



How To Not Get Taken By Payment Processors



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THE ULTIMATE GUIDE TO PAYMENTS.

Owning a small business is a rewarding endeavor and one that comes with highs and lows on any given day.

Sometimes, let's face it, there are challenges involved – it all comes with the territory. One of the costliest parts of owning a business is dealing with merchant accounts.

At times, the possibilities can feel slightly overwhelming, but we're here to help ensure the best possible outcome for your small business ventures.

WHAT IS CREDIT CARD PROCESSING?

Credit card processing, also known as merchant services, is simply the managing of electronic payments through credit/debit cards for businesses.

Being able to offer your customers an electronic way to pay for their services is critical in today's ever-changing market.

People want to do their business through credit and debit cards – not write checks.

Electronic payments are the wave of the future.



UNDERSTANDING THE PLAYERS



ASSOCIATIONS/CARD BRANDS

Think Visa®/MasterCard®/Discover®/American Express®.



ISSUING BANKS

These are the banks that issue the actual debit and credit cards to consumers. They receive the interchange rates that are passed onto business owners.



PROCESSORS

There are only a handful of actual processors in the country. These companies include First Data, Vantiv, Global Payments, Chase, TSYS, and Elavon.



ISOs

These companies buy processing at wholesale prices from the actual processors and then markup the fees to earn a profit.



AGENTS/SALES REPS

Both the processors and ISOs utilize W2 sales reps or independent agents to resell their services.



BANKS

Some banks provide processing directly, such as Chase. Many other banks, such as Bank of America or Wells Fargo, have joint ventures in place where they resale merchant services of a provider, such as First Data.

HOW A TRANSACTION WORKS



CUSTOMER

The Consumer who purchases goods or services from business owners.



MERCHANT

The Business owner who takes payments in the form of credit/debit from the customer



ACQUIRING BANK

The bank that merchant uses for the transaction or also known as the processor's bank



CARD ASSOCIATIONS

The bank that offered and issues the card to the customer.

The Network owned by financial institutions (banks) that licenses to certain banks to use their name on the card. These associations set certain rates such as interchange and processing fees and collects them. Visa® and MasterCard® are two of the main associations in the US.



ISSUING BANK

The bank that offered and issues the card to the customer.

**If you own a credit card that has the Visa® symbol on the bottom right corner and has Wells Fargo logo on it then Well Fargo is issuing bank same goes with any bank that a Visa or Master card logo on it.*

AUTHORIZATION

Let's pretend Jessica is a customer walking into a local restaurant on her lunch break

- 1  Jessica finishes her meal and walks up to the register to pay his check
- 2  Sam, the owner (merchant) rings her up and takes Jessica's credit card.
- 3  As soon as the credit card is swiped, the terminal submitted the request to the acquire (the processor's bank).
- 4  The acquire relays the request to the issuer (the bank that issued the card to Jessica) and they authorize the card to see if there is available the credit or funds to pay for the meal.
- 5  The issuer then approves or declines the transaction and sends an authorization code back to the acquire.
- 6  Which sends the approval or denial to Sam's terminal

BATCH AND FUNDING

All of this happens within a few seconds!! Amazing!

1



All of Sam's transactions are stored in the terminal. At the end of the work day, Sam closes out his batch.

2



All of the stored transactions are sent to the card associations to request funds from the certain issuing banks involved in each transaction

3



The issuing banks calculate the interchange fees (getting to that next) and deducts them from the total funds and send the remaining funds to the acquiring bank (processor's bank)

4



The acquiring bank then deducts it's own fees (discount rate) and send the remaining funds to Sam (Merchant)

5



The issuing bank will later bill Sam for using the card (unless there was a PIN debit transaction, then Sam's funds would have deducted at the point of authorization)

PRESENT VS NOT PRESENT

Card present transactions receive the lowest possible rates because the card is present and swiped at the time of transaction.

Card not present transactions are charged a higher fee because the card is typically taken over the phone, internet or the magnetic stripe or chip is not working.

This results in a higher rate due to the risk increase.



UNDERSTANDING CHARGEBACKS IN THE CREDIT CARD INDUSTRY



Credit card chargebacks are a disturbing reality for merchants. To avoid chargebacks, it is helpful to understand how and why chargebacks in the credit card industry exist. Below is a simple explanation and some tips to assist you in preventing chargebacks.

WHAT IS A CHARGEBACK?

It is a circumstance where the credit card company returns funds to the customer. For example, let's say a customer purchases your product then files a dispute with their credit card company. After the dispute is settled, the credit card company reverses the charge, taking funds from the merchant and returning them to the customer. Excessive chargebacks can be detrimental to merchants. So, it is important to avoid these situations whenever possible.

WHY DO CHARGEBACKS OCCUR?

Customers have several reasons for filing disputes. Here are the most frequent reasons chargebacks occur.

FRAUD

The number one cause for chargebacks is fraudulent activity. When a cardholder becomes aware of the fraudulent activity, they typically contact the credit card company immediately. These charges are reversed swiftly. It is crucial that you deter fraudulent credit card activity within your business. There are some steps you can take to discourage and fight fraud.

MISREPRESENTATION

If the customer feels a product or service has been misrepresented, they can file and win a dispute. This action protects buyers against false advertising. While it may be a slight annoyance for merchants, this type of chargeback can easily be avoided with honest advertising. As long as your product or service delivers what it promises, you should not have any trouble with chargebacks for misrepresentation.

DEFECTIVE MERCHANDISE

Customers can request a chargeback if products are defective. This is a common occurrence, but typically the client will contact the merchant first to claim a refund or replacement of the product.

DELAYED OR NON-DELIVERY

If a product never arrives or is delivered extremely late, it can lead to a dispute. It is important to ship products promptly and avoid this type of chargeback.

DETERRING FRAUD

Because fraudulent charges are the top reason for chargebacks, it is useful to implement as many deterrents for this activity as possible.

Here are a few things your business can do to discourage credit card fraud.

IN STORES

The best way to prevent fraud in your brick-and-mortar business is to watch for suspicious behavior. This means watching for shady actions from customers and scanning for unusual looking cards.

You can always request identification from the client to verify they are in fact the cardholder.

ONLINE

There are some automated methods for preventing fraud online. You can choose to ship products only to the billing address listed in the credit card details. Of course, you may lose some sales from customers wanting to purchase gifts or ship items to friends. However, this is an excellent way to avoid fraudulent charges. Another method is matching IP address locations. The IP address of the card user must be from the same region as the address listed on the credit card. For example, someone with a California IP address could not use a credit card with a Florida billing address. Sophisticated hackers can get around this obstacle but the average fraudster cannot.

As a merchant, it is crucial to understand and prevent credit card chargebacks. Chargebacks are a necessary evil. They are in place to protect customers. Typically, if you are conducting business in a responsible manner, chargebacks will not be a significant problem for your business. You will save an enormous amount of time and money by taking steps to prevent chargebacks. Seek professional advice and assistance if you are unsure about how to implement preventative measures.

UNDERSTANDING THE COST TO YOUR BUSINESS

Your total cost is comprised of three main items: interchange fees, dues and assessments, and processing fees.

01 Interchange fees are paid to the issuing bank through popular brands like Visa® and MasterCard®. Banks receive the interchange portion of the fees, which in most cases is the largest part of your bill. These fees can vary based on the type of (credit, debit, rewards card), transaction type (in person, on the phone or over the web), transaction size, and risk level. (Non-Negotiable)

02 Dues and Assessments are paid to the card brands/ associations, such as Visa®/ MasterCard® and Discover®. Here you can think of it as a brand licensing and network operating fee that is charged on every transaction. In some cases, you may have a third-party ISO involved as well. (Non-Negotiable)

03 Processing Fees have a certain formula that, if remembered during business dealings, will help the educated business owner: (total fees minus interchange fees – dues and assessments = gross profit). Gross profit to the payment company is the only part of the equation that is negotiable, along with the terms of the agreement.

04 Miscellaneous Fees are a combination of all of the other fees that can be charged outside of interchange, dues and assessments and core processing fees. Some of these fees are negotiable and others are not.

SO WHO GET'S WHAT?

Party	Fees Collected	Negotiable
Issuing Banks	Receive interchange fees based on the card type and where it qualifies. Factors include acceptance method, business type, risk level.	No
Card Brands	Receive fees known as dues and assessments	No
Processors	Receive whatever is left after paying the Issuing Banks and Card Brands	Yes
ISO's	Receive the difference after paying the Issuing Banks, Card Brands and Processors. Many times ISO's are referred to as middlemen in payment processing , so there may be cases where you are or are not using an ISO.	Yes

Now that we understand what each party gets out of a swipe.

Let's take a look at two different types of transactions and how the interchange level/type of card impacts the total cost.

Fee	Rate	Cost	% of Total Cost
Interchange	1.51% + \$.10	\$1.61	66%
Dues and Assessments to Visa	.13% + \$.0195	\$.1495	6.2%
Processor Rate	.5% + \$.15	\$.65	27.8%
Total Cost		\$2.4095	100%
Net to Merchant		\$97.60	

* Sample Visa® Credit Card on a \$100 transaction

Fee	Rate	Cost	% of Total Cost
Interchange	.05% + \$.22	\$.27	66%
Dues and Assessments to Visa	.13% + \$.0195	\$.1495	6.2%
Processor Rate	.5% + \$.15	\$.65	27.8%
Total Cost		\$1.0695	100%
Net to Merchant		\$98.93	

* Sample Regulated Debit on a \$100 transaction

UNDERSTANDING THE PRICING SYSTEMS

So, we understand the parties involved and how different card types can impact the true cost of the transaction, negotiating with the processor should be easy right? Think again, there are many different types of pricing schemes that are used.

The three most common pricing systems available in the current market are Flat-Rate pricing, Tiered pricing and Cost Plus/Interchange. When most business owners are just starting out, they are placed in either Tiered or Flat Rate pricing models – even though Interchange/Cost plus models are transparent and lower the processing company's margins.

Flat-Rate pricing is the simplest form of pricing; however, the processors margin is very difficult to calculate. This system is typically used by companies to lure in business owners with a teaser rate that is extremely low. What is not disclosed is the fact that many of the transactions will be processed at a much, much higher rate and cost the business owner hundreds if not thousands of dollars a year.

Tiered pricing is a very common pricing system where the payment company places all the transactions into buckets/tiers. However, the payment company has control as to what transactions are processed into what tier. Although, this system is better than flat-rate pricing, once again it can be very difficult for the business owner or anyone else to know exactly how much the processor is making, and which transactions are being placed where.

Cost Plus or Interchange pricing is by far the most transparent and detailed pricing system. In this scenario, the business owner knows exactly what is being paid to the Associations & Banks, being that these fees are public and can easily be located publicly online. The business owner is also able to negotiate the payment company's markup over interchange and thus have a better understanding of the deal that they are receiving. Although, in the past this pricing system was only reserved for the largest businesses, these days every business can ask for and receive pricing in this format. Also, this pricing system makes it much easier to compare offers from multiple vendors and to receive a true analysis from other payment processing companies.

Mobile/Flat Rate – This pricing system can work well for low volume processing accounts, but there are some trade-offs.

In recap here is a chart that compares the systems side-by-side

Pricing Type	Description	Pros	Cost	Transparent
Flat	One rate for all cards, this system can be good for seasonal merchants or those processing less than \$2,500 per month	Simplicity	High	No
2 Tier	Teaser rate for a few card types, but much higher rates for remaining card types	Semi-Simple	High	No
3 Tier/Bucket	Cards are placed into 3 buckets, but the processor/ISO decides what cards go where	Semi-Simple	High	No
Cost Plus/Interchange	Transparent pricing where the client knows the rate structure and what fees are going to whom.	Transparent and lower cost	Low	Yes

Okay, so we have an understanding of the transaction flow and the impact that each player can have on the transaction cost.

Let's focus in on the last piece that makes up your total cost of acceptance, which are the fees you may be charged outside of core processing, that affect your total cost of acceptance.

Many times business owners are lured in with low core processing cost, only to be gouged on hidden fees. Here is a list of some of the most common types of fees that can be assessed.

Name	Type	Description	Negotiable
Statement Fee	Monthly	Fee for a physical statement	Yes
Customer service Fee	Monthly	Cost to provide customer service	Yes
Data Breach Protection	Monthly	Cost for data breach insurance	Yes (Avoid)
Debit Access Fee	Monthly	Cost to accept pin-debit cards	Yes (Avoid)
Online Reporting Fee	Monthly	Cost to access online reporting tool	Yes (Avoid)
Gateway Fee	Monthly	Cost for ecommerce or online gateway that allows processing on websites	Yes
Monthly Discount Fee	Monthly	An added expense for having gross deposits versus having net deposits each day.	Yes (Avoid)
Processor Choice Fee	Monthly/ Transaction	These are fees levied by Point of Sale companies if you don't use their processor. These fees can hyper inflate your processing cost.	Yes (Avoid)
Annual PCI/Annual Fee	Annual	Fee for PCI scanning	Yes (Avoid)
Non Compliance Fee	Monthly	Fee for not being compliant with PCI	No
AVS Fee	Incidental	Address Verification Fee	No
Voice Authorization Fee	Incidental	Fee for calling in for authorization	No
ChargeBack Fee	Incidental	Fee charged for chargeback handling	Sometimes
Termination Fee	Incidental	Fee to cancel processing agreement	Yes (Avoid)
Terminal Lease Fee	Monthly	Monthly fee for leasing a credit card terminal	AVOID

Now that we have an understanding of how transactions work, who gets what, pricing systems and fees. Let's put everything into perspective by exploring industry averages for different sized businesses, this way you can determine for yourself if you are getting a good deal, great deal or no deal at all.

INDUSTRY AVERAGES

The chart below represents the average processor margin after interchange, dues and assessments are paid to the banks and card brands.

Merchant Size	Description	Average Margin 2017-2018
Small	Processing Volume up to 5 Million Annually	45-50 Basis points or .45-.5%
Medium	Processing Volume up from 5 Million to 100 Million	38-40 Basis points or .38-.4%
Large	Processing Volume above 100 Million Annually	8-9 Basis points or .08-.09%

Tip: Only the processor's margin is negotiable.

*Source: McKinsey U.S. Payments Map

WHAT IS PCI COMPLIANCE?

PCI Compliance rules and regulations are meant to protect cardholders and merchants from data breaches, where credit cards may be stolen causing grief and headaches for cardholders, along with severe penalties for merchants.

Looking for in depth information on PCI? Visit www.pcicomplianceguide.org

How to choose a payment processor (Best Practices)

- 1) Get a complete quote by having the sales agent fully complete and sign the processor evaluation form, which can be downloaded for free at Cardconnectalliance.com or found at the end of this guide.
- 2) Watch for cancellation fees – These are fees that you should never agree to, but are commonly left out from the discussion by some sales reps. These fees can range from hundreds to thousands of dollars.
- 3) Watch for rate increases – It doesn't do you any good to sign on to a low-rate to only have it increased
- 4) Watch for leasing or renting of equipment – These pieces of equipment typically cost a few hundred dollars, but many business owners end up signing a non-cancellable lease which results in them paying thousands of dollars for a piece of credit card equipment, even if they close or sell their business.
- 5) Watch for creative pricing – as businesses become more educated, many companies are resorting to creative pricing structures. Therefore, insist on interchange or cost-plus pricing which is the most transparent form of pricing and use the evaluation form to protect your business from a potentially bad decision.

CONFUSED YET?

Not to worry

Payment processing can be a very difficult industry to understand and navigate. That's why we have created other helpful pieces of information to assist you.

- Free processor comparison sheet (get the truth)
- Free terms sheet to help you compare offers
- Blog, you can visit our Blog and review more in depth information on various topics that may impact your business.

Your current or prospective processor, should have these 3 key qualities.

Honesty - All terms are upfront (Evaluation Form)

Transparency - Cost plus pricing (the most transparent form of processing, the margin is disclosed)

Service – No Cancellation Fees (If the service isn't up to your standards, you should be able to leave without penalty)

The most important thing any small business owner can do is be an educated consumer. We hope the tips and tricks above will help you get the most out of your credit processing needs.



PROCESSOR EVALUATION FORM 1/2

Company Info

COMPANY NAME	COMPANY ADDRESS
COMPANY PHONE	YEARS IN BUSINESS
PROCESSOR OR ISO	BETTER BUSINESS BUREAU RATING
SALES REP NAME	SALES REP EMAIL
SALES REP CELL	YEARS WITH COMPANY

Pricing (Interchange Plus/Cost Plus Only)

Interchange Markup

VISA®/MASTERCARD®/DISCOVER® BASIS	V/MC/DISC TRANSACTION FEE
AMERICAN EXPRESS BASIS POINTS	AMERICAN EXPRESS TRANSACTION FEE
PIN DEBIT BASIS POINTS	PIN DEBIT TRANSACTION FEE

Setup Fee

APPLICATION FEE	REPROGRAMMING FEE
SETUP FEE	OTHER SETUP FEES

Monthly Fees

MONTHLY STATEMENT FEE	MONTHLY PCI FEE
MONTHLY SERVICE CHARGE	OTHER MONTHLY FEES

PROCESSOR EVALUATION FORM 2/2

Annual Fees

ANNUAL FEE	OTHER ANNUAL FEES
ANNUAL PCI FEE	

Incidental Fees

BATCH FEE	RETRIEVAL FEE
AVS FEE	OTHER SETUP FEES
VOICE AUTHORIZATION FEE	ACH REJECT FEE

Equipment (Non-cancellable leases are strongly discouraged)

EQUIPMENT PURCHASE/LEASE AMOUNT (IF APPLICABLE)	EQUIPMENT TYPE
MONTHLY EQUIPMENT FEES (SAAS)	ANNUAL EQUIPMENT FEES

Agreement Terms

EARLY TERMINATION FEE	CONTRACT TERM
ARE MY RATES GUARANTEED?	IF SO, FOR HOW LONG?

Please return with a sample merchant statement.

My signature below confirms I have disclosed all fees and guarantee the accuracy of the competitive proposal I have submitted on behalf of my organization. Additionally, I am authorized to sign and complete this form on behalf of my organization.

Printed Name: _____

Title: _____

Signature: _____

Date: _____

EVALUATION FORM DEFINITIONS 1/4

YEARS IN BUSINESS

The longer a company has been around the better, this gives you the ability to get some history about the company.

PROCESSOR OR ISO

It is important to know if you are dealing with a middleman (ISO) or if you are dealing with a processor. There are only a handful of processors and everyone else buys from them and sells the services at a markup. Additionally, it is easier to resolve issues if you are dealing with a processor.

BBB RATING

This is important in vetting a company. Keep in mind the larger the company the more likely it is that they will have complaints. This is only one piece of the vetting process and your entire decision shouldn't be made on this factor.

SALES REP CONTACT INFORMATION

It is important to know that your sales rep is knowledgeable and has been in the business and with their company for some time. Their knowledge can not only make conversions easier, but also the longevity with the company could directly affect your ability to resolve any issues that may arise.

Interchange Markup –

- Visa®/MasterCard®/Discover® Basis points:

This is the percentage markup that will be charged on all of these transactions.

Example: .1% may also be referred to as 10 basis points. Therefore on 100,000K in processing, that would equate to \$100.

- Visa®/MasterCard®/Discover® Transaction Fee:

This is the amount that will be charged on all cards that you swipe.

- American Express® Basis points:

This is the percentage markup that will be charged on American Express transactions. □ American Express Transaction fee:

This is the amount that will charged on all American Express swipes.

- Pin Debit Basis Points:

EVALUATION FORM DEFINITIONS 2/4

This is the percentage that will be charged on pin debit sales, where the customer enters their pin number into the machine.

- Pin Debit Transaction Fee:

This is the amount that will be billed on all pin debit transactions.

Setup Fees –

- Application Fee – Fee charged to process your application. Should be \$0
- Reprogramming Fee – Fee to reprogram an existing terminal. Should be \$0
- Setup Fee - Fee charged to setup your account. Should be \$0
- Other Setup Fees – These are any other fees they are charging to setup your account.

Monthly Fees –

- Monthly Statement Fee – Monthly fee to send you a paper statement
- Monthly PCI Fee- A fee for PCI compliance, some companies may charge an annual fee
- Monthly Service Charge – This can be miscellaneous type of charge to have your account
- Other Monthly Fees – These would be other monthly fees not disclosed elsewhere

ANNUAL FEES

- Annual Fee – This is typically a once year fee charged for various reasons.
- Annual PCI Fee – This is a fee that is charged to cover PCI compliance
- Other Annual Fees – These would be any other fees not disclosed elsewhere

EVALUATION FORM DEFINITIONS 3/4

INCIDENTAL FEES

- Batch Fee – Fee charged each time you transmit a batch, usually at the end of the day.
- Retrieval Fee – Fee charged to retrieve a transaction for the merchant
- AVS Fee – Fee charged each time you verify the address for a cardholder. (Very common for online transactions or gas stations that have fuel dispensers)
- Chargeback Fee – Fee charged to process a dispute
- Voice Authorization Fee – Fee charged when the merchant verifies a transaction by calling the payment company.
- ACH Reject Fee – Similar to an NSF that is charged if the payment company tries to draft your account and it is rejected.

EQUIPMENT

- Equipment Purchase/Lease Amount – Purchasing is preferred, with leases it is recommended to confirm the term of the lease, such as 36 or 48 months. Also, it is recommended to do an online search and see what the equipment sales for online.
- Most times you can't cancel the lease and may be stuck with the payment even if you close your business.
- Equipment Type – This would be the make and model of the equipment.
- Monthly Equipment Fees (SAAS) – These fees would include any type of additional fee that you have to pay monthly outside of processing that is related to equipment.
- Annual Equipment Fees – These are typically bogus fees that are charged

EVALUATION FORM DEFINITIONS 4/4

AGREEMENT TERMS

- Early Termination Fee – This is the fee that is charged if you cancel your agreement. You should never agree to any type of termination fee, unless you are receiving upfront monies to cover conversion fees to your existing processor or point of sales company. Then it should be the same amount, to cover the payment companies expense.
- Contract Term – This is the length of the agreement. If you have a \$0 cancellation or early termination fee, this shouldn't matter much.
- Are my rates guaranteed? If your rates are subject to increase outside of direct interchange, then you are not receiving a deal at all. This is the first sign of a teaser rate or bait and switch program.
- How long are my rates guaranteed? You want to make sure they are guaranteed for life, if not the payment company can quickly change them and you have fallen to a "bait and switch" program.

If you are still not sure about the deal you are receiving, we will review your payment companies agreement and terms for a small fee of \$25.

GLOSSARY 1/4

ACH Reject	The attempt from a processor to collect fees from the merchant and the merchant's bank account has insufficient funds
Additional/Other Authorizations	This usually reflects excessive authorizations over the total number of sales. It can also refer to extra per item charges, voice authorizations, or gift card transactions, etc.
Amex	This typically reports per item fees for American Express transactions. A discount fee assessed towards the volume may also appear.
Annual Fee	This is the total annual charge divided into a monthly fee which can include all annual fees lumped together such as admin, regulatory, and PCI charges.
Annual PCI Fee	An annual fee that covers the cost of maintaining PCI compliance. Some companies may charge monthly rather than annually
Application Fee	A one-time fee charged by the processor to cover the cost of the screening and application process. Only some processors will refund the fee after the merchant is approved
Assessments	These are usually a fixed percentage applied to the gross sales volume by each of the card associations.
AVS	The Address Verification System (AVS) is a level of credit card security to help protect against identity theft. When a user makes an online purchase with a credit card their billing address is required. The house number portion and postal code of the billing address they enter is compared to the billing address on file for the card.
Batch Fee	Fee charged each time the daily sales are settled (closed) usually at the end of each business day.
Batch Settlement	Fee charged each time the daily sales are settled (closed) usually at the end of each business day.
Breach Protection	A fee assessed which helps cover the expenses a merchant can incur should a card data breach occur.

GLOSSARY 2/4

Chargebacks	A fee incurred by the merchant in the event a fraudulent charge occurs or a customer disputes a charge and proves their claim true.
Discount Collected	Fees that are due to the processor can be collected daily or monthly
Downgrades	This fee reflects Mid-Qualified and Non-Qualified surcharges.
Interchange	Term used in the payment card industry to describe a fee paid between banks for the acceptance of card based transactions. This includes, VS, MC, DS, AMEX, and international charges. It also includes incidental association fees such as Misuse Authorizations, Zero Floor Limit and Transaction Integrity fees.
MC Access Fee	The MasterCard Network Access Usage Fee applies to US acquired MasterCard gross sales and return transactions. This fee applies to transactions from US merchants for US cardholders.
MC Annual License Fee (ALF)	This fee is assessed to acquirers based on their total MasterCard annual sales volume.
MC Cross Border Fee	Applies to any transaction in which the country of the merchant differs from the country where the card was issued.
MC International Support Fee	Applies to U.S. acquired transactions paid for with a card issued outside of the U.S.
Misc Fees	This reflects charges that are not listed elsewhere on the IC quote page.
Misuse Auth Fee	The Misuse of the Authorization Fee will be assessed to approved and partially-approved electronic authorizations that cannot be matched to a settled transaction.
Monthly Fee	Fee charged to maintain and service your account. This fee also covers the cost of preparing and mailing out your monthly statement.
Monthly Gateway	Monthly service fee to access internet or wireless gateways.
Monthly Minimum	The minimum discount fee amount that your merchant account provider requires you to generate each month.
Monthly PCI Fee	A monthly fee that covers the cost of maintaining PCI Compliance. Some companies may charge annually rather than monthly

GLOSSARY 3/4

Monthly Service Charge	A monthly charge that pays for services such as customer support
Monthly Statement Fee	A fee charged to the merchant for sending a monthly statement. This fee covers mostly paper and postage
Next Day Funding	A fee assessed so that a merchant can receive their daily cash flow deposit one day earlier than the standard funding cycle.
PCI Compliance	PCI Compliance Service Program Fee and Non-validation PCI Compliance Fee are part of the mandatory PCI Compliance Service Program in order to protect cardholder data. Non Compliance fees may be assessed on top of this for merchant who do not complete and submit the appropriate SAQ questionnaire.
PIN Debit	This is the per item fee charged for PIN-based debit cards.
PIN Debit Access	Monthly service fee to use the PIN Debit networks.
PIN Debit Network Fees	The network fees assessed for all PIN Debit sales.
Processing Fee	Discount and per item fee assessed by the processor to maintain and support your merchant account.
Regulatory Fee	A fee assessed by processors to cover the cost to report merchant income to IRS in order to improve tax compliance by businesses that accept credit cards.
Reprogramming Fee	The fee for reprogramming a merchant's existing terminal, POS system, or software from another provider
Retrieval	Information requested from the issuing bank to the processor about a cardholders transaction. Sometimes inadequate information can lead to a chargeback
Retrievals	Also known as a 12B Letter Fee. This fee is charged when a customer or issuing bank requests a copy of a sales draft in order to substantiate a transaction.
Setup Fee	a one-time fee charged by the processor when the merchant has applied and is established
Signature Debit	This is also known as Online Debit or Visa®/MasterCard® check cards.
Transaction Integrity Fee	The fee is assessed on both consumer and commercial, regulated and non-regulated transactions that are either not eligible or fail to meet CPS qualification.

GLOSSARY 4/4

V/MC/Disc Fee	Transaction fee that is charged for Visa®/MC/Discover® transactions
Variance	This reflects small discrepancies such as rounding issues and statement rounding errors and is used as a catchall to balance out the merchant's total fees as listed on their monthly statement.
Visa Fixed Acquirer Network Fee (FANF)	This fee is charged to a merchant's acquirer or credit card processor based on a merchant's size and number of locations.
VS Access Fee	The Visa® Authorization Processing Fee applies to all Visa branded authorizations acquired in the US regardless of where the issuer or cardholder is located. This fee will not apply to Zero Dollar Verification messages or authorization reversals.
VS International Acquirer Fee	Applies to U.S. acquired transactions paid for with a card issued outside of the U.S.
VS International Service Fee	Applies to U.S. acquired transactions paid for with a card issued outside of the U.S.
Zero Amount Fee	The Visa® Zero Amount Fee applies to Zero Dollar Verification messages (approved and declined). Zero Dollar Verification messages include the verification of the card account number, address verification (through the Address Verification Service), Card acquired Account Verification authorizations, Verification Value 2 (CVV2) and Single Message System (SMS)
Zero Floor Limit Fee	Assessed on settled transactions that cannot be matched to previously approve or partially-approved electronic authorizations.
Vendor Markup	The rate charged by the processor on transactions. It doesn't include interchange, association and other vendor fees.
Effective Rate	The estimated total rate as a percentage that will be charged for processing.
Estimated Total Fee	The estimated total dollar amount that will be charged for processing.



business made easier

THE ULTIMATE GUIDE TO PAYMENTS

**LET OUR EXPERTS ANSWER YOUR
QUESTIONS**

227 W 4th St, Charlotte, NC 28202

E-mail: Support@inspivo.com

Website: <http://www.inspivo.com>

GET STARTED, IT'S FREE

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