

Card-Present Transactions

A Card-Present transaction occurs when the physical credit or debit card is present at the point of sale (POS) and swiped, inserted, or tapped on a terminal to process the payment. This type of transaction involves the cardholder physically being at the merchant's location and actively using their card to complete the purchase.

Examples of Card-Present Transactions

- **In-store purchases:** A customer uses a credit or debit card at a retail store by swiping, inserting (chip), or tapping (contactless payment) the card.
- **Pay-at-the-table:** A customer taps or inserts their card directly onto a mobile POS terminal or restaurant table payment terminal.

Pros of Card-Present Transactions

- **Lower Fraud Risk:** Since the card is physically present, the risk of fraud is lower than transactions where the card is not present (like online or over-the-phone payments).
- **Faster Processing:** Payments are typically processed faster due to immediate interaction with the payment terminal.
- **Enhanced Security:** Use of EMV (insert), contactless technology, and PIN requirements make card-present transactions more secure.
- **Customer Confidence:** Cardholders tend to feel more secure when their card is in their possession and not shared online.
- **Lower Chargeback Risk:** Card-present transactions have fewer chargebacks, as it's easier to verify that the cardholder was indeed present during the transaction.

Cons of Card-Not-Present Transactions

- **Limited Reach:** These transactions are restricted to physical locations.
- **Maintenance:** Regular maintenance, updates, and compliance with the latest security standards (e.g., EMV, PCI-DSS) can incur ongoing costs.

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Best Practices for Card-Present Transactions

- Ensure that your payment system is EMV-compliant to accept chip-enabled cards and offer contactless payment methods (tap-to-pay).
- Request a copy of the customer's ID if possible.
- Obtain a signed receipt and retain the receipt for a minimum of 18 months in case of disputes or chargebacks.
- Keep your POS hardware and software up to date to avoid technical issues, compatibility problems, or security vulnerabilities.
- Regularly check the card reader and ensure there is no damage.
- Train staff on how to securely process card-present transactions, recognize fraudulent behavior, and handle POS systems effectively.