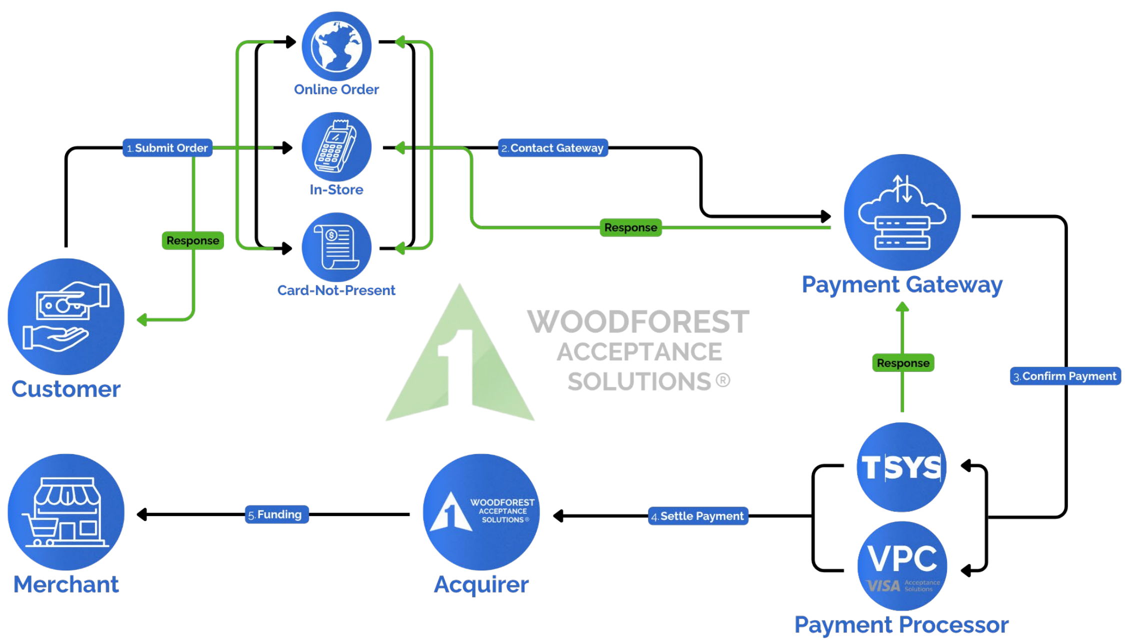
Woodforest Acceptance Solutions

Payments 101 Overview

Basic Payments 101

Visual Payments flow



What Happens When a Card Is Tapped, Swiped, or Keyed

1. **Customer presents a card**
   - Card data is securely captured by the POS or payment device.

2. **POS prepares the transaction**
   - Sale amount, merchant details, device ID, and encrypted card data are bundled.
   - The transaction is transmitted for authorization.

3. **Transaction goes to WAS**
    - WAS acts as the merchant's acquiring bank, routing the transaction to the appropriate processor and card network

How Authorization Works (Real-Time Decision)

1. **Processor & card network route the request**
    - TSYS formats and forwards the transaction.
    - Visa/Mastercard/AmEx/Discover route it to the issuing bank.

2. **Issuing bank reviews the transaction**
    - Checks:
        - Available funds or credit
        - Fraud and risk rules
        - Card status (valid, stolen, expired, etc.)
    - Decision is made in milliseconds.

3. **Approval or decline is sent back**
    - The response flows back through:
        - Issuing bank → card network → TSYS → WAS → POS.
    - If approved, funds are authorized (held, not yet transferred).

Key concept:
Authorization confirms permission to pay, not actual movement of money.

How Batching Works (End of Day Processing)

1. **Approved transactions are stored during the day**
    - Each transaction remains in an "open batch."
    - Funds are still only authorized, not settled.

2. **Batch is closed**
    - Typically once per day (manual or automatic).
    - The batch summarizes all approved transactions.

3. **Batch is submitted**
    - The closed batch is sent from the POS to WAS, then to TSYS.
    - Transactions are prepared for settlement.

Key concept:
If a batch is never closed, the merchant does not get paid.

How Settlement and Funding Occur (Money Movement)

1. **Settlement takes place**
   - TSYS submits finalized transactions to the card networks.
   - Card networks instruct issuing banks to release funds.

2. **Issuing banks send funds**
   - Funds move from issuing banks through card networks.
   - Money is deposited into WAS's settlement accounts.

3. **WAS funds the merchant**
   - WAS distributes funds to the merchant's bank account.
   - Funding usually occurs 1–3 business days after batch close, depending on configuration.

Key concept:
Settlement = banks moving money
Funding = WAS paying the merchant

Where WAS Sits vs Visa, TSYS, and Issuing Banks

Role Breakdown

Merchant

- Runs the business and accepts payments.

WAS (Woodforest Acceptance Solutions)

- The **Acquirer**
- Onboards merchants
- Underwrites risk
- Holds the merchant relationship
- Routes transactions
- Manages settlement and funding
- Provides reporting and support

Processor (TSYS or VPC)

- The technical transaction processor
- Messages transactions between parties

- Handles formatting, routing, clearing, and settlement files

Card Networks (Visa, Mastercard, AmEx, Discover)

- The payment rails
- Define interchange rules
- Route transactions to issuing banks
- Do not approve or decline transactions

Issuing Bank (Woodforest National Bank)

- The customer's bank
- Decide approvals or declines
- Send the actual money

Who Does What Summary

Role	Who It Is	Primary Function
POS / Device	Payment Software	Captures card data and sale amount
Acquirer	Woodforest Acceptance Solutions	End-to-End Merchant Relationship, Routing, Funding
Processor	TSYS / VPC	Transaction management and settlement
Card Network	VISA, Mastercard, Discover, AMEX	Routes transactions and enforces rules
Sponsor Bank	Woodforest National Bank	Approves transactions and sends funds

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Use Case Mapping for New Sales Reps

Matching Merchant Types to the Right WAS Payment Setup

Common new-rep challenge: A rep knows WAS supports card-present, eCommerce, and invoicing—but doesn't know which merchant types map best to which setup or why.

This matrix helps reps quickly align merchant types, payment methods, and WAS value.

Merchant Type	Primary Payment Method	Typical WAS Setup
Retail	Card-Present (Chip, Tap, Swipe)	Countertop or mobile device
QSR	Card-Present (Chip, Tap, Swipe)	Terminal or simple POS
Service	Virtual Terminal / Mobile Card-Present	Keyed transactions + Invoicing + Mobile device
eCommerce	Gateway	Hosted checkout or API integration
B2B	Invoicing + Virtual Terminal	Email invoices + Follow-up payments
Multi-Location	Mixed (CP + CNP)	Multiple devices + Centralized reporting
Omnichannel	Card-Present + eComm	POS + Gateway

Why Risk & Underwriting Exist

Underwriting is how WAS decides if a merchant should be allowed to accept card payments and under what conditions.

What Underwriting Is Checking

- Is this a real, legitimate business?
- Does the business model match the way they want to take payments?
- Could this merchant create financial or fraud exposure?

Why It's Required

- WAS is the acquirer of record
- Card networks and banks hold the acquirer responsible for losses
- Underwriting protects:
  - WAS
  - The bank
  - The payment network
  - Other merchants on the platform

Why Reserves Happen

A reserve is money temporarily held back in case refunds, fraud, or chargebacks occur.

Why WAS May Require a Reserve

- New business with no processing history
- High average ticket or monthly volume
- Card-not-present or eCommerce activity
- Elevated refund or chargeback risk

How Reps Should Position Reserves

- Not permanent
- Not a penalty
- A safety buffer while the merchant builds history

Key Rep Line:

"Reserves are about protecting funds while trust is being established."

Why Some Merchants Are Declined

Not every business is a good fit for card payments—or for immediate approval.

Common Decline Reasons

- Business type is restricted or high risk
- Information cannot be verified (identity or business)
- Volume or ticket size doesn't match the business model
- Prior processing issues, excessive chargebacks, or fraud

Important Sales Reality

Declines are usually based on risk exposure, not revenue potential.

High-Risk MCC Examples (Rep Awareness)

These MCCs are not automatically declined, but they receive extra scrutiny and often come with conditions.

Common Elevated-Risk MCC Categories

- Subscription / continuity billing
- Online coaching or digital services with delayed delivery
- Travel and future-delivery services
- Firearms and regulated goods
- CBD, supplements, nutraceuticals
- Adult-oriented businesses
- High-ticket card-not-present businesses

Rep positioning tip:

"Higher risk doesn't mean no—it means stronger controls and expectations."

What Triggers Ongoing Risk Monitoring

Underwriting approval is not "set it and forget it." Risk monitoring is continuous.

Common Monitoring Triggers

- Sudden spikes in volume or ticket size
- Activity that differs from boarded expectations
- Increases in refunds or disputes
- A shift from card-present to card-not-present
- High percentage of keyed transactions
- Multiple locations behaving very differently

What this can lead to

- Temporary funding delay
- Reserve added or adjusted
- Request for clarification or documentation

Why Funding Can Be Delayed

Funding delays happen when WAS needs additional time to review activity or reduce exposure.

Common Causes of Funding Delays

- Brand new merchants with no processing history
- Unusual transaction spikes
- Refund or chargeback activity
- Awaiting batch closure or validation

Funding Rules at WAS

- Standard funding is available to all approved merchants
- Faster funding options require underwriting approval
- Early or next-day funding is earned—not automatic

Glossary of Payments Terms (Plain English)

- **Acquirer –** The financial institution (WAS) that sponsors the merchant
- **Authorization –** Real-time approval decision (no money moved yet)
- **Batch –** A group of approved transactions sent for settlement
- **Settlement –** Banks exchange funds behind the scenes
- **Funding –** Money deposited into the merchant's bank account
- **Chargeback –** Customer disputes a transaction through their bank
- **Reserve –** Temporary holdback of funds to cover risk
- **Card-Present (CP) –** Card is physically used with a device
- **Card-Not-Present (CNP) –** Card is not physically present (online, keyed)

Acronym Decoder

Acronym	Meaning	What it Means for Reps
WAS	Woodforest Acceptance Solutions	Acquirer of record
MID	Merchant Identification	Unique merchant account
MCC	Merchant Category Code	Business risk category
VPC	Visa Platform Connect	Visa-aligned processing path
TSYS	Total System Services	Handles transaction messaging
S2I	System-to-Integration	Platform integration model
CNP	Card Not Present	Higher fraud risk
CP	Card Present	Lower fraud risk
KYC	Know Your Customer	Identity verification
KYB	Know Your Business	Business verification

WAS Payments 101

Direct Rails to Card Brands

Woodforest Acceptance Solutions operates a Visa-aligned acquiring model built on Visa Platform Connect (VPC). Transactions are routed closer to issuing banks using Visa's Switch-to-Issuer (S2I) framework.

This architecture reduces intermediary dependencies while delivering improved authorization performance, intelligent routing, built-in network mandate management, and accelerated access to Visa network capabilities.

Additional Processing Rails

In addition to Visa Platform Connect (VPC), the WAS platform also supports transaction processing through TSYS for specific products, configurations, and merchant use cases. TSYS operates as an alternative processing rail within the WAS ecosystem, enabling WAS to support certain terminal applications, POS environments, and legacy or transitional merchant setups while maintaining a single, WAS-managed acquiring relationship. Selection and routing between VPC and TSYS are controlled centrally by WAS, allowing merchants and partners to benefit from the appropriate processing path without needing to manage or understand the underlying processor—preserving consistent onboarding, funding, reporting, risk, and support across the platform.

Why Woodforest Acceptance Solutions (WAS)

Most payment providers explain *what* they offer.
WAS is built around *how payments should work*—cleanly, predictably, and at scale.

WAS at a Glance

Woodforest Acceptance Solutions is a bank-backed acquiring platform that connects merchants and partners directly to the card networks, with centralized risk, data, and funding—without forcing vendors or partners to piece together fragmented solutions.

What Makes WAS Different

Direct-to-Network Routing

Why it matters: performance, reliability, and control.

- Transactions route directly to card networks (e.g., Visa) instead of bouncing through unnecessary middle layers
- Leads to:
    - Faster authorizations
    - Higher approval consistency
    - Fewer technical failure points

Rep takeaway:
Better routing = cleaner transactions and fewer surprises.

Bank Sponsorship & Acquirer Ownership

Why it matters: trust, stability, and accountability.

- WAS is the acquirer of record
- Underwriting, settlement, and funding are owned—not outsourced
- Merchants are not bouncing between:
    - Gateway
    - Processor
    - Bank
    - Third-party risk teams

Rep takeaway:
One accountable financial partner, not a patchwork.

Centralized Data & Reporting

Why it matters: visibility and scale.

- All transactions flow through a single acquiring layer
- Reporting is consistent across:
    - Card-present
    - Card-not-present
    - eCommerce
    - Multi-location environments

Rep takeaway:
Finance teams get one source of truth instead of reconciling multiple systems.

Flexible Payment Rails

Why it matters: merchants don’t stay static.

- Supports:
    - In-person payments
    - Virtual terminals
    - Gateways
    - Mixed and omnichannel models
- Merchants can:
    - Expand how they accept payments
    - Without switching processors or re-boarding

Rep takeaway:
WAS grows with the merchant—not against them.

Partner-First Philosophy

Why it matters: alignment, not competition.

- WAS operates behind the scenes
- Does not compete for merchant ownership
- Designed to support:
  - ISVs
  - ISOs
  - Platforms
  - Partners building payment into their own experiences

Rep takeaway:
WAS strengthens partner businesses instead of disrupting them.

Data Lake Overview

WAS follows a partner-first data philosophy focused on operational visibility and usability—not raw infrastructure exposure.

Transaction, device, funding, and operational data are centralized across WAS-supported platforms to deliver:

- Cleaner reporting
- Simplified reconciliation
- Faster merchant support resolution
- Clearer operational insight

For partners, this enables stronger portfolio oversight. For merchants, it provides real-time visibility into transactions and funding across payment channels

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Merchant Pricing & Billing Model

Please review the monthly merchant statement in the Payments 101 section to see an example of how a fee schedule appears for any of the payment processing systems WAS has to offer.

All fees are billed monthly and vary based on the software/package selected.

Contract Considerations

Merchants

Please review the Payments 101 section for details on additional features or add-on modules when completing a merchant application. All required fields are clearly outlined in this section.

Transaction Methods

- Card-present transactions (primary)
- Keyed transactions via virtual terminal (MOTO)
- E-Invoicing / Recurring Payment transaction (customer keyed transaction)
- Ecommerce Transactions (website integrations)

Pricing & Packaging (High-Level)

What a Merchant Is Really Paying For

Every card transaction breaks down into four buckets:

1. Network & bank costs (non-negotiable)
2. Processing & platform costs (partially controllable)
3. Acquirer revenue (WAS)
4. Partner margin

Merchants see this as "pricing," but reps need to understand who each dollar goes to.

Definitions of Common Pricing Terms

Interchange-Plus

What it means: Merchant pays:

- The exact interchange set by the card brands (pass-through)
- Plus a fixed markup

Why it's used: Transparent and scalable pricing.

Blended Pricing

What it means: One flat rate regardless of card type.

Why it's used: Simple to understand, less transparent.

Plain English: "All transactions cost the same, even though underlying costs differ."

Basis Points (bps)

What it means: A percentage fee.

- 1 basis point = 0.01%
- 25 bps = 0.25%

Plain English: "A tiny percent taken from every transaction."

Per-Item Fee

What it means: A flat fee per transaction (e.g., $0.10).

Plain English: "A small charge every time you run a card."

Gateway Fees

What it means: Fees for card-not-present connectivity (eCommerce, virtual terminal).

Plain English: "What you pay to accept cards online or keyed."

Platform Fees

What it means: Monthly or usage-based fees for tools, reporting, or enablement.

Plain English: "Software access fees, not tied to each transaction."

What Fees Are Controllable vs Not Controllable

Non-Controllable (No One Can Discount These)

- Interchange
- Network assessments (Visa, Mastercard, etc.)
- Issuing bank costs

Key rep insight:
If someone claims they can "eliminate interchange," they're not being honest.

Controllable / Influenceable

- Markup (basis points + per-item)
- Gateway fees
- Platform fees
- Partner margin structure

Why Pricing Varies So Much Between Merchants

Pricing changes due to:

- Card-present vs card-not-present
- Business type (MCC)
- Risk profile
- Average ticket
- Monthly volume
- Funding speed requested

Simple rule:
More risk + more complexity = higher cost.

Annotated Merchant Statement Walkthrough (What Goes Where)

Below is an example of how a single transaction breaks out.

Example Transaction

$100 Visa card sale

1. Interchange (Issuing Bank)

- Example: $1.80
- This goes to: Customer’s bank

Rep explanation:
“This is the bank getting paid for issuing the card and taking lending risk.”

2. Network Fees (Visa)

- Example: $0.13
- This goes to: Visa

Rep explanation:
"This pays for the card network rails."

3. WAS Acquiring & Processing Fees

- Example: $0.25
- This goes to: WAS

Rep explanation:
"This supports underwriting, settlement, funding, compliance, and reporting."

4. Partner Margin

- Example: $0.20
- This goes to: Partner / ISO / Platform

Rep explanation:
"This is where partner revenue lives."

Total Cost to Merchant (Example)

Component	Amount	Who Gets It
Interchange	$1.80	Issuing Bank (Customer Card Issuer)
Network Fee	$0.13	VISA
WAS Fees	$0.25	Woodforest Acceptance Solutions (WAS)
Partner Margin	$0.20	Partner
Total	$2.38	Combined Fees on a $100 VISA Card Sale

Strategic Partnerships Pricing & Billing Model

Important framing for partners:

The WAS pricing is a modular and relationship-driven engine, not one-size-fits-all. Partners typically encounter multiple pricing components depending on their business model, solution mix, and level of integration.

For detailed pricing and packaging information applicable to your specific relationship or partnership, please review your Woodforest Acceptance Solutions (WAS) Contract and Agreement. The options outlined below are illustrative only and represent potential capabilities; they should not be interpreted as definitive or binding for any individual relationship or partnership.

- Transaction Processing Fees (Pay-As-You-Process)

  Partners may be priced on:

  - Per-transaction fees (basis points + per-item or network-aligned pricing)
  - Card-present and card-not-present differentiated pricing
  - Pricing aligned to VPC or TSYS processing rails
  - Interchange-plus or blended structures (as defined in Schedule A)
- Platform & Software Fees

  Partners may encounter recurring platform charges, such as:

  - Monthly platform access fees (POS, Cloud, Gateway, or ISV enablement)
  - Per-device or per-terminal monthly fees
  - Tiered software packages or bundled platform offerings
- Device & Hardware Pricing

  Partners may have:

  - Device purchase pricing (one-time hardware costs)
  - Device management or provisioning fees
  - Replacement or swap programs based on deployment model

- Gateway & Acceptance Channel Fees

  For gateway-based or omnichannel partners:

  - Monthly gateway fees
  - Per-transaction gateway usage fees
  - Fees for additional acceptance channels (virtual terminal, eCommerce, pay-by-link)
  - Separate pricing for card-not-present services

- Value-Added & Optional Service Fees

  Partners may see incremental pricing for:

  - Funding enhancements (next-day or early funding)
  - Tokenization, network tokens, or credential services
  - Fraud and risk management services
  - Reporting and portfolio-level analytics tools
  - Certification, onboarding, or integration services (ISV models)

- Revenue Share / Partner Margin Models

  Depending on partner type:

  - Revenue-share based on transaction volume
  - Platform or service-based revenue splits
  - Portfolio-level economics for large or strategic partners
  - Deal-specific or vertical-specific pricing constructs

- Setup, Certification & One-Time Fees

  Some partners may encounter:

  - One-time setup or onboarding charges
  - ISV certification and testing fees
  - Custom solution or workflow enablement fees
  - White-label or branding enablement costs

- Contract Structure & Pricing Governance

  Pricing is typically governed by:

  - Master commercial agreement with WAS / Woodforest National Bank
  - Schedule A detailing all pricing and fees
  - Addenda for specific services (funding, devices, value-added services)
  - Flexibility by partner type (ISO, ISV, Bank, Technology Partner) Billing Structure

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Merchant Pricing & Billing Model

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All fees are billed monthly and vary based on the software/package selected.

Contract Considerations

Strategic Partnerships

The WAS agreements prioritize regulatory compliance, risk governance, and bank oversight, with flexible commercial terms layered on top to support partner growth without assuming acquiring liability.

Contractual terms, conditions, and considerations are dependent upon the specific relationship or partnership structure. For complete and binding contractual details, please consult directly with Woodforest Acceptance Solutions (WAS) or refer to your Contact and Agreement. The considerations described below are illustrative in nature and do not represent final or enforceable contract terms.

- Bank-Sponsored Acquiring Model
  - WAS operates as an ISO/MSP of Woodforest National Bank
  - Partners agree to operate within a regulated, bank-sponsored framework
  - Compliance and oversight requirements are non-negotiable

- Commercial Terms & Schedule A
  - All pricing and fees are defined in Schedule A
  - Pricing is modular (processing, platform, devices, add-ons)
  - Schedule A governs billing, settlement, and revenue share

- Underwriting & Risk Control
  - WAS retains final authority over merchant approval and risk decisions
  - Partners may assist with intake, but cannot override underwriting
  - Ongoing monitoring and audits may apply

- Chargebacks & Liability
  - Merchants are responsible for chargebacks and disputes
  - Agreements include indemnification and liability limitations
  - Financial exposure protections favor WAS and the sponsor bank

- Termination & Suspension Rights
  - WAS may suspend or terminate services for risk, compliance, or policy violations
  - Certain obligations survive termination (liability, audits, indemnification)

- Assignment & Change of Control
  - Agreements typically cannot be assigned without consent
  - Change-of-control or bankruptcy events may trigger review or termination

- Training, Certification & Operational Compliance
  - Partners may be required to complete onboarding, certification, and training
  - Access to tools and merchant boarding may depend on completion

Merchants

Please review the Payments 101 section for details on additional features or add-on modules when completing a merchant application. All required fields are clearly outlined in this section.

Batch / Settlement & Funding Rules

Merchants have multiple 'Batch – Settlement – Funding' options bundled together in 3 different categories

> **WAS Underwriting and Risk have the right to approve/decline Next-Day and Early Funding. These guidelines vary from case to case and will be looked at independently by the Underwriting and Risk teams prior to approval or decline.**

Standard funding – Available to all merchants.

Next-Day Funding – Available to qualified merchants pending Underwriting and Risk approval.

Early Funding – Available to qualified merchants pending Underwriting and Risk approval.

Funding Type	Platform	Batch Cutoff Time	Merchant Funding Timing
Standard Funding	VPC	3:00 AM CST	~48 hours
Standard Funding	TSYS	4:00 AM CST	~48 hours
Next Day Funding	VPC	6:30 PM CST	Next business day
Next Day Funding	TSYS	8:00 PM CST	Next business day
Early Funding	VPC	4:00 AM CST	~1:30 PM same business day
Early Funding	TSYS	4:00 AM CST	~1:30 PM same business day

Reporting Overview

Elevate Reporting

- Transaction Reporting – View detailed, line-item transaction data including date, time, amount, transaction type (sale/refund), authorization codes, and truncated card information.
- Batch Reporting – Access batch totals, submission dates, settlement status, and batch-level details to support daily reconciliation.
- ACH & Funding Reports – Track ACH deposits, funding dates, and deposited amounts to reconcile processor funding with bank statements.

- Monthly Statements – View and download monthly merchant processing statements directly in the portal (statements older than 12 months available upon request).
- Chargeback & Retrieval Reporting – Monitor chargebacks and retrieval requests, view case status, and upload supporting documentation directly within Elevate.
- CSV Export Capability – Export transaction, batch, ACH, and chargeback reports to CSV for offline analysis and reconciliation.
- Role-Based Access – Merchants see only their own accounts, while partners and WAS users can access multiple merchants based on permissions.
- Secure Document Management – Upload and manage documents related to chargebacks, retrievals, and servicing requests within the portal.

CyberSource Reporting

Partner / Portfolio Perspective (Account-level / Multi-Merchant)

- Transaction Request Report (TRR) - Detailed transaction activity report used for transaction-level review across merchants and time windows.
- Payment Batch Detail Report (PBDR) - Daily batch/settlement visibility showing which transactions were submitted to the processor and whether they settled (useful for reconciliation across a portfolio).
- Transaction Exception Detail Report - Exceptions and errors for transactions and follow-on activity (useful for identifying processing issues, missing data, or failed follows).
- Processor Events Detail Report - Processor event reporting used to track post-transaction processor events and operational changes impacting transactions. [support.vi...ptance.com]
- Invoice Summary Report - Summary reporting for invoices/billing activity (used to review invoice totals and billing periods).

Decision Manager (Fraud) System Reports (Partner / Portfolio)

- Profile Performance Comparison Report - Compares fraud profile performance (used to evaluate how profiles are performing against each other).
- Profile Rule Performance Report - Measures performance of specific fraud rules within a profile (used to tune rules and reduce false positives).
- Order Conversion Summary Report - Tracks conversion outcomes related to fraud decisioning (used to balance fraud protection vs approval/conversion).

Merchant Perspective (Single MID / Location)

- Transaction Request Report (TRR) - Transaction-level review for the merchant's activity and operational research.
- Payment Batch Detail Report (PBDR) - Daily batch detail showing submitted sales/refunds and settlement visibility for reconciliation.
- Transaction Exception Detail Report - Identifies transaction/follow-on errors (useful for troubleshooting failed captures/voids/credits or bad data).
- Processor Events Detail Report - Tracks processor events relevant to the merchant's transaction processing activity.
- Invoice Summary Report - Invoice/billing summary view for the merchant's services.

Decision Manager (Fraud) System Reports (Merchant)

- Profile Performance Comparison Report - Fraud profile performance comparisons for the merchant environment.
- Profile Rule Performance Report - Rule performance reporting used to tune fraud rules.
- Order Conversion Summary Report - Conversion outcomes impacted by fraud decisioning.