

PCI Compliance for C-Stores

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As a convenience store operator, you collect thousands of dollars each day through credit card transactions. When you do this, all of your customer's credit card data is also collected. Is this data secure? Do you know what you are responsible for if this data is breached?

Do you know what you are obligated to do to protect this data in order to protect your customers and your company? Do you know that failure to comply with Payment Card Industry (PCI) obligations can prevent you from being able to accept credit card payments? If you answered 'no' to any of these questions, you need to keep reading.

The PCI Data Security Standard (PCI DSS) is used to assess organizations that handle credit cards from the major card brands including Visa, MasterCard, American Express, Discover, JCB and China Union Pay. PCI DSS applies to all entities that store, process, and/or transmit cardholder data. If

your business accepts or processes credit cards, PCI DSS applies to you. However, the PCI DSS is so complex that most c-store operators do not know where to begin. Lack of compliance may result in significant fines from the banks, card brands, and other stakeholders. If a store experiences a data breach such as card skimmers or malware in the point of sale systems (POS), the store is required to report the breach. This can lead to further fines and reputational damage.

For c-stores undergoing PCI compliance initiatives for the first time, the effort can be daunting. Most c-stores do not have a vendor management program, which is

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required by PCI DSS. In fact, many stores place unwitting reliance on vendors (e.g. fuel dispensers and POS) to maintain their PCI compliance. As a result, many operators do not know which requirements can and cannot be offloaded to vendors. In order to understand their PCI compliance obligations, c-stores need to conduct a thorough PCI Readiness Assessment.

The first step toward understanding the PCI compliance obligations for your business is to determine your merchant level. Merchant levels are simply a ranking of the number of credit card transactions per year that determine the extent of

your PCI compliance obligations. The transaction volume is based on the aggregate number of transactions (inclusive of credit, debit and prepaid) from a merchant Doing Business As ('DBA'). In cases where a merchant corporation has more than one DBA, the aggregate volume of transactions stored, processed or transmitted by the corporate entity are used to determine the appropriate merchant level.

Operators with more than six million transactions per year are required to perform an extensive PCI compliance attestation, called a Report on Compliance (RoC). The RoC consists of over 400 requirements and sub-requirements

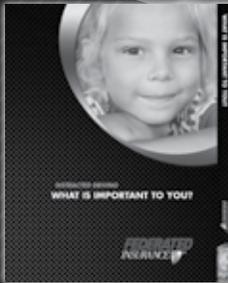
that must be validated by an independent, certified Qualified Security Assessor (QSA). Many c-store operators will easily surpass the six million transactions per year threshold.

Petroleum suppliers and credit card providers are placing ever-increasing scrutiny on merchants. The "era of procrastination" is coming to close. In its place we are entering a "period of consequences". Now is the time to complete a PCI Readiness Assessment and protect your company, customer data, and reputation.

Contact Scott Miller or David King at UHY Advisors for assistance in understanding your PCI compliance obligations.



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