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2014 Will Be the Start of Lots of Change

We fast approach a new year—2014. Read on to learn how the new year will affect you and what changes are in store.

WINDOWS XP

On April 8, 2014, Microsoft will end their support of Windows XP. What does that mean for you? Microsoft will no longer offer updates and security patches for the Window XP operating system and on that same date Office 2003.

Without critical Windows XP security updates your Windows XP computers could become vulnerable to harmful viruses, spyware and other malicious software that can damage your data and other stored information.

When you purchase new software, there is a chance it may not run on a Windows XP computer. That is because there are many new technologies that have been added in the newer versions of Windows 7 and now Windows 8

and 8.1. The .net frame work is just one area. As an example, the newest version of Office (2013) will not run on Windows XP and Windows Vista.

There will be no one to call for support, because development will have stopped. Worse yet, if a computer fails, the loss of downtime and inability to fix Windows XP could impact how you will be able to run your business.

It is time to replace those old Windows XP computers. As for the hardware that you are running Windows XP on, do not waste the time trying to install Windows 7 or 8. There is not enough horsepower in the hardware to support the software.

CREDIT CARD PROCESSING

2014 is the start of chip and pin (EMV) credit cards being released by banks. What is EMV? All new credit

cards will have the traditional mag strip that you are used to, but there will now be a gold contact in the center of the left half of the of the credit card.

The United States is the only country in the world not using EMV. If you travel to Europe or the rest of the world, you most likely need a credit card from your bank that supports EMV. The difference is that the customer must slide the credit card into a slot in the front of a new type of credit card machine.

The machine looks much like the traditional signature pin debit credit card device and will still have the track for the mag strip reader, but the new device is different. In the front, there is a slot and when the credit card is inserted, the customer will be required to enter a PIN number. It is required even though this is a credit card transaction. This should not be confused with PIN Debit, which will still be available for use.

Why the change in how credit cards are designed? To reduce credit card fraud. Mag strips can easily be reprogrammed. The mag strip on cards will exist for several years. If retailers are not processing 80 percent of their transactions using EMV by October 2015, they will be charged back the amount of the bad transaction if they process a fraudulent credit card.

Another reason mag strip credit cards will be around for an extended period of time is because the petroleum industry got an extension until October 2017 to convert gas pump card readers. Converting gas pump card readers and the processing method is going to cost thousands of dollars per gas station location.

To add to the drama, the hospitality industry (restaurants) will have to provide wireless devices to take to the tables so customers can enter their credit card PIN number. The waiter or waitress will no longer be able to walk off with your credit card so they can record the data on the mag strip.

There are other electronic payment alternatives coming in 2014. One method and a term you will hear more of is a "virtual wallet." A virtual wallet is a process in which you register your credit and debit cards one

time on a website using the internet. Many times this process will be part of online banking with your bank and you will have to install an application on your smart phone. Yes, it is probably time to get a smart phone if you do not have one.

When it is time to pay the bill, either the receipt, the credit card machine or a display post will display a QR code at the completion of the sale. A QR code (Quick Response code) is the trademark for a type of matrix barcode or 2D barcode that is attached to an item and records information related to that item.

You will take a picture of the QR code using the camera in the smart phone using the virtual wallet application. It will display the amount of the sale, list your credit cards and in some cases show your available credit. With your finger you will tap the card you want to use and the transaction will be completed.

The neat thing is that no credit card data was used to complete the transaction. Only a token, an encrypted data identifier, will go over the internet. This is safe and secure credit card processing for you, the merchant.

There are other credit card processes that are being developed and marketed. One is using ACH (automated clearing house) as a form of payment, which can have a much lower cost per transaction, sometimes as low as 10 to 20 cents.

But beware, as you well know, cheap is not always better. Although the upfront rate is less, in many cases you may hold the risk. Meaning, this process is only saying that the money is there at the time of authorization. When payment is presented at the bank, much like accepting a check for payment, if the funds are not there, you may be left with a back charge much like a bounced or returned check.

Be careful as there is a lot of change going on in the electronic payment industry. Make sure you know who you are talking to and what all the fine print in the contract really says. All those folks calling you about low processing rates get a fat check once they sign you up and then you can be stuck with a long-term contract in which they are able to change the rates. That might not be in your best interest.

The bottom line is technology is constantly changing. With the soft economy, you may have been reluctant to make the big expenditure to upgrade your technology and equipment. With the end of Windows XP, the time is now. As far as credit card processing, you have a little time. Plan ahead and have a plan. Time goes by fast when you are having fun. ■

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in Michigan, which recognized that True Value's buying power would enable them to lower their merchandise costs to better compete with even larger chains.

Another way in which it is helping members better compete is by providing a more modern store format called Destination True Value, adaptable to stores of different sizes but always incorporating the latest design features to appeal to today's consumer. In 2013, 22 new True Value stores opened, another dozen are in the pipeline and so far, 32 True Value stores remodeled using the Destination True Value format.

In all size neighborhoods, from rural and suburban to urban areas, True Value added 220,000 square feet of new retail space and another 318,000 square feet of refreshed hardware space in the United States.

FOCUS ON RETAIL BEST PRACTICES

The company is focusing on "Retail Best Practices," a method of sharing successful ideas among its members. Hartmann sees the company as being more than merely a source of merchandise. It must use its resources to educate its retailers, especially in such fast-changing areas as the internet. Its own staff has been helping retailers develop web sites and increase web sales to combat web-only merchants, and Hartmann believes more can be done to help in this area.

Recognizing the threat of Amazon and other web retailers, True Value's own company web site sells to consumers