



Foundational

## Debit Optimization

Improve validation. Reduce fraud. Fight chargebacks.

Today, your business authorizes and processes debit card payments either by using the card brand printed on the front of the card or the debit networks printed on the back. There are three key differences between these two processing paths: cardholder authentication, chargeback mitigation, and costs.

Processing a debit card through the credit card brands means using the “credit rail,” while using the debit networks is called the “debit rail.” The debit rail, which requires the entry of a unique, secure personal identification number (PIN) issued only to the cardholder, PIN validates that the cardholder is most likely the authorized user of that debit card, which can stop fraudulent use before the is authorized and settled. In recent years EMV technology has helped significantly reduce cases of card present fraud, however EMV authorization can only stop counterfeit cards, not fraudulent card users. PIN entry changes that. This additional layer of authentication helps your business protect itself against fraud and fraud related chargebacks.



69%

As of 2019, 69% of consumers reported preferring to use PIN at checkout, while 6% of consumers preferred no PIN or signature at checkout.\*

\*<https://www.paymentsjournal.com/recent-debit-card-policy-changes-are-driving-new-consumer-usage-patterns/>

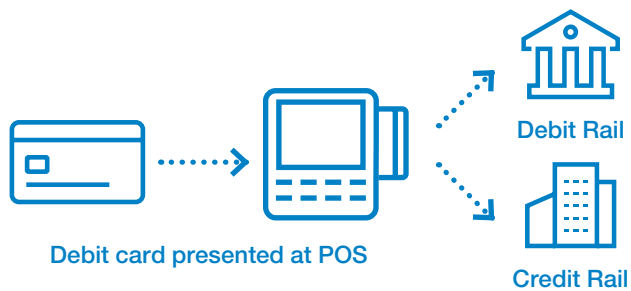
# Simplify your debit acceptance model



What is friendly fraud? It is when a cardholder uses the chargeback process to reclaim funds through filing a claim of fraud when no fraud was actually committed. This kind of fraud is actually on the rise, increasing by 41% every 2 years, and as of 2016 nearly 86% of chargebacks presented are suspected cases of friendly fraud.\*\* PIN helps your business prove the debit transaction was validated and most likely authorized by the actual cardholder. Plus, because the bank issuing the debit card can see whether the charge in question was authorized with PIN entry or not, the bank is more likely to ask for additional proof from the cardholder before issuing a chargeback on a PIN authorized debit transaction. The use of PIN debit authorization protects your businesses before you even see the chargeback hit your accounts.

Additionally, the debit and credit rails incur different charges based on the prices associated with each network that provides card authorization and settlement for the debit card payment. However, if your business does not prompt for PIN when customers use debit cards, you could pay more than necessary for debit transactions. Debit Optimization enables PIN acceptance on PIN capable devices, and prompts for PIN immediately when a debit card is presented. While you can fall back on signature verification if you need to, prompting for PIN first enables your business to take control of debit card acceptance costs.

## Two rails of debit acceptance



### Debit cards processed using PIN authorization have:

- Cardholder authentication at the time of sale
- More controls to prevent friendly fraud chargebacks
- A cost-effective processing alternative to signature authorization

### Debit cards processed using optional/signature authentications have:

- EMV certification only to validate card usage
- Expanded options for filing chargeback claims
- Variability in the cost of debit card acceptance

**We make it possible. You make it happen.**



\*\* Chargeback Stats for 2017, Chargebacks911.com

