

Merchant User Guide

Private Label

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Private Label

A Merchant User Guide



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Revision History

Date	Revision Summary	Page(s)
3/26/09	User Guide Created	All

A Note about Screen Shots	The images included in this manual are illustrative, designed to represent your approximate experience. The actual screens you view may appear slightly different. In addition, screens may change over time as product detail is added.
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Overview

What is a Private Label card?

The first credit cards were cards offered by retailers to customers to help them pay for large purchases at their store. While today some retailers still manage their own cards, these retailers take on the risk of managing these cards. Most retailers have chosen to use the assistance of third party issuers to issue the card on their behalf. By doing this, the third party takes on the risk of loaning the consumer money to purchase at a particular retailer. While the bank maintains the contract with the consumer, they also maintain a contract with the retailer. By adding their name and logo, this private label card now becomes an additional tool for merchants to brand and advertise themselves to consumers while offering additional discounts and incentives.

Alternative Payments

Online shoppers' concerns regarding security and convenience will be the driving force behind the increase in alternative payment mechanisms in the coming years.

How it Works

Private Label Cards work the same as credit cards. Retailers may review the usage in order to determine which incentives work well for their business based on spending trends.

Restrictions

At this time, Private Label Cards are not available to:

- Non-US based merchants
 - Certain states do not allow issuers but the card may still be used
 - Merchants offering the following:
 - Pornographic or sexually explicit items
 - Gambling services
 - Items prohibited or in violation of any federal, state or local laws or regulations
-

Consumer Requirements

Consumers using the Private Label payment method must:

- Complete transactions in US Dollars
 - Be at least 18 years of age
-

Private Label Program Description

Merchant Benefits

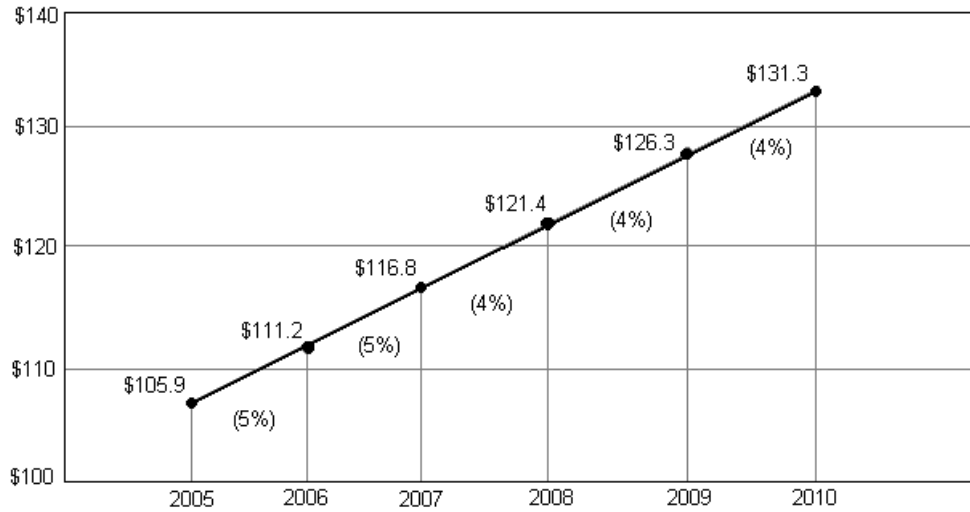
- Private Label cards are credit cards that advertise your company and can only be used for your business
 - Retain and grow existing customer base
 - Identify and attract new customers
 - Leverage key market strengths
 - Create an incremental revenue stream
-

Customer Benefits

- Allows consumers to purchase large ticket items on credit they may otherwise not be able to afford due to aggressive incentive programs
 - Offers additional discounts and incentives for frequent purchases
 - Rewards consumers for loyalty and brand preference
-

Projected Private Label Growth

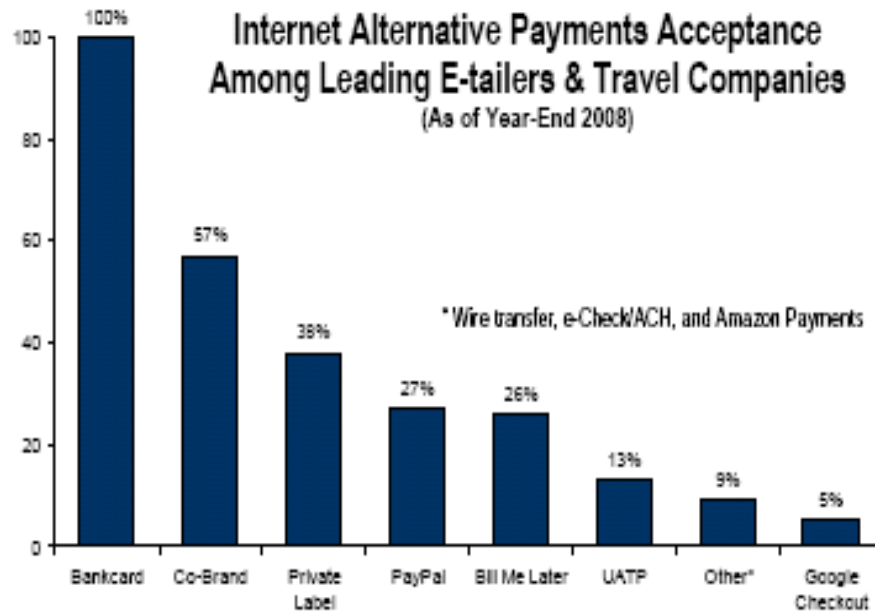
Despite the crowded credit market, Private Label cards continue to be on the rise.**



** "Private-Label Credit Cards in the U.S."; MarketResearch.com, Inc

Despite the economic challenges of the past year, e-commerce has maintained its position as a growing market space for various alternative payment products including private label cards.

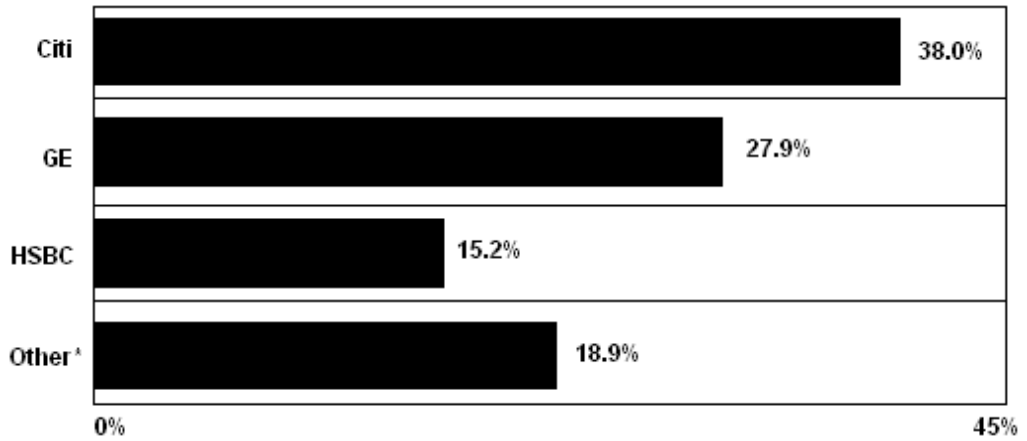
The chart below is an evaluation of the acceptance penetration of traditional and emerging payment products among the top 50 internet retailers and 27 leading internet travel companies.



Sources: First Annapolis Consulting analysis, Retailer websites

Private Label Program Description, Continued

Market Share of Top Marketers 2005



*12 issuers

Shares based on estimated total retail card market of \$105.8 billion in receivables in 2005

Source: *Packaged Facts*

Supporting Financial Institutions

Banks That Support Private Label Cards

There are many financial institutions that help merchants with Private Label Cards. Chase Paymentech will work with you and your financial institution.

The top three Private Label Issuers: Citi Commerce Solutions, GE Money, and HSBC are responsible for a combined 81% market share in the industry. Each Private Label Issuer has their own set of features and functionality for their credit card offering. Complete specifications are provided by the card issuers to Chase Paymentech and the merchant in order to establish the appropriate connectivity to support the card offering.

The following are the most common financial institutions that provide private label products.

- Alliance Data Systems Corp – provides transaction and marketing services to some 350 private-label credit card clients.
www.alliancedatasystems.com
- Citi Commerce Solutions (Citigroup, Inc) – issues cards and provides marketing and account services to more than 50 retailers
www.citicommercesolutions.citi.com
- GE Consumer Finance – provides private-label card programs and card-related services to corporate customers, retailers, and manufacturers.
www.geconsumerfinance.com
- HSBC Retail Services (HSBC North America, Inc.) – is one of the largest issuers of MasterCard and Visa credit cards, and also offers auto loans and insurance www.hsbcnorthamerica.com
- J.P. Morgan Chase & Co. (Bank One) – ranks as the second-largest financial services firm after Citigroup www.jpmorganchase.com
- Shoppers Charge Accounts Co. (Hudson United Bancorp) – held \$407 million in private-label receivables and claimed more than 120 retail partners at the end of 2004 www.shopperscharge.com
- Target Financial Services (Target Corp.) – reported 2005 card revenues of \$1.3 billion and total year-end 2005 receivables of \$6.1 billion www.target.com

The major bank issuers are also exploring new and innovative ways to integrate private-label programs with their general-purpose credit programs, and to use each side of the equation to fertilize the other. In early 2006, for example, HSBC announced a new program that would allow merchants to combine their private-label cards with co-branded Visa or MasterCard products, in a way that would allow issuers to collect more revenue and save merchants from paying interchange when the cards are used at their locations

Chase Paymentech has worked with all of the top financial institutions offering private label cards today.

Continued on next page

Supporting Financial Institutions, Continued

Demographics of Private Label Card Users

2006 market research found the following statistics on Private Label Card users:

- Heaviest users those between ages 55 and 74
 - Women lead men in private label card use
 - Non-hispanic, white households use cards more than minorities. Hispanic, Black, and Asian households are generally less likely than average to be active users of general or private-label credit cards.
 - No region stands out as a clear leader in card use
 - Households with incomes of \$100,000 - \$149,000 are nearly twice as likely to be active users of private-label clothing/specialty store cards
 - Two-person households are the prime demographic for active use of private-label credit cards
-

Set-Up Guidelines

**Merchant
Responsibility**

Merchants who wish to process their Private Label cards through Chase Paymentech should contact their Account Executive with the following information and tell them what private label vendor you are working with. Chase Paymentech will work with you and your vendor to determine the possibility of processing your Private Label cards. The merchant is responsible for working with the financial institution of your choice to get the necessary vendor specifications sent to Chase Paymentech in order for the appropriate investigative discussion and detail analysis to occur.

**Set Up
Process**

Every merchant set up is customized to your specific payment process requirements and financial institution specifications. Once the detail specifications are reviewed by CPS, we can then assess the associated development costs and resource requirements. This process is mandatory regardless of if this request is a first time set up or for an existing private label vendor CPS may already be processing.

Every merchant set up can consist of a wide range of complexities. For this reason, CPS must consult with you and the issuing financial institution for every request to assess the following:

- Detail specification review
- Associated Costs
- Customized development work
- Internal and external resource allocation
- Merchant resource capability and timeline

Detail transaction processing requirements will need to be reviewed with you and the supplying vendor such as the following:

- BIN Numbers
- MOP attributes
- Settle/convey model
- Authorization format
- Batch header and trailer
- Testing and certification requirements
- Connectivity type
- Deposit format and end point
- Merchant funding schedule
- Miscellaneous

Pricing

All pricing is customized on a per merchant basis and is based on the following criteria:

- Projected volume of transactions
- Projected \$ amount of transactions and average ticket value
- Expected development costs based on detail specifications

Product Support

Merchant Services Call Center

The Chase Paymentech Call Center is available Monday through Friday from 8:00 a.m. to 8:00 p.m., Eastern Standard Time.

Merchant Services can assist you with the following inquiries:

- General questions
- Transaction histories
- Issuing bank information
- Reporting and reconciliation issues

The call center can be reached at (603) 896-8333 or by email at merchant_services@chasepaymentech.com

Paymentech Online

All merchants are assigned an account at www.chasepaymentech.com. After receiving your security code matrix, you can log on to our web site to obtain information. The following information can be accessed:

- Funds transfer information (security code required)
- Transaction history (security code required)
- User Documentation
- Chase Paymentech news

Approved transactions can be searched by account number or order number.

Paymentech Online is available 24 hours per day, 7 days per week and can be accessed from anywhere in the world.

Account Executive

Every merchant processing with Chase Paymentech is assigned a dedicated Account Executive. The Account Executives assist with the day-to-day issues of your account and serve as a central contact point into Chase Paymentech. Furthermore, their expertise in the non-face-to-face processing arena is a valuable resource for your organization.
