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Security Beyond Data Encryption Could Reduce Your PCI Compliance Spending

By Craig Tieken

Vice President, Merchant Product Management

First Data is working diligently to protect and secure the transfer of sensitive information. At the same time, malicious individuals are working feverishly to penetrate our security mechanisms in order to capture information as it navigates networks en route to its destination. We are determined to stay two steps ahead.

Data encryption is one method used increasingly by the financial industry to protect money transfers, by merchants to protect credit card information in electronic commerce and by corporations to secure sensitive communications of proprietary information.

First Data is adding an innovative layer of technology that reaches beyond data encryption to make breaches in data transfer more difficult and compliance with PCI standards for merchants easier.

Data Encryption:

Algorithmic methods that encode plain text (such as a cardholder number) into a non-readable form called ciphertext.

An Innovative One-Two Punch to Increase Data Security and Reduce PCI Challenges

More than **280 million payment card records were breached in 2008** alone,¹ and a large percentage of those stolen records were used fraudulently. Such breaches were carried out **despite the more than \$1 billion merchants collectively spent on PCI compliance** as part of their security systems.²

First Data and RSA have teamed up to provide merchants of any size layered security that protects both their card data and brand equity. First Data® Secure Transaction ManagementSM Service leverages encryption and tokenization technology from EMC's security division to reduce risk and cost associated with processing card data and PCI compliance.

By replacing sensitive cardholder data with a randomized token that represents the cardholder data, **tokenization eliminates a merchant's storage of actual cardholder data**. If cardholder data is never stored, it's far less likely to be stolen. Moreover, **a large portion of a merchant's computer systems are removed from the scope of a PCI compliance audit** since those systems no longer process or store cardholder data.

First Data's new white paper, *Data Encryption and Tokenization: An Innovative One-Two Punch to Increase Data Security and Reduce the Challenges of PCI Compliance*, describes how **data**

encryption, when combined with tokenization, greatly improves cardholder data security. In addition, the paper helps merchants understand how and when these techniques can be used to implement secure transaction management and reduce the burden of PCI compliance.

For more detailed information about PCI and protecting data, see First Data's white paper *PCI DSS and Handling Sensitive Cardholder Data—Why You Care*. Additionally, the full PCI DSS specifications can be found at PCISecurityStandards.org.

¹ Verizon, *2009 Data Breach Investigations Report*, Verizon Business RISK Team, March 2009.

² Letter to Bob Russo of the PCI Security Standards Council from the National Retail Federation, et. al., June 9, 2009.

Walmart Stores Eliminate Paper Payroll Checks

Industry statistics indicate **prepaid reloadable (GPR, General Purpose Reloadable) card sales are growing in many verticals**. Mercator Advisory Group estimates that dollar volume loaded onto open loop prepaid cards will increase at a 50 percent compound annual growth rate surpassing \$14 billion in 2011. This growth is driven by a variety of applications including the use of reloadable cards for electronic payroll—in 2008, \$17.22 billion was loaded onto paycards in the United States, up 26 percent from \$13.64 billion in 2007, according to Mercator.

Walmart recently adopted an electronic pay program that will include the deployment of the Money Network™ MasterCard Paycard® and electronic pay stubs. "Electronic payroll is the right choice for our associates, our company and the environment," said Tom Schoewe, executive vice president and CFO, Walmart Stores Inc. "It provides our associates with fast, convenient and safe access to their pay. The program's ability to reduce paper usage is right in line with Walmart's commitment to eliminate waste wherever we can."

Vanishing Checkout: The Retail POS Is Changing

Traditional checkout lines are moving to wherever the customer may be: shopping on the Internet, walking a store's aisles, traveling or lounging on the beach. Are you prepared for what this means to the way you capture and retain customers?

Today's emerging point-of-sale (POS) applications, utilizing new wireless technology, can transform the customer experience.

Take a closer look by reading *The Vanishing Checkout Lane: Will Today's Point of Sale Satisfy Tomorrow's Retail Customers?* and better understand:

- What do customers really want when they stand in the checkout line?
- What does this mean to the way retailers manage their businesses and interact with their customers?

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Consumers Embrace Loyalty Programs

From grocery store programs to pharmacy rewards to gas station credit card programs, as many as 85 percent of loyalty program participants are using rewards in the form of a discount every time or most times when they make a purchase. [Which stores' rewards programs ranked the highest in satisfaction and value?](#)

