



The Green Sheet

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Attorney To The Rescue

I would bet that as an ISO you run into merchants from time to time who cannot get approved for bankcard services because they have, based on some previous experience, managed to get their business listed on the Visa or MasterCard Terminated Merchant List. The following letter from a Green Sheet reader may be a solution for your business, so we print it just as received.

The highly competitive business of merchant bankcard processing requires the ability to both procure and retain one's clients and customers.

As a business transactions attorney, I have observed over the last several years (1994-1997), that many existing or prospective clients of banks and ISOs are listed on a Terminated Merchant File such as those of MasterCard International or Visa USA.

Far too often, an ISO representative will set up what he or she hopes will be a lucrative processing account only to be disappointed when the merchant shows up on a terminated merchant file. A terminated merchant listing basically makes the merchant a pariah or leper for whom banks will not set up a credit card processing account.

Unfortunately, when a merchant is listed, an important source of revenue is lost by Banks, Bankcard Processing Organizations and Associations, ISOs, Equipment Sellers/Lessors, and the listed businesses themselves. In short, terminated merchant listings have a domino effect or wave, which ripples through the entire bankcard processing industry and results in a huge loss of revenue.

To be sure, merchants who have actually committed fraud, factoring, or some other risky and harmful practice should be listed and scrutinized by the bankcard processing industry. However, there are doubtless many legitimate merchants who through a mistake or some appearance of wrongdoing have been listed on a terminated merchant file. Ironically, these merchants are actually the type of clients that many banks and

ISOs would love to have as productive accounts. But the stigma of the listing prevents the merchants and banks/ISOs from having a mutually beneficial relationship.

Since 1994, I have had several business clients who were listed on a terminated merchant file and unable to process credit cards, usually MasterCard and Visa. After listening to my client's circumstances surrounding termination (no fraud or wrongdoing on the part of merchant) it occurred to me that the problem could likely be resolved to everyone's benefit. So, I undertook to cooperatively interface with ISOs, banks, bankcard associations, and Visa USA, MasterCard International Security personnel to examine the client's termination and attempt removal.

I am pleased to say that I have been able to remove all of my clients from the terminated merchant listing with the cooperation of the listing bank. Often these clients have gone back to the same bank and ISO and opened new accounts. At the time of writing this story, I am happy to say that my clients have reported no problems and there have been no subsequent terminations of their accounts. Often, previously terminated merchants are the most conscientious, low risk clients, because they follow the letter of the processing agreement procedure to prevent being listed again.

This is certainly no guarantee of results for either merchant clients, banks, or ISOs. This is an illustration of how The Law Office of Anthony L. Ogden has used diligent attorney inquiry and cooperation to remove listed merchants and yield positive results. Banks now have good accounts where they previously had negative terminated accounts. ISOs are able to set up and retain valuable customers. Merchants are able to produce more income by accepting credit cards where they previously could not.

I strongly believe that there is a viable, relatively low risk or controllable risk market of terminated merchants who would be valued accounts for banks and ISOs. Careful examination of the circumstances surrounding termination, and the removal of merchants where justified, can increase the revenues of all businesses in the processing industry chain-from bank to merchant. In short, everybody gains.

www.bankcardlaw.com (Revised - current contact details.)