



Rensselaer

Campus-wide Financial Administration **Comprehensive Cash Management** *Credit Card Acceptance Policy*

Policy Objective: The Institute recognizes that the use of credit cards for payment on the various goods and services it offers is a common practice that provides a convenient payment option for students, parents, faculty, and staff. The convenience of credit cards improves customer service, streamlines the Institute's cash collection practices, and in some cases even increases the volume of certain transactions.

The Institute also recognizes that, in addition to the more conventional "over-the-counter" or mail direct payment submittal methods, indirect secured web-based payment is becoming more standardized. In this regard, this easy access payment method typically permits the acceptance of credit card as well as other electronic payment methods.

The Institute further recognizes that broad credit card use for student payments in particular can lead to unintended financial consequences due to the high associated volume and related bank fees.

Accordingly, this new policy on credit card is intended to continue to provide students and families with the convenience of paying by credit card while ensuring that the cost of such use is borne by the user, and not the Institute and all students.

These policies and procedures were developed by Rensselaer's Finance Division, with assistance from many of the other affected campus offices and departments. Any questions or concerns with regard to these policies and their application should be directed to the Finance Division, Treasurer's Office at 276-6426.

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Campus-wide Financial Administration

Comprehensive Cash Management

Credit Card Acceptance Policy

Policy Title: Rensselaer Credit Card Acceptance Policy
Approved: Approved by the President, Vice President for Finance and Treasurer
Version: 1.1

1.0 Overview

A department or portfolio at Rensselaer Polytechnic Institute or at the Rensselaer at Hartford Graduate Center (“Rensselaer” or “the Institute”) that sells goods or services shall seek to accept payment via credit card upon the prior approval of the Finance Division, Treasurer’s Office and under the conditions and procedures established herein. Credit Cards shall only be accepted for goods, services, fees, and gifts, and for Student Payments, under the conditions described under *Section 1.2 New Student Payment Method*.

1.1 Definitions

Capitalized terms used in this document have the meanings ascribed to them in Appendix A.

1.2 New Student Payment Method

Effective July 1, 2005, Student Payments made via Credit Card will only be accepted through the Institute’s third party tuition payment processor (currently Sallie Mae Solutions). This payment option may be accessed by contacting the Bursar’s Office at (518) 276-6610 or by going on-line at <http://finance.rpi.edu/bursar>.

1.3 Policy Scope

This policy provides guidance for the execution of Credit Card transactions, and should be read and understood in conjunction with the Institute’s *Cash Collection and Concentration Policy*, as updated from time-to-time.

1.4 Policy Updates and Revisions

The Treasurer’s Office in conjunction with the Bursar’s Office shall review the *Credit Card Acceptance Policy* at least annually and recommend any changes necessary to ensure that it continues to meet Rensselaer’s objectives. The policy should also be reviewed as soon as practicable following any material changes in the Institute’s cash management banking structure or relationships.

1.5 Distribution of the Policy

The policy and all subsequent revisions shall be distributed or be otherwise made available to:

- Departments that conduct Institute business through Credit Card transactions;
- Departments responsible for developing and maintaining Institute websites to conduct business transactions using Credit Cards; and
- Departmental financial managers and accounts receivable managers involved in cash collection and accounting activities, along with their immediate supervisors.

2.0 Credit Cards Accepted

The Institute currently has contracts in place to accept Visa and MasterCard for all authorized on site transactions, as well as Discover and American Express for transactions involving the Troy and Hartford Bookstores. In addition, the Institute accepts MasterCard, American Express, and Discover for Student Payments made through the Sallie Mae Solutions web portal. All such contracts are to be reviewed by the Finance Division and negotiated and executed pursuant to the appropriate Institute purchasing practices. *Departments and portfolios are expressly forbidden from negotiating their own Credit Card contracts.*

3.0 Processing Approval – Direct Payment

Credit Cards are currently authorized for acceptance as a method for Direct Payment (in person or via authorization provided via the U.S. mail or telephone) in a limited number of locations based on need and volume. These locations, each of which has a separate merchant service account, are as follows:

- Bursar’s Office (through on-site computer portal only)

- Rensselaer Union Business Operations
- Student Administration Office
- Computer Store
- Houston Field House
- Institute Gifts & Event Registrations
- Alumni Relations
- Commons Mailroom
- Career Center
- Conference Services
- First Year Experience Office
- RAD/ID Cards
- Rensselaer at Hartford Bookstore

Effective July 1, 2005, credit cards for Student Payments will only be accepted through the Indirect Payment method, which can be accessed by visiting the Bursar's website at <http://finance.rpi.edu/bursar>, or by visiting the Bursar's Office and accessing the computer kiosks set up for this purpose.

Finally, a special merchant service "floater" account exists to accommodate limited duration access to Credit Card payment processing for Institute special events. Those departments wishing to access this feature should follow the procedures discussed in section 3.2 of this policy when submitting a request to the Treasurer's Office.

3.1 Processing Approval – Indirect Payment

Credit Cards are currently authorized for acceptance as a method for Indirect Payment (remotely through secured Institute websites or through a third party processor) in a limited number of instances. These instances are as follows:

- Student Payments via Sallie Mae Solutions; and
- Gifts, donations, and event registrations on-line via the iTransact platform.

Efforts are currently underway to establish merchant service accounts for Indirect Payment capability for other campus offices, with a broader solution currently under consideration.

3.2 Approval for Credit Card Acceptance

Departments wishing to accept Credit Cards for payment of services either through Direct Payment (including Lockbox) or Indirect Payment (on-line) but without a Merchant Account Number or access to

Credit Card processing capability (see *Methods of Processing Transactions*) should submit its request in writing, to the Treasurer's Office, Cash Management by addressing the following points:

- Identify the types of Credit Cards the department wishes to accept consistent with Institute policy;
- Briefly summarize the reasons why the department wishes to accept Credit Cards for payment;
- State the requested commencement date and, in the case of temporary requests (e.g. conferences), termination date of the Credit Card activity;
- Complete an estimate of the expected departmental volume, including information on the expected number of transactions, average dollar amount of the transactions, and any expected cyclical nature of the Credit Card activity; and
- In conjunction with the Treasurer's Office, assess the available processing options and methods (PC Processing, POS or Dial-up Terminal, Secured Website, Lockbox) and request the most appropriate option.

4.0 Methods of Processing Transactions

The Institute currently utilizes a number of methods for processing its own Credit Card transactions, under two scenarios:

Card Present – Dial-up Terminal, PC Processing, and POS terminals, including Electronic Cash Registers.

Card Not Present – Dial Up Terminal (typically with phoned-in card information), Secured website, and Lockbox processing (for some but not all lockboxes). These methods, which are described in Appendix A, are applicable based on such factors as the volume of sale, convenience, processing costs, and other factors. The Treasurer's Office, in conjunction with the requesting department, will determine the best method of payment to be utilized for the merchant service set-up.

4.1 Processing Procedures

In order to safely and efficiently process Credit Card transactions, departments shall comply with the processing procedures currently in place with the Institute's Credit Card processor, including:

- Provide sufficient controls over who is authorized to process transactions (e.g. terminal passwords should be established);
- Establish segregation of duties between those employees that process transactions and those that balance the daily transaction batches;
- At the point of sale, obtain authorization from the bank for every transaction, checking for expiration date, signatures, and card identifying marks (e.g. holograms and logos);
- Accept Credit Cards for authorized purposes only;
- Balance and transmit transaction to the bank daily, and forward copies of all Credit Card receipts to the Bursar's Office for recording in the General Ledger. Exceptions are those departments that currently process their own cash reporting, including the Rensselaer Student Union Administration Office, Bookstore, and Computer Store.

All departments processing Credit Card transactions should review and refer to the merchant servicer's operating guide, as provided upon request by the Treasurer's Office, for detailed explanations of processing procedures and safeguards. The Institute's current merchant service processor for non-student payments is Bank of America.

5.0 Loaning of Terminals Prohibited

It is expressly prohibited for departments to "loan" Credit Card Dial-up or POS terminals to other departments either within or across portfolios. Those departments wishing to offer a Credit Card payment option should instead follow the procedures discussed in *Approval for Credit Card Acceptance*. Every effort will be made to accommodate such departmental request, within reason.

6.0 Credit Card Fees

Credit Card companies charge a fee to merchants assessed at a "Discount Rate". The fee is a percentage of the charge, which obviously increases along with the charged amount. The level of the fee is determined by a number of factors, including: 1) the accepting bank; 2) the card used; 3) the number and dollar value of transactions; and 4) the average dollar value of transactions during a billing period (typically one month). These fees have and will continue to be negotiated with the bank by the Finance Division in order to obtain the most favorable rates for the Institute.

6.1 Impact of Fees

These Credit Card fees have grown significantly in recent years as the incidence and volume of Credit Card use for Student Payments in particular has increased. The growing use of Credit Cards for a multiplicity of educational goods and services has prompted many public and private institutions to alter their fee policies, or in some cases to eliminate Credit Card acceptance altogether.

In order to continue to meet the needs of our students and their families, on July 1, 2005 Rensselaer introduced an on-line payment option for tuition, room, board, and other student payments through Sallie Mae Solutions. Those students or their families wishing to pay their bill by credit card will do so by accessing a secured web-portal on the Bursar's Office website located at <http://finance.rpi.edu/bursar>.

6.2 Departmental Application of Fees

Historically, credit card fees have been posted at month's end to the department fund that was identified when the merchant service account was opened. However, effective July 1, 2005, with the exception of the Bookstore, Computer Store, Houston Field House, Student Union Office, and RAD/Student ID office, the fees assessed for Credit Card use are no longer being assessed to departmental budgets but instead will be classed as an Institute-wide expense. Affected departmental budgets will be adjusted accordingly to reflect this change in policy.

6.3 Charging Convenience Fees

As stated above, credit card payments for student charges are no longer accepted via mail, in person, telephone or fax at Rensselaer or through the mail at the Bursar's Office. All applicable teleprocessing fees will be assessed by the processor at the time of

payment. Students and families are advised of these teleprocessing fees before the transaction is completed to allow them to determine whether or not they wish to continue with the transaction. There will also be a link to the fee schedule on the Bursar's website for reference.

This policy is intended to continue to provide students and families with the convenience of paying by Credit Card while ensuring that the cost of such use is borne by the user, and not by the Institute and other students and families.

7.0 On-Line Processing

The application of on-line receipting to various Institute cash collection activities has broad potential. Applications could include student payments, gifts, events, research grants, lease payments, and others. In order to assess and select the most appropriate on-line receipting solution for the Institute, a Request for Proposal process is to be engaged with the goal of evaluating and, if appropriate, securing a processing contract and entering into an Electronic Commerce merchant agreement and establishing electronic receipting capabilities.

7.1 On-Line Processing Security

While the processing of Credit Card transactions on-line is as a highly convenient payment option, it also comes with significant risk if not properly secured. Failure to maintain strict controls over Credit Card information could result in unauthorized use of Credit Card numbers resulting in problems for both the customer and the department.

It is the Institute's expressed policy that no personal Credit Card information utilized for Electronic Commerce or other On-Line Processing purposes is to be stored on Institute databases for any period of time.

In order to accept Credit Card payments on-line, departments must first obtain the review and approval of dotCIO in addition to the Treasurer's Office as described in *Section 3.1 Processing Approval-Indirect Payment*. Departments wishing to accept payment on-line should use the Institute-designated payment processing service once it becomes available (see *On-Line Processing* for more on this option). Use of a central servicing platform will assure that the strictest controls are maintained over electronic payment information and that the Institute

is protected from liability should security over this information be compromised.

7.2 On-Line Processing Prior to Institute-Wide Solution

Prior to the institution of a comprehensive Institute-wide on-line payment service (expected in 2006), departments currently offering on-line payment options shall verify that their payment platform meets minimum dot CIO security requirements.

8.0 Recordkeeping and Charge Backs

It is essential that Credit Card sales transactions be recorded promptly and accurately. Consistent with the Institute's *Cash Collection and Concentration Policy*, all departments conducting Credit Card transaction "on-site" shall transmit to the Bursar's Office all copies of receipts from all Credit Card transactions. In order to eliminate duplicate recordkeeping, departments should maintain copies of back-up locally only as necessary (e.g. certain point-of-sale transactions).

The Institute's merchant servicer will notify the Bursar's Office, in writing, of any disputed charges (called "charge backs"). In such cases, the Institute will be required to provide written documentation that the transaction was authorized by the customer. Failure by the department that transacted the disputed charge to provide sufficient record of such transactions will result in a charge back to the department's account. Continued failure of the department to assist in the process of responding to charge backs will result in the removal of credit card charging privileges.

9.0 Policy Compliance

Lack of adherence to these policies may result in disciplinary action.

Appendix A

Credit Card Acceptance Policy - Glossary of Terms

Associations – MasterCard International, VISA, U.S.A, or VISA International, which are licensing and regulatory agencies for bankcard activities.

Cash Receipts Processing Center – The central cash receipting location for the Troy campus, currently located in the Troy Building, 1st Floor and soon to be located in Academy Hall.

Chargeback – A returned transaction resulting from the lack of adherence to the terms and conditions of the merchant service agreement, Association regulations, or other conditions of the merchant account operation.

Credit Card – A payment instrument whereby the buyer makes a purchase on credit underwritten by the seller or by a third party, usually a bank or other financial institution. The seller is paid at a discount of the face value of the purchase, at a specified time after the sale ticket is deposited.

Dial-Up Terminal – An authorization device which, like a telephone, dials the authorization center for validation of transactions.

Direct Payment – Payment via Credit Card either in person or via written or verbal authorization provided via the U.S. mail or telephone. Such payment transaction can take place either on-site in Troy or at the Institute’s bank Lockbox facility.

Discount Rate – The amount a merchant processor charges a merchant to give credit for depositing and handling the merchant’s daily Credit Card transactions.

Electronic Cash Register – A Point-of-Sale Terminal that also functions as a cash register that reads swiped Credit Cards through the use of a “wedge reader”.

Electronic Commerce – The exchange of goods or services for payment between a cardholder and merchant that involves electronic communication, typically On-Line Processing.

Indirect Payment - Electronic Payment via Credit Card through the Institute’s Secured Website or through a third party payment processor under contract with the Institute (e.g. Academic Management Services, Inc.).

Lockbox – A collection system in which a third party bank receives payments at a specified Lockbox address, processes the remittances, and deposits them in the payee’s account. The bank is responsible for processing all such payments.

Merchant Account Number - A number that numerically identifies each authorized merchant to the merchant processor for accounting and billing purposes.

Merchant Owned Payment Software – A processing set up where the merchant purchases a “payment processing” component and installs the software on a PC or server. The software is known as a point-of-sale (POS) or payment module, which communicates with a payment gateway typically installed at an acquirer or other merchant payment processor.

On-Line Processing – A transaction where a cardholder will pay for goods or services by visiting the Institute’s secured website and selecting the products they wish to pay for.

PC Processing – This is a Credit Card processing method that allows for the use of Merchant Owned Payment Software to process transactions through direct communication with the bank. Transaction information is submitted in “real time” to the bank for nearly instantaneous response.

Point-of-Sale (POS) Terminal – A device placed in a merchant location which is connected to the processor’s system via telephone lines and is designed to authorize, record, and settle data by electronic means for all sales transactions with the merchant processor.

Secured Website – This is a Credit Card processing method that utilizes the Internet as its host platform and a third party as the payment processor. Such system’s security must be validated by dotCIO prior to its application. Although it is the Institute’s intention to offer a comprehensive web-based payment solution in the future, departments are permitted to seek authorization for their own processing platform within the appropriate policy guidelines.

Student Payments – Includes the payment of tuition, room, board, fees and any other charges that are assessed to student accounts via the Bursar’s Office.

Terminal and Printer – This is a Credit Card processing method that requires the department to utilize POS terminal that is connected to the bank via analog phone lines. The day’s receipts are balanced and then transmitted to the bank in batches (usually at day’s end).