



STAR[®] Biller-Direct Payments

Giving consumers more ways to pay also gives them more reasons to do business with you.

A Competitive Edge

Consumers expect a flexible array of bill payment options. Biller-Direct Payments from the STAR[®] Network can help billers meet the expectations of consumers and get an edge on the competition. Because the STAR Network and most of its financial institution participants accept bill payment transactions, billers have the opportunity to serve more than 165 million STAR cardholders.

Through STAR Biller-Direct Payments, STAR cardholders can use their ATM/debit cards to pay a variety of bills by telephone Voice Response Unit (VRU), by speaking with a call center representative, from a Web site or by setting up automatic, recurring payments. Either way, payments are processed like standard STAR purchase transactions, but with a unique identifying transaction code.

The STAR Network: A Leader in Electronic Payments

The STAR Network is one of the nation's leading electronic payment networks, processing billions of ATM and payment transactions annually. The network comprises 2.2 million ATM and retail locations from coast to coast. Since 1997, the STAR Network has been a leader in supporting bill payment transactions for regulated utility companies (e.g., electric, gas, water), insurance service providers, lenders, government agencies, educational institutions, and cable and satellite providers. The network is currently extending the program to other low-risk billers, including

unsecured loans such as credit card payments as well as rentals, transportation services, healthcare and prepaid wireless payments.

Secure, Convenient Payment Option

With STAR Biller-Direct Payments, billers can enjoy:

- * Virtually guaranteed payment and low chargeback rates with secure, real-time transaction approvals
- * Potential savings on costs associated with handling checks, credit cards and ACH
- * Faster funds availability
- * Increased customer satisfaction through greater control, convenience and payment flexibility

Since the STAR Network processes bill payment transactions in real time, consumers get immediate confirmation of transaction approvals or denials, helping them to avoid payment delay penalties and better manage their accounts.

Biller Responsibilities

For STAR Biller-Direct Payments transactions, billers must comply with certain rules and procedures, as outlined in the *STAR Network Operating Rules* concerning:

- * Transaction security
- * Card number security
- * Cardholder authentication
- * Customer receipt information
- * Convenience fees
- * STAR-brand placement

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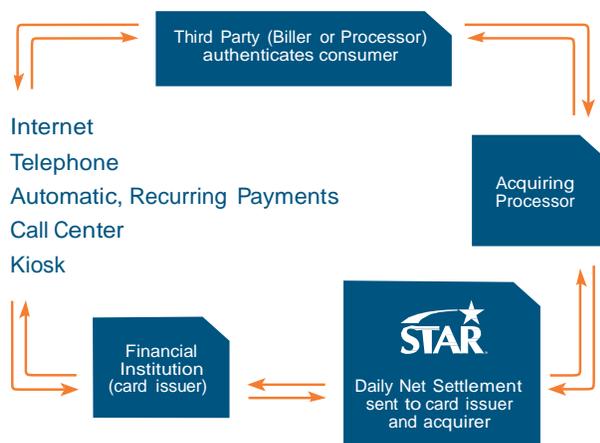
For Internet transactions, consumers go to the biller's Web site, provide required identity authentication and complete payments by entering their card number.

For telephone transactions, billers must provide their customers with a telephone number that accesses a VRU and establishes a means of authenticating the customer.

When paying by telephone or via the Internet, customers follow menu prompts and enter their biller account number. They then confirm the amount to be paid and select their payment option.

If the payment option is a STAR ATM/debit card, the customer will be instructed to enter the card number and the code that's been established with the biller to authenticate identity.

The transaction is routed in real time as a STAR POS transaction to the card-issuing institution for approval. If an approval is returned, the biller's service provider applies the payment to the customer's bill as a credit.



Consumers can pay bills over the telephone—either through a VRU or by speaking to a call-center representative—or by accessing the Internet or by setting up automatic, recurring payments.

Biller Categories

STAR Biller-Direct Payments has already proven its effectiveness with:

- * Utility companies – Electric, telecommunications, water and gas providers
- * Insurers – Property, casualty, life and health insurance premium payments
- * Lenders – Secured loans including mortgages (plus equity lines), closed-end automobile loans and leases
- * State, federal and local governments – Licensing and registration fees, fines, penalties and taxes
- * Educational institutions – Tuition fees and other fixed costs, room and board payments, and alumni fees
- * Cable and satellite providers – Monthly billing, installation and special services

The program also supports the following biller categories and transaction types:

- * Unsecured loans – Credit card payments, student loans and private-label card payments
- * Retailer authentication – For both rental and prepaid wireless payments, including rental storage units
- * Kiosk payments* – Cardholder makes a payment via a kiosk anywhere the biller's payments are accepted
- * Home services – Pest control, water delivery and home security
- * Transportation services – Toll roads, parking fees and mass transit monthly passes
- * Healthcare – Co-pays and balances, hospital stays, doctor visits, lab and testing payments, kiosk healthcare payments and other healthcare payments approved by STAR

*Utilizing Internet device rules

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STAR Biller-Direct Payments Rules

The following is a list of some of the key requirements for Biller-Direct Payments outlined in detail in the *STAR Network Operating Rules*:†

General Requirements

- * Biller must be sponsored by a STAR member financial institution
- * STAR rules must be followed for STAR POS and bill payment transactions
- * STAR graphic standards apply; for the VRU application, the STAR word mark must be included; for the Internet application, the STAR brand must be shown

With STAR Biller-Direct Payments, cardholders can make payments through numerous channels, including kiosks, automatic recurring payments and call center representatives.

1.40 Bill Payment Authentication Program

- * Telephone-initiated bill payments require authentication of the cardholder; the authentication process is biller defined
- * Biller is required to authenticate cardholders for Internet-initiated bill payments; the process is biller defined
- * An Authentication Program for STAR Bill Payment Transactions initiated via telephone or the Internet whereby the STAR Cardholder or STAR Account Holder initiates a STAR Bill Payment Transaction using a bill payor issued Secret or non-Secret (e.g., bill payor account or other information on bill payor statement) Authentication Token authenticated by an Authenticator

Technical Considerations

- * All STAR cardholders must be supported, including all cardholder numbers ranging from 12 to 19 digits

- * Bill payment transactions are not qualified for STAR stand-in support
- * Billers should route bill payment transactions based on the cardholder's chosen payment method (e.g., ATM/debit card, etc.)
- * Financial institutions establish a daily limit for consumer access to funds and DDA accounts; payment amount may be greater than this daily limit

2.31 Convenience Fees

- * If convenience fees are levied, cardholders must be told of these fees prior to transaction completion, and they must be allowed to discontinue the transaction or opt out; consult your legal counsel regarding all applicable laws and regulations
- * If convenience fees are levied, they must be part of the original transaction and cannot be sent as a separate transaction*
- * Each Acquirer Member shall ensure the convenience fees it assesses are applied to STAR transactions on a nondiscriminatory basis

Cardholder Considerations

- * Cardholder must be notified that the transaction will immediately debit his or her DDA account
- * Reg E information is different for telephone (VRU) and Internet transactions than standard POS transactions
- * Cardholders must be provided with a verbal or visual receipt as appropriate and as outlined in the *STAR Network Operating Rules*
- * Bill payment transactions can be initiated by a STAR cardholder from a telephone connected to a VRU system, by speaking with a call center representative, from a Web site or by setting up automatic, recurring payments; pilot programs may be required for credit lenders, rental payments, prepaid wireless and automatic, recurring payments

†Does not replace *STAR Network Operating Rules*. It is important to refer to the *STAR Network Operating Rules* for a complete review of rules and requirements for STAR Biller-Direct Payments.

*Applicable law supersedes *STAR Network Operating Rules*.

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Liability

- * Biller/third party accepts liability for transactions, as issuing financial institutions do not authenticate cardholders by use of a PIN
- * Full liability must be accepted by the financial institution sponsoring the biller
- * Biller/processor must complete a security audit if initiating payment over the Internet

Need More Information?

For more information, contact the STAR Network at 602-957-0525.

A Partner You Can Count On

The STAR Network continues to lead the industry in developing advanced, field-proven bill payment solutions. And that makes us the right partner for your future.

For full details on how the STAR Network can give your organization an important competitive edge, please call 888-778-0248 or visit the STAR Web site at www.STAR.com.

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A Global Leader in Electronic Commerce

First Data powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment. Serving millions of merchant locations and thousands of card issuers, we have the expertise and insight to help you accelerate your business. Put our intelligence to work for you.

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