

Credit and Debit Card Information

Cardholder Present: This is a sale/payment condition where the buyer/payer is physically on site with his/her credit or debit card available for “swiping” through the credit/debit card terminal made available to the business unit by University’s Merchant Card processor. This transaction is completed when the buyer’s/payer’s credit/debit card issuer authorizes settlement of the transaction and the buyer/payer has signed the credit/debit card transaction receipt. It is the cash handling unit’s obligation to check the authenticity of the signature by comparing the signature on the receipt to the signature on the back of the credit card. If the credit card has not been signed then, and only then, can the cash handling unit ask to see the buyer’s/payer’s driver’s license.

The Cardholder Present model is beneficial to the University since it gives rise to the lowest discount rate from the Merchant Card Processor on the presumption that there will be lower rates of fraud and fewer chargebacks.

Cardholder Not Present: This is a sale/payment condition where the buyer/payer is not physically on site with his/her credit or debit card and, therefore, the cash handling unit has collected the cardholder data (card number, name, expiration date, billing address) by telephone, mail, or by Web site. This transaction is completed when the buyer/payer provides the needed information to the University via a telephone, or Web site and the University then presents that data to the Merchant Card processor which obtains an approval or rejection message from the buyer’s/payer’s credit card issuer.

The Cardholder Not Present model is efficient and allows transactions to be completed when the buyer/payer is not physically on site but it does give rise to a higher discount rate from the Merchant Card Processor on the presumption that there will be higher rates of fraud and more chargebacks. Additionally, in most cases, the merchant site accepting payments in the Cardholder Not Present model typically must absorb any and all losses that arise from fraud or customer initiated chargebacks.

Detecting Counterfeit Money

The University has a role in maintaining the integrity of U.S. currency. You can help guard against the threat from counterfeiters by becoming more familiar with U.S. currency. Examine the money you receive closely. Compare a suspect note with a genuine note of the same denomination and series, paying attention to the quality of printing and paper. Look for differences, not similarities.

If you receive a counterfeit note:

- Do not return it to the passer.
- Write your initials and the date in the white border areas of the suspect note.

- Limit the handling of the note. Carefully place it in a protective covering, such as an envelope.
- Forward the note to a Main Cash Handling site or surrender the Currency or Coin only to a Campus police officer or a U.S. Secret Service Special Agent. If you work in a Main Cash Handling site, forward the note directly to the U.S. Secret Service. The U.S. Secret Service will normally mail the note back to you if it is not a counterfeit note or will send you a letter indicating that it is a counterfeit note.
- For more information on how to detect counterfeit money consult the [U. S. Secret Service](#)

Cash Equivalents (Money Orders, Travelers Checks, Cashiers Checks, Certified Checks)

Cash Equivalents, Money Orders; Travelers Checks; Cashiers Checks; and Certified Checks, are to be treated like all other checks (see “Checks” below.) Uniform Commercial Code (UCC) Sections 3 and 4 designate these Cash Equivalents as “Checks” and they are to be processed as any other Check. Cash Equivalents are to be made payable to “UC Regents.”

Specific information you should know about Cash Equivalents:

1. Money Orders

Money Orders are financial instruments issued by a bank or other financial institution allowing the individual named on the order to receive a specified amount of cash on demand. Often used by people who do not have checking accounts, a Money Order is a negotiable form of payment that is typically used by its purchaser to pay bills or other financial obligations or to purchase goods or services worldwide. A Money Order can be purchased at many supermarkets, financial institutions, or other independent retailers across the U.S. and at U.S. military installations. Immediately upon purchase of a Money Order the following information is to be completed:

- The Pay to the order of line – all Money Orders presented to the University are to be issued payable to “UC Regents.”
- The signature and address of the purchaser or drawer of the Money Order
- The date the Money Order was issued.

Note: Money Orders are checks and are therefore subject to the stale dating rules of the Uniform Commercial Code. This means that Money Orders may be considered “stale” and therefore void at the conclusion of 180 days. However, this rule is seldom actually enforced; special care should be used in accepting Money Orders older than 180 days. In most State jurisdictions, non-negotiated Money Orders must be escheated to the State typically at the conclusion of year 2 or 3. Accordingly, Money Orders older than 2 years should not be accepted and the payer should be asked to acquire a new Money Order for payment of any University obligation. Alterations cannot be made to a completed Money Order including the “Pay to the Order Of” and the dollar amounts. Money orders may be purchased for any amount up to \$1,000.

2. Travelers Checks

Travelers Checks are preprinted, fixed-amount checks designed to allow the person signing to make an unconditional payment to someone else as a result of having paid the issuer (usually a bank) for that privilege. Travelers Checks can usually be replaced if lost or stolen. Travelers Checks are generally considered “good as cash”. Travelers Checks must be signed and made payable to the “UC Regents” in front of the cashier or the recipient when presented at any University point of sale or collection. Travelers Checks are available in different denominations and currencies. It is important to ensure that Travelers Checks accepted by any University point of sale or collection are payable **only** in U.S. dollars.

Note: Travelers Checks are subject to the same stale dating rules of the Uniform Commercial Code as are other checks. This means that a Travelers Check may be considered “stale” and therefore void after 180 days. While this rule is seldom actually enforced, special care should be used in accepting Travelers Checks older than 180 days. In most state jurisdictions, non-negotiated Travelers Checks must be escheated to the state typically at the conclusion of year 2 or 3. Accordingly, Travelers Checks older than 2 years should not be accepted and the payer should be asked to acquire a new Travelers Check for payment of any University obligation. Alterations cannot be made to a completed Travelers Check including the “Pay to the Order Of” and the dollar amounts.

3. Cashiers Checks (also known as Official Checks)

The term “Cashier’s Check” means any check which:

- Is drawn on a depository institution;
- Is signed by an officer or employee of such depository institution; and
- Is a direct obligation of the depository institution.

A Cashiers Check is payable to a third party named by the customer who pays for the check at the time it is written. A Cashier’s Check, which is drawn against the funds of the financial institution itself, differs from a Certified Check, which is drawn against the funds in a specific depositor’s account. Cashiers Checks can be purchased for any amount. Cashiers Checks are suitable for times when a personal check is not acceptable, such as in real estate closings, apartment deposits, settlement of returned items or past due loans/debt, etc.

Note: Cashiers Checks are checks and are therefore subject to the stale dating rules of the Uniform Commercial Code. This means that a Cashiers Check may be considered “stale” and therefore void after 180 days. While this rule is seldom actually enforced, special care should be exercised in accepting Cashiers Checks older than 180 days. In most state jurisdictions, non-negotiated Cashiers Checks must be escheated to the state typically at the conclusion of year 2 or 3. Accordingly, Cashiers Checks older than 2 years should not be accepted and the payer should be asked to submit a new Cashiers Check for

payment of any University obligation. Alterations cannot be made to a completed Cashiers Check including the “Pay to the Order Of” and the dollar amounts.

4. Certified Check

The term “Certified Check” means any check with respect to which a depository institution certifies that:

- The signature on the check is genuine; and
- Such depository institution has set aside funds which:
 - (i) Are equal to the amount of the check; and
 - (ii) Will be used only to pay such check

A Certified Check is a check a bank has “certified” as having enough money in the maker’s account to cover the amount of the check. The bank sets funds aside so that even if other checks were drawn upon a particular account, the check will remain good. Like Cashier’s Checks, Certified Checks are immediately good upon presentation since the bank guarantees the funds and the recipient does not have to wait until the check “clears.”

Note: It is not uncommon for individuals or businesses to stamp or write the word “Certified” on the front of a check. Unless the check is officially certified by the financial institution that holds the account on which the check is payable, the word “Certified” has no meaning. Use reasonable care when accepting Certified Checks.

Automated Clearing House Payments (ACH)

The Operating Rules of the National Automated Clearinghouse Association (NACHA) govern ACH transactions. ACH transactions are payment instructions to either debit or credit a deposit account at a participating depository financial institution. An ACH transaction is a batch-processed, value-dated electronic funds transfer between originating (ODFI) and receiving (RDFI) depository financial institutions. ACH payments can either be credits, originated by the accountholder sending funds (payer), or debits, originated by the accountholder receiving funds (payee).

ACH transactions are sent in batches to ACH operators for processing one or two business days before settlement dates. The ACH operators deliver the transactions to the receiving institutions at defined times. There are two national ACH operators. The Electronic Payments Network (EPN) is a private processor with approximately 30 percent of the national market. The Federal Reserve Banks process the remaining share of the market.

In all ACH transactions, instructions flow from an ODFI to a RDFI. An ODFI may request or deliver funds and transaction instructions and funds are linked using codes for record keeping. If the ODFI sends funds, it is a credit transaction. Examples of credit payment transactions include financial aid and other refunds, payroll direct deposit, Social Security payments, and dividend and interest payments. Corporate payments to contractors, vendors, or other third parties are also

common ACH credit transactions. If the ODFI requests funds, it is a debit transaction and funds flow in the opposite direction. Examples include online check payment transactions, check conversion via POP, BOC or ARC, collection of insurance premiums, mortgage and loan payments, consumer bill payments, and corporate cash concentration transactions.

Financial institutions originating customer payments have a binding commitment for payment to the ACH operator when the ACH files are distributed. Settlement for Federal Reserve Bank ACH credit transactions is final at 8:30 a.m. Eastern Time (ET) on the settlement day, when posted to depository financial institution accounts. Settlement is final for ACH debit transactions when posted at 11:00 a.m. ET on the settlement day.

Credits Received (Home Banking Payments)

Third parties, both financial institutions and Business Service Processors (BSPs⁴), accept and process “bill payment” instructions. Therefore, University clients may use these systems to make payments on “open accounts.” It is possible that a Campus will receive a check with a log of payments being made by that check. It is also possible that the Campus will receive an ACH credit that includes one or more payments. The financial institution or BSP will typically provide the Campus with a paper or electronic record of the payments settled by the ACH credit.

1. Debits Originated by the University

The University will be asked by clients or authorized by NACHA Operating Rules to debit client bank accounts as payment for goods or services. In each instance, the payer must give its authorization to the University to debit its account (in the case of the ARC, NACHA rules presume that receipt of a paper check translates into the needed authority to debit the consumer payer’s account through the ACH).

NACHA has established specific payment types (transaction codes) for each interaction with the client summarized below:

WEB	Internet originated ACH debit to a client’s account
TEL	Telephone originated ACH debit to a client’s account
POP	Point of Purchase originated ACH debit to a client’s account
BOC	Back Office Conversion
ARC	Conversion of an Account Receivable payment received as a check to an ACH debit to a client’s account. ARC is presently only authorized for conversion of consumer checks or business checks with no Auxiliary on-us field less than \$25,000. All other checks are not eligible for ARC treatment
PPD	Prearranged, preauthorized ACH debit to a client’s account.

⁴ Key BSPs are firms such as CheckFree, Metavante, e-Princeton, etc.

Automated Remittance Processing

University units may elect to operate either directly or through third party processors, automated remittance processing services (otherwise known as lockboxes). To be fully effective, the following key functions are to be included in any such service:

1. A unique post office box address is to be used for the receipt of lockbox remittance.
2. The lockbox operator should pick up all incoming mail each morning and deliver it to the lockbox operating site for processing in order to meet check clearing deadlines established by the depository bank
3. The contents of remittance envelopes should be removed from and examined carefully to certify that the checks are made payable to an acceptable payee (Regents, University, etc.), are dated correctly, are signed and are made out for the correct amount. All checks should be reviewed carefully to assure that no restrictive notations such as “paid in full” are visible on the check
4. Checks are to be copied (digital is preferred) and stored for research and customer service purposes.
5. Envelopes and other remittance documents may also be retained either in hard-copy or digitally for possible future use.
6. The lockbox should create batches of checks for deposit in accordance with instructions set forth by the depository bank.
 - a. The full deposit of checks should be made to the depository bank on time in order to achieve the greatest availability of funds.
 - b. All data stored from the lockbox should be safely kept in accordance with University data retention standards.

Reason Codes for Return of Payments, by Type

The following chart highlights the primary reasons for return of each of the payment types in the left hand column. For instance, every payment type except ACH may be returned to the depositor if the entry was deemed to be counterfeit.

	Counterfeit/ Altered Item	Non- Sufficient Funds	Stop Paid	Stale Dated	Account Closed	Fraudulent Endorsement	Not- Authorized	Product or Service Dispute
Cash	X							
Cash Equivalents	X		X	X		X		
Checks	X	X	X	X	X	X		
ACH		X			X		X	
Credit/ Debit Cards	X						X	X

Time Limits by which Payment Types Must Legally Be Returned

	Counterfeit	Non- Sufficient Funds	Stop Paid	Stale Dated	Account Closed	Fraudulent Endorsement	Not- Authorized	Product or Service Dispute
Cash	Days							
Cash Equivalents	24 hour reclamation		24 hour reclamation	24 hour reclamation		90 days		
Checks	24 hour reclamation	24 hour reclamation	24 hour reclamation	24 hour reclamation	24 hour reclamation	90 days		
ACH		24 hour reclamation			24 hour reclamation		60 days	
Credit/ Debit Cards	60 days						60 days	60 days