



**Fiscal Management Council  
Conference 2024**

## **Office of the State Treasurer Updates:**

**Merchant Card Services &  
Bank Account Fraud  
Reporting**

**Scott Austensen  
Deputy Treasurer, OST  
October 30, 2024**





# Agenda (FMC Oct. 30, 2024)

- I. Merchant Card Services (MCS)
  - A. What is it?
  - B. Recent MCS RFQB
  - C. Agency MCS Provider Selection
  - D. State MCS Approval Process
  - E. State Entity MCS Responsibilities
  - F. Annual MCS Reporting
  - G. MCS Provider Contact Information
- II. Bank Account Fraud Reporting Memo
  - A. New Requirement for Bank Fraud Reporting
  - B. Requirement for Historical Bank Fraud Reporting
- III. OST Banking Contacts



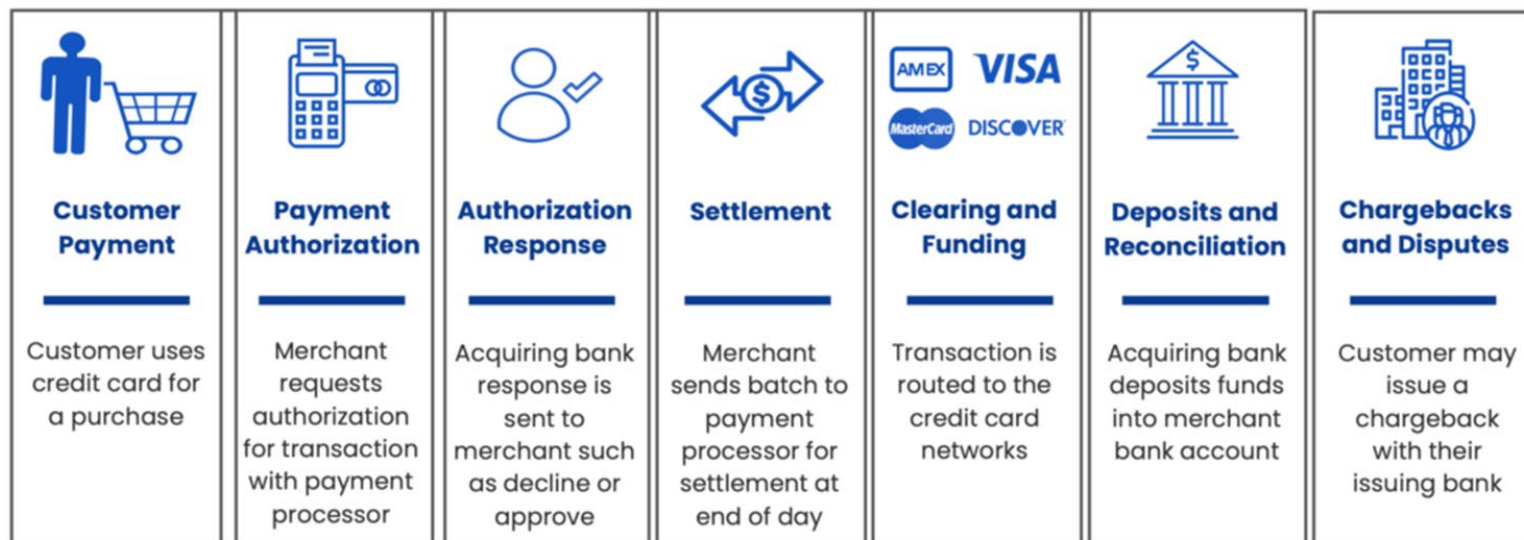
# Merchant Card Services (MCS).... what is it?

- Merchant Card Services allow State Entities to accept and process card payments (Visa, Mastercard, American Express, etc.).
  - ❖ Help State Entities accept payments in a secure and efficient way
  - ❖ Setting up payment systems for physical locations and online transactions
  - ❖ Ensuring compliance with payment security rules
  - ❖ Provider Bank (“Servicers”) provides support when needed
  
- Payment Gateways – are an interface that allows State Entities to accept card payments online (examples of gateways are Commerce Hub, Govolution, Wells Fargo Payment Gateway and PayPoint)



# Merchant Card Services (MCS) Process Flow

## Transaction Flow with a Merchant Account



The flow of a transaction with a merchant account typically involves the following steps.





# Recent MCS RFQB (RFP)

- RFQB Event Number: OST 23/001
- Initiated: June 30, 2023
- The goal of the RFQB process was to identify interested and Qualified State Depositories that will provide specific merchant card services to the State of Georgia. The intent was to select banks that would execute statewide Master Service Agreements with OST.



## RFQB – Awarded Providers

- Out of five proposals submitted, 3 finalists were identified for additional consideration
- The awarded service providers with Statewide MCS agreements are:
  - ❖ Wells Fargo Bank N.A. and Wells Fargo Merchant Services LLC, Fiserv
  - ❖ Truist Bank (former SunTrust Merchant Services, LLC), Fiserv
  - ❖ Truist Bank (former Branch Banking and Trust Company), TSYS
- State Entities should select from among these MCS Provider Banks; local governments may select from any of these providers as well.



# Agency MCS Provider Selection

- Each MCS provider will have a statewide Master Services Agreement (MSA), executed by OST. Posted on the OST website <https://ost.georgia.gov>
- Each MCS provider is highly qualified and staffed to accommodate the diverse set of State Entities accepting card payments.
- It is the responsibility of each State Entity to explore each of the three options available and determine the most efficient provider for its operational needs



# State Entity Provider Selection

- State Entities should:
  - Carefully review the terms of the Participation Agreement and compare costs among the three approved Statewide MCS Agreements
  - Confirm compatibility of equipment and gateway services to determine which approved provider offers the most efficient solution
  - Discuss the need for customized or specialized solutions
  - If specialized services are needed State Entities must ensure services can be provided by the processor established in the MSA.





# Merchant Card Services

## MCS Provider Banks (“Servicers”)

- Truist Bank – processors are Fiserv and TSYS
- Wells Fargo Bank – processor is Fiserv
- Third-party providers – covered in the MSA and have partnerships with MCS Provider Banks to resell processing solutions. They will be referenced in the relevant MSA (e.g. Clover, TransAmor, Authorize.net, Paypoint, Govolution, Wells Fargo Payment Gateway, CYBS)
- Independent Third-party providers – any entity or association **not listed** in the approved Statewide MCS agreements that provide solutions to process merchant card payments (i.e., Bluefin, CyberSource, ACI/Official Payments, TouchNet, Shift4, etc.)



# All Third-Party Providers

- Our MCS Providers do not guarantee nor are they contractually liable for the performance of independent third-party providers that are not referenced in the Merchant Service Agreement
- For the State of Georgia, the User Entity is ultimately responsible for executing agreements with its third-party providers and understanding their roles and responsibilities.
- The Office of the State Treasurer is not a party to any agreements beyond the Merchant Services Agreement (executed by the State Treasurer)



## State Entity MCS Approval

- State Entities **without** merchant card services must request approval through OST
- The State Depository Board adopted the Statewide Merchant Card Services (MCS) Policy
  - Pursuant to OCGA § 50-1-6, the acceptance of merchant cards for any state taxes or fees by any department, agency, board, bureau, commission, authority, or other unit of State government, by whatever name called (State Entity) must be approved by the Board.
  - Under the Policy, units of local governments in the State of Georgia have the option, but not the requirement, to participate in the statewide card services agreement.
- State Entities can apply to utilize any approved Statewide MCS Agreement by submitting a request for approval to OST via our website: <https://ost.georgia.gov>



# State Entity MCS Approval

## DocuSign process

- Any State Entity that desires to accept MCS payments should submit an electronic request to the State Treasurer via DocuSign.
- On the OST website, locate the Statewide Merchant Card Services page, select the Merchant Card Services Application for State Entities and USG Institutions
- OST will obtain necessary approvals from the Office of Planning and Budget (OPB), Georgia Technology Authority (GTA) and the State Treasurer





# State MCS Entity Responsibilities

- Comply with Payment Network and Card Organization Rules
  - Failure to follow rules (Payment Acceptance Guide) will result in State Entities being subject to fines, fees, penalties, and chargebacks
  - Servicers will provide State Entity with a 30-day notification of changes to Card Organization Rules – update procedures accordingly!
- Review and understand the terms of all MCS agreements that your entity is considering for execution
- Ensure compliance with Cardholder data security and storage requirements.



## State Entity MCS Responsibilities (cont'd)

- Execute a new Participation Agreement
  - ❖ Participation Agreements define specific merchant card services (such as security or portal functionality), obligations, and responsibilities of the State Entity.
- State Entities that accept card payments must comply with the Payment Card Industry Data Security Standard (PCI DSS).
  - ❖ Failure to comply may result in costly security breaches and fines.
- Request and obtain a PCI Attestation of Compliance (AoC) from independent third-party providers to confirm an organization's compliance with PCI DSS.
  - ❖ It serves as documented evidence that the organization's system and security practices effectively protect against threats to cardholder data.



# MCS Annual Report Requirements

Per the Statewide Merchant Card Services (MCS) Policy, State Entities are required to submit the following information to the OST within 30 days of the end of each fiscal year (format provided by OST)

- ❖ Name of accepting state entity; Name of MCS provider
- ❖ Location(s) where transactions are accepted
- ❖ Types of fees and taxes collected
- ❖ Total dollar receipts
- ❖ Total number of transactions
- ❖ Fees paid to the service provider
- ❖ Amount of appropriated funds and/or convenience fees used to pay MCS fees
- ❖ Other information that may be required from time to time

**Fiscal Year 2024 completed – THANK YOU!**



# MCS Provider Contacts

## Truist

Michelle Rhodes  
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## Truist

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## Wells Fargo

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## Wells Fargo

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# Bank Account Fraud Reporting Memo



# OST Bank Account Fraud Reporting Memo

- Treasurer McCoy sent a memo (email, 10/25/2024) to State Agency Heads and Fiscal Officers
- Agencies to report all **actual** fraud occurrences involving all agency bank accounts to its bank and OST
  - Fraud **attempts** on agency bank accounts do not need to be reported to OST (the fraud control(s) prevented the loss from occurring).
- **Take Immediate Action:** If actual fraud occurs involving a bank account, notify your banking institution right away to attempt to recover the payment and prevent further fraud.
- **Report bank fraud to OST:** Visit <https://ost.Georgia.gov/> and fill out the Bank Account Fraud Form.



# OST Bank Account Fraud Reporting Memo

- What is “Actual Fraud”?
- Any fraud that results in financial loss, including but not limited to, the following:
  - Check Fraud: Manipulation of checks, including mobile deposits (e.g., changing payee names or endorsements)
  - ACH & Wire Fraud: Unauthorized changes or diversions of payments
  - Bank Fraud: Manipulation or unauthorized access to bank accounts
  - Business Email Compromise & Account Takeover: Unauthorized individuals gaining control of online bank accounts



# OST Bank Account Fraud Reporting Memo

- When does the reporting requirement start?
  - Friday, October 25, 2024
  - Provide any historical information for any actual fraud that has occurred since January 1, 2024 to the present. Please complete this historical report by December 1, 2024.
- How do I report?
  - Complete the **Bank Account Fraud Form** located on <https://ost.Georgia.gov/>
- If you have any questions, please reach out to [OSTBanking@treasury.ga.gov](mailto:OSTBanking@treasury.ga.gov)



# OST Banking Contact Information



OST Banking Group:

[ostbanking@treasury.ga.gov](mailto:ostbanking@treasury.ga.gov)



OFFICE of the  
STATE TREASURER

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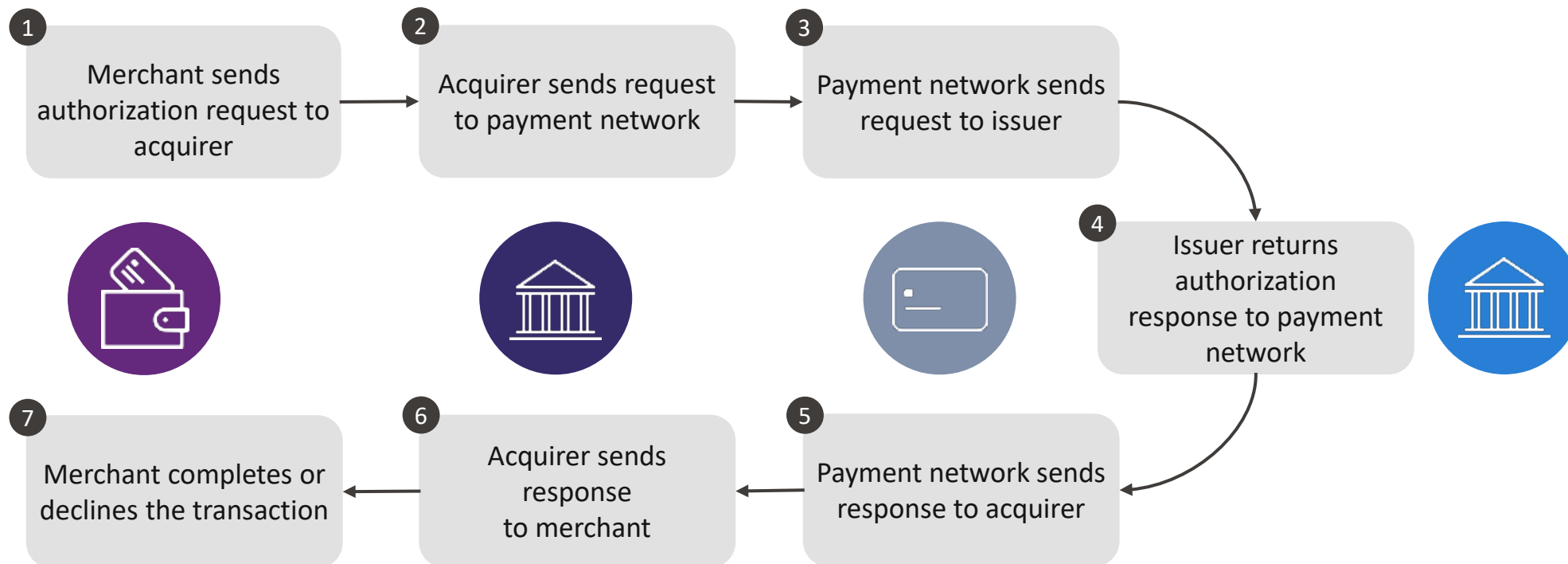
Joe Mullaney, CTP  
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# Miscellaneous Slides

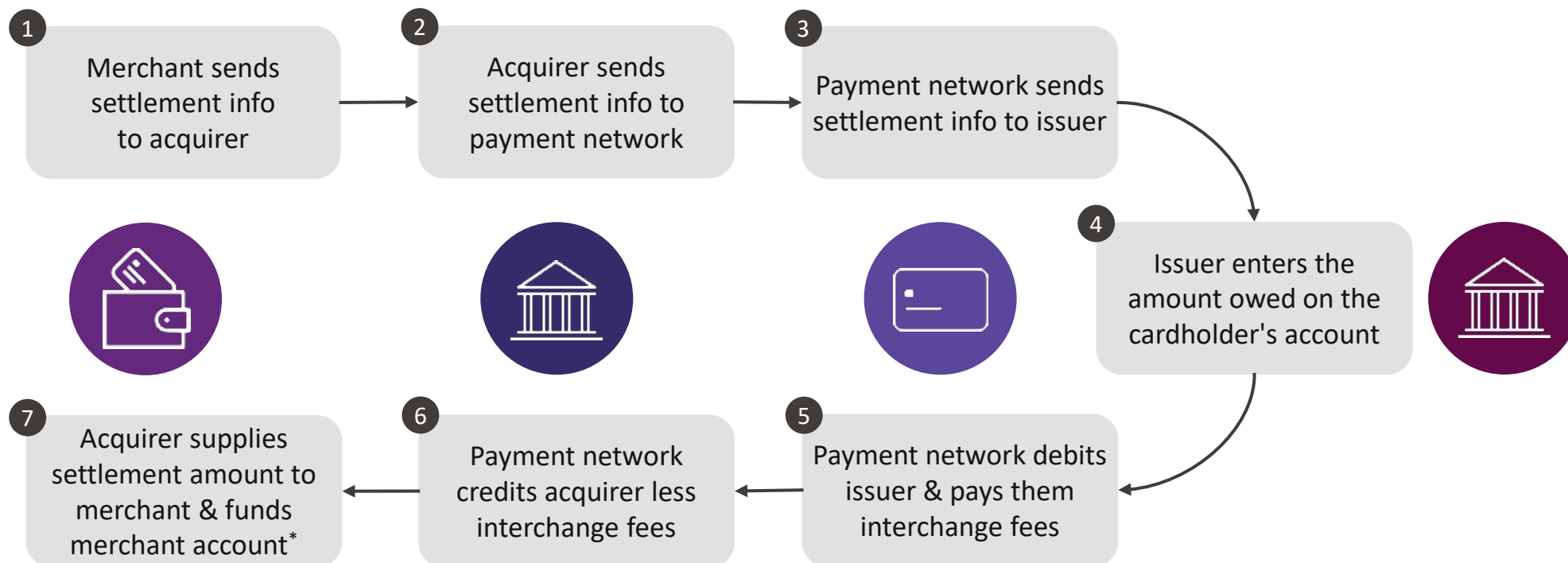


# Understanding the Authorization Process Flow





# Understanding the Settlement Process Flow



\* With net funding, acquirer fees are subtracted from settlement funding daily. With gross funding, merchants receive the full settlement amount each day, and acquirer fees are billed the following month.





# Merchant Card Services

The previous Merchant Card Services providers:

- In 2017 the State Treasurer entered into statewide agreements for use by all State Entities with service providers:
  - ❖ Truist Bank, the successor to the SunTrust Bank and Branch Banking & Trust Company (BB&T) entities
  - ❖ As well as Wells Fargo Bank N.A. / Wells Fargo Merchant Services, LLC



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