



POS Check Service—Electronic Check Conversion



Transform a cost of doing business into an opportunity to expand profitability.

Why POS Check Service?

Unique in the check-writing segment, Visa's® POS Check Service delivers value to all participants in the point of sale check acceptance environment. Drawees can generate revenue while eliminating ACH costs. Merchants and acquirers can minimize losses with POS Check's real-time authorization.

The POS Check Service uses existing Visa systems and connectivity to convert checks into electronic transactions at the point of sale, streamlining transactions by truncating paper checks where they originate. By improving service to check-writing customers, you'll also encourage adoption of payment behaviors that include fully electronic debit products, such as the Visa check card. And it's fast, secure, and cost-effective.

The POS Check Service is part of Visa's Integrated Debit Solution, an end-to-end solution that encompasses the full range of debit products: Visa check card for consumer offline debit transactions, Interlink for PIN-enabled debit transactions, Visa/Plus ATM Network for ATM transactions, and POS Check Service for check conversion, as well as the Visa Debit Processing Service for full service transaction processing. With Visa's Integrated Debit Solution you can take advantage of a nationwide network that provides you with debit uniformity across all areas, streamlining operations and customer service and lowering costs. With POS Check Service, everyone benefits—drawees, acquirers, merchants and consumers!

Your point of opportunity

The number of checks written at the point of sale in 2006 was estimated to be 5.37 billion*. There is significant opportunity for merchants to effectively manage check acceptance by converting checks at the point of sale. With POS Check, merchants can verify funds availability in their customers' demand deposit accounts (DDAs) at the time of the transaction, thereby reducing the risk of accepting checks that may be returned.

*Financial Insights, June 2007



Benefits you can build on

Drawee benefits

- **New markets.** Visa's POS Check Service benefits drawees by extending the convenience of electronic debiting to a new segment of customers—those who continue to pay by check at the point of sale.
- **Increase revenue.** Generates revenue for participating drawees for authorized checks processed through the service.
- **Minimize expense.** Eliminates ACH fees, reduces drawee processing costs and streamlines back-office functions by replacing costly and labor-intensive check processing with lower cost electronic debits.

Customer benefits

- **Speed and convenience.** Enables faster checkout at the point of sale.
- **Security.** Checks are returned to the customer at the point of sale, so exposure of personal data is minimized.
- **Record-keeping.** Detailed transaction information on customer account statements help customers better maintain financial records.

Acquirer benefits

- **Rapid settlement.** Transactions are usually settled within 24 hours, making funds available more quickly than other check processing solutions.
- **Differentiated service.** Allows acquirers to expand and differentiate their service offering.
- **Easy implementation.** Offers easy implementation and administration through the existing Visa infrastructure.

Merchant benefits

- **Rapid funds availability.** Prompt payment for goods and services, usually within 24 hours.
- **Lower cost.** Reduces check handling costs, and requires minimal or no upgrades to existing terminals¹.
- **Minimize losses.** Real-time authorization minimizes check acceptance risks (including out-of-state checks).

The features your business demands

Service options. Choose from three available options², based on the level of risk assumed by the participating merchant²:

- **Conversion only** – Transaction is approved or declined based on the status of the check writer's account
- **Verification with conversion** – Transaction is approved or declined based on funds availability in the check writer's account
- **Guarantee with conversion** – Similar to Verification with conversion except the authorizer to guarantees the check amount and accepts the risk of loss if the item is uncollectible from the check writer, for reasons other than fraud

Efficiency. POS Check Service uses the Single Message System (SMS), which clears and settles transactions quickly, usually within 24 hours. POS Check participants must support SMS, either directly or through an acquiring or issuing processor.

Seamless processing. POS Check Service routes checks to VisaNet® or third-party authorizers, depending on whether the checks are drawn on POS Check participating or non-participating financial institutions.



How it works

- Customer hands a blank check to the sales clerk.
- Sales clerk scans the check through a check reading terminal, which captures the data from the check's MICR encoding, and enters the purchase amount.
- Terminal converts the MICR data into an electronic transaction and sends it to the processor.
- Processor formats the transaction and forwards it to Visa³.
- Visa routes the check information to the drawee or third-party authorizer if the check is drawn on an issuer who does not participate in Visa's POS Check Service.
- The drawee or third-party authorizes the check and sends a response to Visa.
- Visa forwards the authorization response to the processor or merchant for delivery to the merchant's terminal.
- At the point of sale, the paper check is voided, a sales draft receipt is printed for the customer to sign, and the voided check and a copy of the signed receipt is provided to the customer.

How to grow it

It starts with education. Tell your check-writing customers about the benefits and availability Visa's POS Check Service.

Visa supports your planning and implementation processes and provides the following resource materials:

- POS Check Service Planning Guide
- POS Check Service Operating Regulations
- POS Check Service Technical Specifications

Get started today

For more information, please contact your Visa Account Executive or call (888) 847-2242 for a Visa subject matter expert.

For details, visit Visa Online at www.us.visaonline.com.

¹ Some merchants may require MICR readers.

² At minimum, drawees have to participate in Conversion Only.

² Direct connect merchants deliver transactions directly to Visa

