolution Department (“Level II”). The Problem Resolution Group handles the technical issues and researches system problems. If a problem requires immediate attention, the Problem Resolution Coordinator will contact the appropriate technical support group to correct the problem. Our standard response time objectives for these inquiries are two days. Certain issues require immediate prioritization and escalation and will be resolved much faster, and escalated as required. If a problem cannot be resolved within our standard time frames, the customer will be contacted to provide an estimated time of completion.

The normal operating hours for our key customer service areas are outlined below. All time frames are Eastern Time / Eastern Standard Time. We can review our support time frames to ensure we satisfy your support needs as required.

**Relationship Management Support:**

Relationship Manager: 8:00 a.m. - 5:00 p.m. Mon.-Fri.  
On-call 24 hours-a-day, 7 days-a-week for escalation

**Network Control / Help Desk Support**

Network monitoring and diagnostics: 24 hours-a-day, 7 days-a-week, 365 days-a-year

**Vantiv Technical Service Center**

24 hours-a-day, 7 days-a-week, 365 days-a-year  
859-655-0255  
866-851-0026

**Client services support:**

24 hours-a-day, Mon.-Fri.

**Terminal Support Help Desk:**

24 hours-a-day, 7 days-a-week, 365 days-a-year



**Bankcard Operations Support**

**Client Services:**

**7:00 a.m. - 7:00 p.m. Mon.-Fri.**

**Chargeback Operations:**

**7:00 a.m. - 6:00 p.m. Mon.-Fri.**

**Programming and Systems Support**

**Technical Support Personnel:**

**7:00 a.m. - 6:00 p.m. Mon.-Fri.**

**On-call 24 hours-a-day, 7 days-a-week**

2) Is the customer service function performed in-house, or is it outsourced?

**All functions regarding the support of our merchants are handled in-house.**

3) Contractors must notify the Contract Manager at any time during the Contract if any customer support service locations are changed and if services are moved out of the Continental United States. Contractors will be responsible for ensuring the security of all data and communications with customer support personnel from any location despite local rules governing the security of data or transmissions. Confirm the ability to comply with this requirement and what steps will be taken to guarantee the security of all communications and transmissions with customer service personnel.

**Vantiv will continue to comply with this requirement. For additional details on Vantiv’s processes, procedures and our overall security program and strategy, please see appendix 3 for the attached VSS Security Program Statement.**

4) Will there be a dedicated engagement manager deployed to the Commonwealth relationship and what percentage of their time will be dedicated to the Commonwealth? Describe the responsibilities of the customer service personnel, including the chain of command for problem resolution. Describe your quality improvement program for card processing. What key performance measures do you track?

**MBTA and The Commonwealth will continue to have a dedicated Relationship Manager to support your businesses. Melissa McCauley, Relationship Manager, will serve as a primary point of contact for all card processing related matters. Our Relationship Managers are supported by a management team that provides outstanding responsiveness, follow-up, and escalation to ensure problems are resolved and new processing opportunities are addressed to allow our clients to compete more effectively in the marketplace.**

**While Relationship Managers have a high degree of responsibility for the handling of your account relationship, they are backed by a support team that includes key managers in every aspect of the processing services we provide to our clients. The client service support groups available to our relationship managers include: Conversion Support Staff, Network Control Monitoring Personnel, Bankcard and Chargeback Operations Staff, Risk Management, Compliance Support, Sales Support, Programming and Development, Technical Support, Communications, PC Development, Management.**

**Vantiv monitors key factors such as interchange management and qualification, chargeback management, and brings the latest trends and updates in the processing industry to our clients on a daily basis.**



- 5) Describe the capabilities you offer to process refunds directly through your company as opposed to automated refunds that may be processed through the MBTA's fare collection system. For example, if a processing difficulty is encountered and a data file of refunds needs to be processed what capabilities do you have to accommodate this type of situation?

**Vantiv's Merchant Services team can handle this request. Just as we have done in the past with MBTA, the transaction file can be submitted to the team here at Vantiv to process on your behalf, thus saving you time and resources.**

- 6) Explain the control process for adding new locations and closing existing locations, including the process for the Commonwealth to request new merchant/terminal ID numbers and the turnaround time for activation. *In your response, please address your process to ensure American Express is contacted to affirm their acceptance of transactions from new locations and terminals.*

**The establishment of Merchant ID numbers is one of many facets involved in the setup of new merchant accounts. While we can support the turnaround of new merchant IDs for many of the processing products we offer within 3 business days or less, some products, even with an established technical interface, can require more turn-around time. For example, a new merchant ID using an EMD file settlement interface may require some additional setup, such as the merchant logo that appears on the facsimile draft generated by Vantiv Direct, which cannot be completed within three business days. Other products, like standard VisaNet, SSL, or Net dial authorization interfaces, can be established within three business days, and we will certainly support the rapid turnaround of merchant IDs for these processing interfaces. We share a mutual goal in establishing new merchant locations on our systems as quickly as possible, and as part of the due diligence and conversion review process, we will work with your support team to establish procedures that minimize delays in setting up new merchant IDs. This includes capturing your AMEX merchant number from your request for merchant identification request form to ensure the tender is active for all terminals. While fast turn-around time is important, accuracy and follow-up are also important, and we would like to review your program support requirements in light of similar programs we have established for other clients to ensure the quality of your program is not lessened through merchant setup time frames that are not consistent with the tasks required to setup a merchant on an existing processing interface.**

- 7) Does your customer service staff support the terminals/handheld devices/hardware previously listed, including support during installation, setup, and testing of the terminal? Describe the types of orientation and training programs you will make available, including the number, length, and type of both on-site and on-line training Do you provide assistance with permanent labeling of terminal IDs, merchant IDs etc. on portable terminal devices?

**Yes. We have a strong history of working collaboratively with our merchants' training departments to provide customized training to their specific training needs. Whether it is point-of-sale training or terminal training for associates, procedural training for store management, back-office training for your accounting staff, or chargeback prevention/management training for your loss prevention staff, we are committed to meeting your needs.**

**Merchant implementations are handled by the Conversion and Boarding teams managed by Michael Veatch and Ella Aguirre. Merchant training and ongoing support is handled by the Relationship Management team. The entire Relationship Management Team is managed by Jamie Landheer. The Conversion and Relationship Management Teams will work to ensure all of the appropriate parties are engaged to ensure a smooth conversion.**



- 8) State the recent MasterCard and Visa Association requirements and any pending requirements that may impact the Commonwealth.

**Product updates, industry news and issues, and regulatory change information are provided to our customers through periodic mailings, newsletters, and monthly webinars. We participate in a variety of merchant seminars and forums in conjunction with our ongoing Visa and MasterCard participation, and we invite our clients to attend many of these meetings. These meetings provide valuable industry updates, outline upcoming events and processing requirements, and provide a forum for industry-specific discussions. We also work with Visa and MasterCard to identify improved support procedures, and we can meet with your operations and service personnel to review your operations and suggest improvements and new operating procedures.**

**We typically will publish a Spring, Summer and Fall newsletter. Also, our Vantiv Insights program is an interactive webinar series performed by Vantiv's Marketing team presenting relevant, engaging content to our clients.**

- 9) Will you offer periodic consultations on the efficiency of the design of the system if changes are necessitated, given changes in regulations or improvements to your service offering during the life of this contract?

**Yes. Your Relationship Manager will hold Annual Reviews with your team to review activity downgrades, chargebacks reconciliation efforts. We will review your transactions and provide suggestions to improve the quality of the processing and reduce your processing fees. Your Relationship Manager will also work with you as you look to implement EMV and Security Solutions. Vantiv is the right partner to assist you in navigating this very complex landscape.**

## **VII. Implementation**

- 1) Describe your experience with implementing card processing solutions utilizing direct interface connectivity as well as solutions utilizing third party ISPs to integrate mobile and e-commerce applications.

**Each year our Relationship Managers and Conversion Support teams complete over 3,000 conversion projects, ranging from new merchant/financial institution conversions to the rollout of new processing features and support capabilities for our clients. With the high volume of conversion projects handled each year, we have developed considerable expertise in identifying key support issues, developing detailed project plans, and coordinating the tasks required to convert a National Merchant to our processing systems. Since every National Merchant has unique needs, due to the industries and processing systems they have developed to support their payment programs, there are no “cookie cutter” approaches to handling a conversion. Prior to beginning the migration of a client to our systems, we identify the key issues and support tasks that will be encountered during the conversion. This scoping phase is the foundation for our conversion planning process and ultimately becomes a significant part of the detailed conversion plan generated for each conversion project.**

**The development of a detailed conversion plan is a critical element of the ongoing coordination of conversion project. The conversion plan provides a detailed listing of the tasks that must be completed to successfully migrate processing to our systems. The conversion plan outlines each task, task responsibility, due dates, completion dates and related information needed to plan and manage a conversion project. The quality of the conversion plan affects the ultimate success of a project, and we work closely with our clients to develop detailed project plans that clearly define the steps that must be completed during the conversion process. For complex client conversions, a separate conversion project would be developed for every major processing interface (e.g. Host-to-Host, Batch Authorization, Dial, SSL over the Internet, etc.). This approach allows us to focus on the tasks associated with each processing environment.**



- 2) Describe the merchant implementation process, for example, the on-boarding process for new customers, handling test transactions (for direct connections, internet connections, and vendor supplied hand held device) and certification, timeframes and milestones.

**Please see the response to question #1 above.**

- 3) For the MBTA, describe in detail the implementation plan (technical and functional service) including a timeline and related costs to establish your organization as the processor for all card transactions coming through the fare collection system, internet and dial -up processes e.g. establishing and certifying the interfaces and setting up applicable merchant and terminal numbers for all card types. Include lead time for implementation of communication networks. Explain how you would analyze and migrate the MBTA's configuration data (device numbering, etc.) to your platform.

**MBTA is currently a customer of Vantiv's so no additional implementation time or effort will be needed to continue to process with us! Our standard merchant conversion time frames are based on either 8 week or 12-week time frames. Eight weeks is a realistic time frame for the establishment of a new processing interface, if the processing interface does not require substantial custom development, setup and system integration. For client setups requiring special programming, complex networking, new feature development, and multiple systems integration, 12 weeks is often a more realistic time frame. As with the setup of new merchant locations for existing interfaces, we share a mutual goal in establishing new merchant processing interfaces systems as quickly as possible. We do not want to make unrealistic commitments concerning conversion time frames that cannot be satisfied within the required time frame due to the complexity of the processing interface, the availability of client and third party resources, and the conversion projects that are already underway on our systems. As part of the initial development request for a new processing interface, we will provide an estimate of the time frames and new development requirements required to support a new merchant interface on our processing systems.**

- 4) For the Commonwealth non-MBTA, describe your transition plan (including timeline and related costs) to migrate existing payment pages, IVR, and point of sale implementations to your platform for all payment types.

**The development of a detailed conversion plan is a critical element of the ongoing coordination of a conversion project. The conversion plan provides a detailed listing of the tasks that must be completed to successfully migrate processing to our systems. The conversion plan outlines each task, task responsibility, due dates, completion dates and related information needed to plan and manage a conversion project. The quality of the conversion plan affects the ultimate success of a project, and we work closely with our clients to develop detailed project plans that clearly define the steps that must be completed during the conversion process. For complex client conversions, a separate conversion project would be developed for every major processing interface (e.g. Host-to-Host, Batch Authorization, Dial, SSL over the Internet, etc.). This approach allows us to focus on the tasks associated with each processing environment.**

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**required to support a new merchant interface on our processing systems.**

- 5) Explain how you would advise the Commonwealth of best practices for configuration and management of the data so that reporting capabilities are maximized.

**Your dedicated Relationship Manager will provide onsite training on our Vantiv Direct reporting tool during the conversion process. Your Relationship Manager can work with each of your users to ensure customized viewing preferences in order to maximize their Direct user experience.**

- 6) Describe the merchant training process including initial training, ongoing training, and updates on regulatory changes.

**Product updates, industry news and issues, and regulatory change information are provided to our customers through periodic mailings, newsletters, and monthly webinars. We participate in a variety of merchant seminars and forums in conjunction with our ongoing Visa and MasterCard participation, and we invite our clients to attend many of these meetings. These meetings provide valuable industry updates, outline upcoming events and processing requirements, and provide a forum for industry-specific discussions. We also work with Visa and MasterCard to identify improved support procedures, and we can meet with your operations and service personnel to review your operations and suggest improvements and new operating procedures.**

**We have a strong history of working collaboratively with our merchants' training departments to provide customized training to their specific training needs. Whether it is point-of-sale training for sales associates, procedural training for store management, back-office training for your accounting staff, or chargeback prevention/management training for your loss prevention staff, we are committed to meeting your needs.**

**We typically will publish a Spring, Summer and Fall newsletter. Also, our Vantiv Insights program is an interactive webinar series performed by Vantiv's Marketing team presenting relevant, engaging content to our clients.**

- 7) As part of the implementation and on-going operations, can you provide the ability for the Commonwealth to inject encryption into PIN pads? Please provide recommended procedures for encryption key security.

**Vantiv has a number of clients it currently works with to manage keys, including MBTA. There should not be any problem with the above request. Vantiv would like to have further discussion regarding The Commonwealth's needs. Vantiv's conversion team will be integral in this process.**

**Vantiv is one of the top PIN Debit acquirers in the US today. There are two distinct ways to acquire PIN Key's.**

- **If The Commonwealth currently owns their Key for injection we would load that Key into our processing platform and the injection would not change. From a conversion stand point this could take a matter of a couple of weeks. Our processing platform will update PIN Debit Tables every Monday, Wednesday, and Friday.**
- **If Vantiv needs to assign a new Key to The Commonwealth the process is a little different. Vantiv would issue the Key which would take a couple of weeks, then The Commonwealth would need to load the KEY or provide the key to a third party vendor for Injection to each device.**



- 8) Describe in detail the implementation plan including a timeline and costs to implement value added services such as BIN management software, risk and fraud management tools that you recommend for improving the efficiency and effectiveness of the system.

**In the event the Commonwealth elects to make changes to their processing environment including adding additional products or services, your Relationship Manager that manages your account would support the conversion process from the very beginning. A Conversion Manager will be assigned to the project and will oversee the initial planning, ongoing execution and final completion of the tasks required to add the new functionality or services. A comprehensive conversion plan will be developed, which outlines support tasks, task responsibility and target completion dates. The Conversion Manager will schedule regular conference calls to ensure all customer and internal personnel are aware of outstanding support issues. Support groups which assist your Relationship Manager and Conversion Manager during the conversion include our certification and testing, terminal support, technical services center, bankcard and chargeback operations, risk management, sales support, programming, technical support, communications support, and PC Development groups.**

**During the collaborative development process and initial conversion planning, we will develop a conversion plan that takes into account your specific requirements and processing infrastructure. The development of a detailed conversion plan is a critical element of the ongoing coordination of a conversion project. The conversion plan provides a detailed listing of the tasks that must be completed to successfully migrate processing to our systems. The conversion plan outlines each task, task responsibility, due dates, completion dates and related information needed to plan and manage a conversion project. The quality of the conversion plan affects the ultimate success of a project, and we work closely with our clients to develop detailed project plans that clearly define the steps that must be completed during the conversion process.**

**Testing and certification is a critical component of our merchant conversion support, and we provide a test system that has all of the capabilities of our production system. Our Host-to-Host test system is supported in our Florence Data Center. This system is utilized by many of our clients to test and certify new processing configuration and system features, upgraded transaction processing support capabilities, and review other changes that may affect processing. The test system offers the same functionality as our production system for testing and certification of all processing mediums requested. Our test systems are run as separate applications to ensure client testing does not affect our production systems. Initial testing is typically performed in conjunction with a technician who initiates the test, monitors the progress of the test and provides any necessary assistance. Once initial testing is implemented, test sessions can be initiated by a client without intervention, or as required, in conjunction with a testing specialist. Our test systems are typically available 24 hours a day, 7 days a week; however, we request clients contact us at least 5 days in advance to ensure our test system will be available when required.**

**In regard to the BIN file project specifically, it is offered by Vantiv for \$250/per month and can be set up rather quickly as we work with you along with your Relationship Manager and an assigned Conversion Manager who will help manage and direct the project.**

- 9) Describe in detail the implementation plan (technical and functional service) including a timeline and costs to implement compliant PIN pads. Please address whether multiple types of PIN pads (on one application) can be supported simultaneously and define the responsibilities between vendor and the MBTA regarding the rollout of the on-site installation.

**The process for implementing compliant PIN pads would be similar to the one listed above. Vantiv would assign a Conversion Manager who would assist in managing and directing the project along with your dedicated Relationship Manager. These team members along with our Terminal Management team would work with the Commonwealth on handling multiple applications on one terminal/PIN pad and can help execute a plan to deploy the terminals. Vantiv and the Commonwealth would treat this as a project and work as partners to complete this project.**



10) Do you provide a newsletter covering industry issues, rules, and regulations? How often is this distributed?

**We typically will publish a Spring, Summer and Fall newsletter. Also, our Vantiv Insights program is an interactive webinar series performed by Vantiv's Marketing team presenting relevant, engaging content to our clients.**

11) Will you provide a Project Manager for the conversion that will be the single point of contact?

**Yes.**

12) Do you use industry standard record, file and communication specifications for credit card and debit card authorization and settlement? Do you use the current ISO 8583 and are you capable of accommodating a variety of legacy systems currently in place? Will you provide in writing what applies to agency from the ISO8583 specifications as there are slightly different rules for "government"?

**Yes.**

13) Do you use industry standard record, file and communication specifications for ACH-based electronic check payments and settlement? Do you use the current NACHA specification?

**Yes.**

14) Will you provide the merchant departments with all appropriate documentation with high quality content in standard electronic files that can be read with existing software at the user site? Do you use the Adobe Acrobat format?

**Yes.**

15) Do you use an ODFI for ACH transaction processing?

**Yes.**

16) Will you organize the project such that vendor signoff is obtained at the various milestones, indicating an understanding of the requirements and that the approach will be satisfactory for certification?

**Vantiv will remain flexible in our approach and would be happy to incorporate this into the implementation plan at your request.**

17) Will you provide a Certification Analyst at the beginning of the project to work hand in hand with the project managers and the project team?

**Yes.**

18) Do you periodically communicate in writing all updates to Credit Card Standards?

**Yes.**



19) Will you actively participate in pre-certification testing and certification testing according to the agency's timeline schedule, with same day or next day turn-around for analysis resulting from testing?

**Yes.**

20) Will you prioritize and escalate complicated questions raised by the team for resolution in a timely fashion so that target dates and milestones are not compromised?

**Yes.**

21) Will you provide a secure method of transmitting the credit card data to and from the project team during development and testing?

**Yes.**

22) Are you willing to provide proof, via written document, that they secure all financial Data in addition to PCI compliance for Credit Cards? This document will be reviewed and approved by the applicable agency based on their Security standards.

**Yes.**

23) Do you offer a form of random credit card number reassignment so that MassDOT does not store credit card numbers?

**The Vantiv Product team also supports the Relationship Management and Compliance teams in helping merchants to identify potential solutions to their PCI compliance issues and opportunities to reduce PCI DSS compliance scope. Integral to these efforts and conversations with merchants is James Zerfas. James is currently responsible for developing and supporting a variety of Security and Risk related products, including Point-to-Point Encryption, Tokenization, PCI Assist (PCI DSS SAQ and Vulnerability Scanning) and Breach Assist (Level 4 PCI Breach Fine Waiver product) as well as a variety of related products and services.**

**Vantiv's tokenization service includes the creation and storage of tokens and the associated credit card numbers on behalf of the merchant to the extent that the merchant can request an export of the Token Vault at any time. This could be used by the Commonwealth in replacement of the actual card number and is echoed back in our Enhanced Merchant Activity File and the tokens are used throughout our Vantiv Direct back office system.**

24) Will you provide a customized test script that lists transactions that must be entered for certification and expected results for government certification along with an initial draft prior to completion of the Functional Design along with the final copy prior to the start of Unit testing?

**Yes, we can provide test and certification scripts for testing purposes.**

**Vantiv has a testing platform that your IT team would send test transactions before going into production. We typically require minimal notice for scheduling purposes. We have test cards for Credit, Debit, EBT, and Gift Card products. These are all test cards that work based on scenarios in the test scripts. The credit and gift card test cards will work in production and will continue to work in production for the scenarios in the test scripts. The debit and EBT cards will not work in production. We can create test gift cards specific to a merchant's program that can be used for testing.**

**We develop a comprehensive test script containing several sample transactions for the types of credit, debit, and EBT transactions that can be processed on your systems. We will work with your IT**



personnel to certify the test script using actual test credit, debit and EBT cards as well as system generated messages. We will log all authorization requests and responses and review this information to ensure all transactions are handled correctly. If any problems are encountered, we will work with your IT team and reconciliation staff to identify the cause of the problem and update your support systems to correctly support the transaction.

25) Do your test cards accept varying amounts and not a restricted amount? Do the test cards include debit cards, pre-paid cards and cards that can be "swiped" and entered manually or used on live data? Describe the process to renew the cards.

**Yes, our test cards can accept varying amounts and we do support multiple different card types including debit, prepaid and swiped and key entered cards. The Commonwealth could contact their RM to request or renew new test cards but most of our cards have expiration dates far in advance.**

26) Describe your support structure after conversion date during a warranty period. Define your warranty period used to work out transaction issues after "go live" date.

**Your Relationship Manager will monitor your transactions to ensure you are receiving the best possible interchange rates, keep chargebacks to a minimum, and consult with you on best practices. The Relationship Management group works with our top clients to provide the ongoing client interaction needed to support a high quality processing program. From day-to-day contacts, Direct support, conversion support, problem escalation, and product demonstrations, the Relationship Management group is a key resource that becomes the integral link to a strong ongoing processing partnership. By working with our New Sales and Product Managers, this group works with our clients to address the changing needs of the industry and your processing program.**

**Metrics tracked and reported to you are:**

- Card Volume – Credit vs. Signature Debit vs. PIN Debit
- % of transactions getting converted to PIN Debit (review BIN File Management)
- Interchange Management
- Surcharge Details
- Chargeback Management

**We will also work with you to tailor your experience with us to meet your expectations. If there are specific metrics you are looking for, but are not included here, we would be happy to customize our approach to include these.**

### **VIII. Invoicing**

1) Confirm compliance with Massachusetts General Law, Chapter 30, Section 27 that states if a Contractor assists a Department in the collection of revenue, the total of all revenues collected must first be deposited and accounted for in the state accounting system prior to payment being made to the Contractor (i.e., no "netting" of revenues and fees).

**This is not applicable to our agreement as we are not assisting MBTA or The Commonwealth in collecting revenue.**

2) Confirm that invoices are written in user-friendly language, that each different fee category contained in each invoice is clearly identified and described, and that all terminology is explained. Please provide examples or sample invoices.

**Yes, our invoices are written in a user-friendly language. Please see appendix 3 for the attached Guide to Key Reports for National Merchants to see sample of the Monthly Services Invoice.**



- 3) Confirm that all charges reference and are in compliance with the agreed-upon fee schedule(s) selected by that Department. Departments should be able to easily match the fees listed on the invoice with the fee schedule(s) agreed upon.

**All fees listed on the Services Invoice have been disclosed on the attached fee schedule and should be easy to match on the monthly invoice.**

- 4) Confirm that any additional fees that may be included for any reason are identified and itemized even if included in bundled rates and that the billing code and description for any charge that may appear on an invoice are identified

**Please see the response to the previous question.**

- 5) Most non-MBTA Commonwealth eligible entities must receive a monthly paper bill for all transaction fees; fees may not be netted from gross proceeds at settlement or on a monthly basis. Is there a pricing differential for this invoicing model?

**In our proposed unbundled pricing environment, Credit Interchange Fees will be passed on directly without any mark-up or surcharge and billed on a daily basis. All other fees, including Dues & Assessments, Processing Fees, Communication Fees, and Debit Interchange Fees are billed on a monthly basis. Other Interchange Fee billing arrangements can be accommodated as required and as mutually negotiated. Increases in all third party costs, such as Interchange Fees, Dues & Assessments, and Communications, are passed on to the merchant. Vantiv's fees are guaranteed for the term of the agreement and are calculated on net sales.**

- 6) Confirm that separate invoices will be prepared for each different Merchant ID. In addition, for a Department that uses more than one Merchant ID, confirm that there will be one roll-up report containing the information for all of that Department's Merchant IDs.

**In addition to our monthly services invoice, Vantiv also provides several fee allocation reports that can help merchant allocate fees from our services invoice to individual merchant locations. Based on request from our merchants, Vantiv can also provide a monthly MID level billing report which can also provide detailed reporting based on monthly fees from our services invoice.**

**MM-314 Monthly Merchant Fee Allocation Report**

Category: Settlement– *Credit Only Report*

Description: Monthly summary of a merchant's credit card activity and credit fees for the month. This report was designed to allow for the allocation of fees by merchant location for an unbundled billing merchant.

- 7) Confirm that invoices will be based on the previous calendar month's activity.

**Yes, that is correct.**

- 8) Confirm that paper invoices will be mailed directly to the responsible Department(s) representing the previous month's activity if paper invoices are requested.

**Paper invoices can and will be made available for all chains. We can mail these to the contact and physical address specified.**

- 9) Confirm that electronic invoices will be sent directly to the responsible Department(s) representing the previous month's activity.



**Yes, that is correct.**

10) Confirm that all fees will be paid monthly in arrears.

**Yes, that is correct.**

11) Confirm that you cannot terminate the Contract or services or institute late fees for receiving less than the invoiced amount.

**Vantiv would retain the right to terminate if payments are routinely late or if the merchant refuses to pay for no reason. This is negotiable and would also depend entirely on the extent and/or reason for nonpayment.**

12) Specify the number of decimal points you round to when calculating transaction fees, and when this rounding occurs (per transaction, daily, monthly, etc.).

**Vantiv rounds to the third decimal point at the transaction level which matches what the networks and associations use as their standards.**

13) Identify all electronic invoicing options available to Department Merchants and associated costs. Provide a recommendation as to the most efficient and cost effective option for Department Merchants.

**Our Monthly Services Invoices can be pulled electronically from our Vantiv Direct back office system.**

14) State the various formatting options available for invoices and whether invoices can be customized for Departments. Provide samples (attach).

**Our Monthly Services Invoices can be pulled electronically from our Vantiv Direct back office system. This can also be provided in a PDF format. Vantiv also provides several fee allocation reports that can help merchant allocate fees from our services invoice to individual merchant locations. Based on request from our merchants, Vantiv can also provide a monthly MID level billing report which can also provide detailed reporting based on monthly fees from our services invoice.**

15) Confirm that monthly reports including all departments using the contract, payment methods implemented by department, number of transactions by payment method, total dollar amount by method, and fees will be sent to the Office of the Controller.

**All of the reporting that Vantiv can provide will be delivered and can be accessed by the Commonwealth from our Vantiv Direct system. We can customize access for the Commonwealth within our Vantiv Direct system to give you the access needed for each individual user.**

## **IX Pricing**

1) Please prepare the Pro Forma Pricing for a 5, 1, 1 year and a 7, 1, 1 year contract with consideration to all costs. Please provide a listing of the fees for services that are not included in the transaction price. Ensure that this list is inclusive of all possible charges including monthly access fees, credentialing, or access to merchant reporting portals. The Commonwealth will not pay any charges that are not contained in this schedule.

**Please see appendix 3 for the attached pricing proposal.**



2) Please quote transaction prices for each type of card. If you use a tiered pricing scale quote your prices based on the scale. The monthly volumes noted are representative of volumes today. Interchange and processing fees are to be presented.

**Please see appendix 3 for the attached pricing proposal.**

3) Are discount fees calculated on gross or net sales?

**In our proposed unbundled pricing environment, Credit Interchange Fees will be passed on directly without any mark-up or surcharge and billed on a daily basis. All other fees, including Dues & Assessments, Processing Fees, Communication Fees, and Debit Interchange Fees are billed on a monthly basis. Other Interchange Fee billing arrangements can be accommodated as required and as mutually negotiated. Increases in all third party costs, such as Interchange Fees, Dues & Assessments, and Communications, are passed on to the merchant. Vantiv's fees are guaranteed for the term of the agreement and are calculated on net sales.**

4) How and when is the customer notified of price adjustments?

**The associations change interchange rates twice a year. Vantiv will alert all of our merchant partners of these changes. Vantiv's per transaction price is guaranteed for the term of the agreement.**

5) Please identify an estimated cost of the frame. Who pays monthly charges? Please define the responsibilities related to the setup of the router and the hardware for the frame. Who will procure the router if a new one is needed? Who is responsible for the installation?

**Vantiv's provisioning group can provide a quote for the cost of the frame relay or circuit. Vantiv offers the latest in technology with MPLS. Vantiv can be responsible for the installation and monitoring of the connectivity.**

**Vantiv will be using a similar connection that the MBTA currently utilizes. Vantiv will place circuit routers in Commonwealth's Data Center for connectivity. Please see the attached quote for The Commonwealth.**

**There are several options from a redundancy perspective. When choosing a dual MPLS setup we would use Century Link and Verizon Business as the carriers providing said connectivity. Neither would be primary or secondary as our configuration uses the circuit which has gone the longest timeframe without having an issue as the primary to prevent issues related to flapping. The design would also take into consideration the number of locations to which the customer would like us to connect for disaster recovery purposes as well.**

6) Whose responsibility is it to pay the monthly charges for the ISDN back-up? If new or additional hardware is required, whose responsibility is it to procure, install and cover the cost?

**The Commonwealth would be responsible for the monthly charges for the ISDN back-up. Vantiv can provide quotes and install new hardware but the costs would be purchased by the Commonwealth.**

7) Identify if there are any additional hardware and software costs along with the related responsibilities for procurement, installation and payment, e.g. costs associated with the development of the interfaces.

**There would be no additional costs outside the circuit, router and ISDN costs. Vantiv will provide a specific circuit quote to Commonwealth for your review which would detail all one time and ongoing costs for connectivity.**



- 8) Will you supplement the development cost of each direct interface or certification to your applications? Will you supplement the development cost of upgrades for compliance with association requirements when changes in code are required under the life of the contract?

**Currently, the MBTA utilizes Scheidt and Bachmann as the gateway to process to Vantiv so if the Commonwealth could utilize this connection as well then there would be no development costs for connecting to Vantiv. Scheidt and Bachmann also manages the upgrades for this connection. Vantiv will work with Commonwealth on any other direct interfaces that will be needed and can review any potential costs on a case by case basis.**

**Clients can route authorization requests to either the Florence or Grand Rapids data center through our Host-to-Host, Host Data Capture, and through MPSNet, our asynchronous dial authorization system. Our systems can route transactions across the backbone network that connects our data centers to distribute transactions between our processing systems to allow our authorization applications to re-route transactions across an alternate network interface. This processing capability is also used to support debit POS links that are only supported in the Florence Data Center. If the Florence Data Center is not available, all debit POS networks are re-established in the Grand Rapids Data Center through ISDN or dial connections and, if longer term processing support is required, the permanent network interfaces are re-terminated into our Grand Rapids data center to provide full processing capabilities in this data center.**

**The Florence and Grand Rapids data centers are capable of handling the full processing requirements of our clients during peak processing periods. As our processing volume increases, our processing systems will be upgraded to support our ongoing processing requirements. Our dual data center processing support strategy eliminates the single point of failure that exists in a typical single site processing solution, and this configuration increases processing system performance during peak processing periods since transactions can be routed into both data centers to take advantage of multiple network routing paths. One of the main strengths of this configuration is the virtual elimination of processing outages since either data can provide processing support to clients that have established network connectivity to both data centers.**

**Clients can load balance transactions between data centers or implement a smart-switching capability to route transactions to the system providing the best authorization performance. Clients utilizing Host Data Capture processing perceive a single point of settlement through a settlement consolidation process that combines activity from both data centers to provide consolidated processing, funding, and reporting of all activity. This processing capability simplifies processing compared to the multiple settlement entries associated with processing environments that utilize primary and backup data centers for processing support.**

**One of the capabilities of our processing systems that significantly differentiates Vantiv from other processors is our ability to provide a single point of settlement for Host Data Capture transactions processed in different data centers. Our processing systems combine the processing activity acquired in both data centers and handle this activity as a single settlement entity. Processing totals, settlement, funding, reporting and other information provided to our clients appears as if all processing occurred through a single data center. This processing capability allows our clients to freely route transactions to either data center without impacting the rest of their processing program.**

**This processing capability is notable since most processors offer separate primary and backup processing sites. If processing is shifted from the primary site, any transactions processed in the backup site are handled through a separate settlement process. This processing environment results in multiple reports, funding, and other information. Such an environment is difficult to reconcile and does not provide immediate recovery support like the mirrored authorization capabilities offered by our processing systems.**



9) Please provide a current schedule of applicable Visa and MasterCard fees (each of the MCC codes as appropriate) as well as a debit network fee schedule.

**Please see appendix 3 for the attached interchange rates for all networks.**



**APPENDIX 2**

**PRICING PRO FORMA**

**Show Pro Forma pricing for contract terms 5,1,1 and 7,1,1**

**I. Processing Fee - Card Transactions**

	5,1,1	5,1,1	7,1,1	7,1,1
<b>A. Volume Threshold : Tiered Pricing</b>	Processing Fee	Processing Fee	Processing Fee	Processing Fee
Credit interchange payment	(Daily netting)	(Monthly invoicing)	(Daily netting)	(Monthly invoicing)
Credit and debit card transactions				
Current estimated annual volume 27.6 million annually or 2,300,000 monthly				
<b>Tiers – 5,1,1</b>				
1 - 500,000	N/A	<b>\$0.0225</b>	N/A	N/A
500,001 - 1,000,000	N/A	<b>\$0.0175</b>	N/A	N/A
1,000,001 – 2,500,000	N/A	<b>\$0.0150</b>	N/A	N/A
< 2,500,000	N/A	<b>\$0.0100</b>	N/A	N/A
<b>Tiers – 7,1,1</b>				
1 – 1,500,000	N/A	N/A	N/A	<b>\$0.0125</b>
1,500,001 – 3,000,000	N/A	N/A	N/A	<b>\$0.010</b>
< 3,000,001	N/A	N/A	N/A	<b>\$0.0075</b>
<b>B. Single Processing Fee, no tiered pricing</b>		<b>N/A</b>		<b>N/A</b>
If applicable:				
Dial up Charge*	N/A	<b>Additional \$0.0150 per transaction</b>	N/A	<b>Additional \$0.0150 per transaction</b>
Internet Charge*	N/A	<b>Waived</b>	N/A	<b>Waived</b>
Operator Assisted Voice Transactions*	N/A	<b>Additional \$1.20 per transaction</b>	N/A	<b>Additional \$1.20 per transaction</b>
Digital Voice Response ("DVRS")*	N/A	<b>Additional \$0.60 per transaction</b>		<b>Additional \$0.60 per transaction</b>
* Please advise if this is inclusive of the processing fee or in addition to the processing fee				
Discover Communication fee	Waived			
AMEX Transaction Surcharge	Waived			
Discover Communication fee	Waived			



## II. Additional Charges

Pricing Pro Forma - Other Charges			
Show Pro Forma pricing for contract terms 5,1,1 / 7,1,1			
Description	Price	Terms Insert N/A if not applicable	Additional Terms and Comments
Auto-Chargeback Handling Fee	\$5.00	Fee for processing chargebacks.	No charge for sales draft requests.
Chargeback and Adjustments	\$5.00	Fee for processing chargebacks.	No charge for sales draft requests
Refunds	\$5.00	Fee for processing chargebacks.	No charge for sales draft requests
Tokenization	\$0.006	Per transaction	
Dial-up Surcharge	\$0.0150	Per transaction	
Retrieval Request/ Document Image Fee	Waived	N/A	No charge for sales draft requests
Proprietary Application Reporting System	\$0.00	No Charge for Direct Express Users	Unlimited
Phone Authorizations	\$0.60	Fee for Vantiv audio response unit authorization.	
Wire Funding Fee	Waived		
ACH Funding fee	Waived		
Support Fee/Terminal Software Usage	Waived		
Network Fee/ Pin/Pinless Debit Network Sponsorship	Waived		
Diner's Club/American Express/ Carte Blanche/Discover/ Check Guarantee Surcharge Fee	Waived		
Customer Reporting Application Access/ Additional users	Waived	Unlimited usage of web based reporting (5 users)	Vantiv Direct Express
Customer Reporting Application Access/ Additional users	\$50 per month	Unlimited usage of thick client version of Vantiv Direct (5 users)	Vantiv Direct
Daily Custom Settlement Data File Fees	Waived		Daily Merchant Activity File & Daily Chargeback File.
Other	<b>Please see appendix 3 for the attached pricing proposal.</b>		
Signing Bonus	N/A		
ACH Fees			
ACH Per item fee	Please see the attached pricing proposal		
ACH Warranty Services	Please see the attached pricing proposal		
Supplies	Please see the attached pricing proposal		



### III. Communication and Equipment

Communication Quote			
Communication Costs:	Quantity	Monthly Fee	One Time Fee
Circuit Fee – Commonwealth	2	\$268.80	
Circuit Fee – MBTA	2	\$400.64	
Circuit Installation	2 new (Commonwealth)		\$800
ISDN Backup - Interface Required		Based on local rates	
Router Configuration	N/A		
Router Maintenance	4	\$60.00	
Circuit Management	N/A		
Equipment Installation	Included in circuit Installation quote above.		
Cisco 2901 Router Integrated CSU and Modem / Adv Sec IOS	2 new (Commonwealth)		\$3,264.72
PVCs (permanent virtual circuit)	N/A		
Surcharge for ISP	N/A		
Surcharge Wireless	N/A		
Other – Port Fee	4	\$50.00	
Unusual or additional assistance or technical support*	N/A		
* state the hourly rate and minimum hours applied			
Show Pro Forma pricing for contract terms 5,1,1 / 7,1,1			
Equipment Schedule	> 24 months Rental	> 36+ months Rental	One Time
POS Equipment	<b>Please see appendix 3 for the attached pricing proposal.</b>		
Omni 3200SE or equivalent	<b>Terminal Retired – Please see appendix 3 for the attached pricing proposal.</b>		
Verifone, Vx610, 6Mb, Sierra CDMA, Wireless/Terminal/Printer/PIN Pad/SCR	<b>Terminal Retired – Please see appendix 3 for the attached pricing proposal.</b>		
VFN, Vx570, 12Mb, Dial 14.4/Ethernet, Terminal/Printer/PIN Pad/SCR	<b>Terminal Retired – Please see appendix 3 for the attached pricing proposal.</b>		
VFN, Vx570, 12Mb, Dial 14.4/Ethernet, Terminal/Printer/PIN Pad	<b>Terminal Retired – Please see appendix 3 for the attached pricing proposal.</b>		
Optimum T4205 Hypercom	<b>Terminal Retired – Please see appendix 3 for the attached pricing proposal.</b>		
VFN, 1000SE, 180, PIN Pad	\$7.00	\$7.00	\$67.00
Etc.			N/A
Deployment			N/A
Web-Based Virtual Terminal	if any		N/A
Miscellaneous Related Fees			
PIN Pad Injection	if any	if any	\$25.00
Shipping	if any	if any	Varies
Terminal Reprograming Fee	if any	if any	Waived
External Check Reader/PIN Pad Reprograming Fee	if any	if any	N/A
Terminal Swap Fee	if any	if any	N/A
External Check reader/PIN Pad Swap Fee	if any	if any	N/A
Other			



**APPENDIX 3:  
ATTACHMENTS**



### **APPENDIX 3: Table of Contents**

- 1. 2013 Annual Report**
- 2. Vantiv's VSS Security Statement**
- 3. Vantiv's Affirmative Action & Equal Opportunity Policy**
- 4. Network Diagram - MBTA**
- 5. Network Proposal Diagram – The Commonwealth**
- 6. Network Proposal – The Commonwealth**
- 7. Merchant Contract (Current) – MBTA**
- 8. PIN Debit Routing Analysis & PRIME Proposal – MBTA**
- 9. ACH Agreement**
- 10. Guide to Key Reports for National Merchants**
- 11. Network Interchange Rate Sheets (dated April 2014)**
- 12. Pricing Proposal**