



CONFERENCE: Nov. 15-18, 2021
TRADE SHOW: Nov. 16-19, 2021

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How to Reduce your Credit Card Fees

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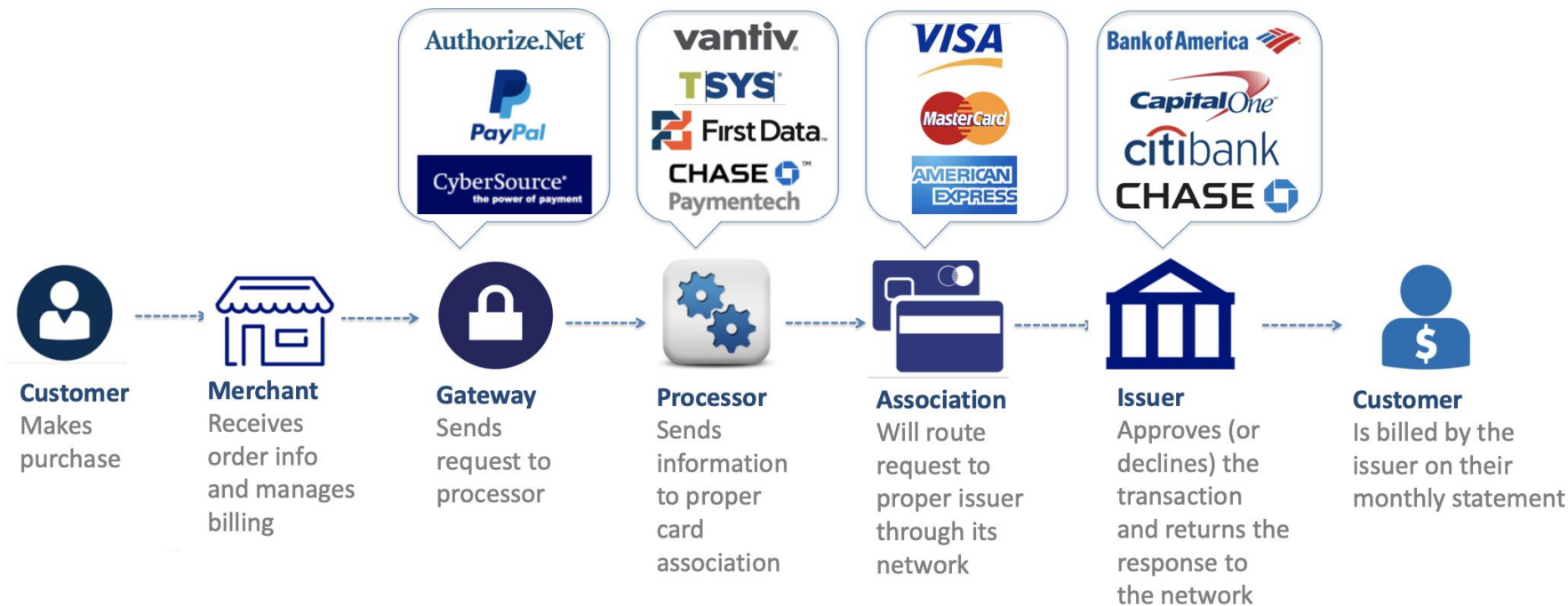
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The Ecosystem of a Transaction



What you need to know

- Credit card processing is both regulated AND unregulated
- Margins have been compressed, driving processors to hide fees
- New regulations, complicated statements and options are designed to create confusion. Processors will raise your rates, hide fees, and make “errors” that cost you money
- Processors raise rates 4x a year on average
- Increase in the number of breaches creating the need for breach protection and PCI compliance



The Complex World of Processing

DIFFERENT AREAS OF PROCESSING TO LOOK AT:

Rates	Terminals-Pricing
Pricing Structure	EMV/Non EMV
Coding	PCI
Optimization of Data	Reporting
Gateway Set up and Pricing	Reconciliation
Contract and Terms	RFP Management

Regulated & Unregulated Fees



*For sample purposes only

Deciphering the Statement

Categories of charges:

1. Rates-
 - There are over 600 rate categories involved in pricing
2. Coding
 - Improper coding can cost merchants thousands of dollars a year and go undetected especially if they don't have someone monitoring their account
3. Account set up-
 - If the ratio between how often they swipe a card and how often they take payment isn't accurate, this little mistake could cost thousands of dollars a year

Annual Fees, Set Up Fees, Chargeback Fees, Cancellation Fees, Statement Fees, Qualifying Fees, Daily Discount of Merchant Fees, Membership or Supply Fee, Equipment Lease Fees



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Sample Statement with marked up and made up fees, and incorrect charges/credits

		V/MC PCI COMPLIANCE FEE	5.00
		VISA FANF FEE	7.00
02	3,120.00	VS REWARDST(1.70%XSAL+\$\$.15XITEMS)	53.34
01	4,050.00	VSP RTL (2.16%XSAL+\$\$.11XITEMS)	87.59
03	15,075.00	VSP STD OTHR (2.76%XSAL+\$\$.11XITEMS)	416.40
01	200.00	INTL FEE SALE (.45%XSAL+\$\$.05XITEMS)	.95
01	200.00	VISA IAF (0.50%XSAL)	1.00
13	16,600.00	US REG (.05%XSAL+\$\$.22XITEM)	11.16
	1.00		1.00
01	750.00	VS CPS RETAIL (1.59%XSAL+\$\$.13XITEMS)	12.06
01	5,775.00	VS BUS STD OTHR(2.95%XSAL+\$\$.25XITEMS)	170.61
11	29,450.00	VS EIRF (2.38%XSAL+\$\$.15XITEMS)	702.56
01	200.00	VS/IRISS ELE(1.15%XSAL+\$\$.05XITEMS)	2.35
01	100.00	VS US CRDT-CNS(1.83%XSAL+\$\$.03XITEMS)	1.86
01	5,775.00	VS US CRDT-COMM(2.45%XSAL+\$\$.05XITEMS)	141.54
	75,020.00	DUES AND ASSESSMENTS(1100%XSAL)	82.52
01	100.00	ELITEMERIT1(2.60%XSAL+\$\$.15XITEMS)	2.75
01	10,000.00	ELITEMERIT3 (2.30%XSAL+\$\$.15XITEMS)	230.15
01	200.00	MC ENH MERIT1 (2.17%XSAL+\$\$.15XITEMS)	4.49
25	15,345.55	MC ACQUIRER BRAND VOLUME FEE(.11%XSAL)	16.88
02	15,400.00	MC ABVF ABOVE FEE (.13%XSAL)	20.02
11	13,306.16	REG DB FA (0.05%XSAL+\$\$.22XITEM)	9.07
01	84.38	MERIT I PP (1.76%XSAL+\$\$.20XITEMS)	1.69
	1.69		1.69
01	100.00	MC MERIT I (1.95%XSAL+\$\$.15XITEMS)	2.10
02	55.00	MC MERIT III (1.63%XSAL+\$\$.13XITEMS)	1.16
01	100.00	MC MERIT LDB(1.69%XSAL+\$\$.19XITEMS)	1.88
01	1,775.00	CON CR RF GR4(1.87%XSAL+\$\$.03XITEMS)	33.22
08	1,500.01	MC WRLD MERIT 1(2.10%XSAL+\$\$.13XITEMS)	32.54
01	5,400.00	MC WRLD MERIT 3(1.83%XSAL+\$\$.15XITEMS)	98.97
	30,745.55	DUES AND ASSESSMENTS(.11%XSAL)	33.82
01	2,150.00	DS KEY ENTRY CR(1.97%XSAL+\$\$.10XITEMS)	42.46
01	2,150.00	DISC DDUC(\$0.0185XITEM)	.02
	2,150.00	DS DUES AND ASSESSMENTS(.10%XSAL)	2.15
40		MC/VISA HEADER REC	15.60
02		DISCOVER TRANSACTION FEE	.20
22		AMERICAN EXPRESS TRANSACTION FEE	2.20
03		AMERICAN EXPRESS TRANSACTION FEE	.30
69		TRANSACTION FEE	7.30
06	7,950.00	DISCOUNT EXPENSE FOR CREDITS	92.02
17	17,864.39	MC/NABU GCMS FEE	.33
13		M/C NABU FEE	.25
09		VISA NAPF FEE	.14
	Total Fees Due		2,365.99

These are marked up above the actual cost.

These should be CREDITS, not CHARGES.

Made up fee

Sample Statement- Inflated Rates- Needs Monitoring

February

GP FEE-VS INTL SVC ASSESS-BASE	141	32,061.02	227.38	.8900	.0000	285.34
GP FEE-VISA INTL ACQUIRER	141	32,061.02	227.38	.8900	.0000	285.34
GP FEE - MC ASSESSMENTS	744	122,228.34	164.29	.1200	.0000	146.67
GP FEE-MC CROSS BDR DOMESTIC	110	24,717.38	224.70	.8900	.0000	219.98
GP FEE-MC ACQ PROGRAM SUPPORT	110	24,717.38	224.70	1.2500	.0000	308.97

Inflated Rates

April

GP FEE-VS INTL SVC ASSESS-BASE	157	43,452.96	276.77	.8000	.0000	347.62
GP FEE-VISA INTL ACQUIRER	157	43,452.96	276.77	.4500	.0000	195.54
GP FEE - MC ASSESSMENTS	922	167,082.82	181.22	.1200	.0000	200.50
GP FEE-MC CROSS BDR DOMESTIC	126	29,347.97	232.92	.6000	.0000	176.09
GP FEE-MC ACQ PROGRAM SUPPORT	126	29,347.97	232.92	.8500	.0000	249.46

Negotiated Rates

July

GP FEE-VS INTL SVC ASSESS-BASE	126	28,454.45	225.83	.8900	.0000	253.24
GP FEE-VISA INTL ACQUIRER	126	28,454.45	225.83	.8900	.0000	253.24
GP FEE - MC ASSESSMENTS	847	138,922.73	164.02	.1900	.0000	263.95
GP FEE-MC CROSS BDR DOMESTIC	115	24,348.25	211.72	.8900	.0000	216.70
GP FEE-MC ACQ PROGRAM SUPPORT	115	24,348.25	211.72	.8900	.0000	216.70

Processor increased again

CASE STUDY: ENVIRONMENTAL COMPANY

OVERVIEW: An environmental company asked Merchant Advocate to look at their Merchant accounts. They had several accounts, each with a different rate. Merchant Advocate was able to consolidate the rates, and find hidden fees. In addition, Merchant Advocate identified and quickly fixed areas where the account was set up improperly and key information was not being passed along to the processor. This client was able to save \$88,000 each year.

HIGH RATES

The company had multiple merchant accounts with varying inflated rates, resulting in \$15,000/year in savings.

03/30/15	SC	MASTERCARD SALES DISCOUNT .003000 DISC RATE TIMES	\$100,519.87	-301.56
03/30/15	FEE	MONTHLY SERVICE CHARGE		-29.00
03/30/15	IC	DSCVR PSL CNP/E/COM PP		-6.92
03/30/15	SC	VISA SALES DISCOUNT .003000 DISC RATE TIMES	\$173,915.98	-521.75
03/30/15	FEE	US CROSS BORDER FEE 40 TRANS TOTALING	\$7,014.64	-28.05
03/30/15	IC	DSCVR COMMAL ELECT OTHER		-377.33
03/30/15	FEE	MC FOREIGN HANDLING FEE .002000 BASIS PTS TIMES	\$7,014.64	-14.02
03/30/15	IC	DSCVR PSL CNP/E/COM PP		-6.00
03/30/15	FEE	VISA FOREIGN HANDLING FEE .002000 BASIS PTS TIMES	\$25,418.97	-50.83
Total Service Charges				-\$5,062.66
Total Interchange Charges				-\$9,186.62
Total Fees				-\$2,137.37
Total (Service Charges, Interchange Charges, and Fees)				-\$16,386.65

IMPROPER SET-UP

Improper set-up at the processor level caused a combination of two different pricing models, causing inflated fees resulting in \$30,000/year in savings.

FEES CHARGED

Date	Type	Description	Total
03/30/15	IC	MC ASSESSMENT TRAN AMT --\$1K_000100 X 3 TBNS	\$4,693.00
03/30/15	SC	DEBIT SALES DISCOUNT RATE .017000 DISC RATE TIMES	\$171,648.62
03/30/15	FEE	VISA NETWORK FEE CNP 2-08	-120.00
03/30/15	IC	VI-CPS/REWARDS 2	-401.75
03/30/15	FEE	MC NETWORK ACCESS AUTH FEE 1,696 TRANSACTIONS AT .019500	-33.07
03/30/15	IC	VI-INTREG COMM STD (US ACQ)	-160.00
03/30/15	FEE	DEBIT AUTHORIZATION FEE FS 2,621 TRANSACTIONS AT .300000	-786.30
03/30/15	IC	VI-INTREG STANDARD (US)	-318.21
03/30/15	FEE	MASTERCARD WATS AUTH FEE 1,717 TRANSACTIONS AT .060000	-103.02
03/30/15	IC	VI-CPS/ECOMM-BASIC	-66.68
03/30/15	FEE	MC PROCESSING INTEGRITY FEE 613 TRANSACTIONS AT .055000	-33.72
03/30/15	IC	VI-INTER PREM CAN ISS US ACQ	-66.77

HIDDEN FEES

Processor inserted made-up line items that are inconsistent with true processing costs. Line item is pure profit, resulting in \$12,000/ year.

03/30/15	IC	DISCOVER DUES/ASSESSMENT FEE .001050 BASIS PTS TIMES	\$17,701.76	-18.59
03/30/15	IC	VISA ASSESSMENT FEE CR .001300 BASIS PTS TIMES	\$173,915.98	-226.09
03/30/15	SC	INTERCHANGE CLEARING FEE .003500 BASIS PTS TIMES	\$303,562.27	-1062.47
03/30/15	FEE	FEBRUARY PAPER STATEME 10.000000		-10.00
03/30/15	IC	DSCVR PSL CNP/ECOM RW		-18.53

BACK END OPTIMIZATION

Key information not being passed along to processor caused inflated rates. Line item is pure profit resulting in \$30,000/year.

PENDING INTERCHANGE CHARGES						Interchange Cost		Sub Total	Total Interchange Charges
Product/Description	Sales	% Of Total Sales	Number of Transactions	% of Total Transactions	Rate	Transaction	Cost Per Transaction		
MASTERCARD NONDEBIT									
MC-CORP DATA RATE I FLT NFUEL	4,454.67	4	14	2	2.65	0.100		119.45	
MC-BUS LEVEL 3 DATA RATE I	3,341.96	3	31	5	2.85	0.100		98.58	
MC-BUS LEVEL 4 DATA RATE I	27,857.44	28	104	16	2.96	0.100		834.98	
MC-Foreign STANDARD PLUS	4,978.74	5	33	5	2.45	0.100		121.98	
MC-MERIT I ELECTRONIC COMMERCE	2,259.08	2	22	3	1.89	0.100		44.90	
MC-WORLD CARD MERIT I	3,610.91	4	34	5	2.05	0.100		77.42	
MC-CORP DATA RATE I (US) PUR	3,421.57	3	21	3	2.65	0.100		92.77	
MC-BUS LEVEL 2 DATA RATE I	3,445.54	3	12	2	2.81	0.100		98.02	
MC-CORP DATA RATE I (US) BUS	14,017.78	14	158	25	2.65	0.100		387.27	
MC-CORP BUSINESS INTL FLT	525.00	1	3	0	2.65	0.100		14.96	
MC-WORLD ELITE MERIT I	4,706.82	5	24	4	2.50	0.100		120.07	
MC-PREM CON STD ACQUIS/ISSCAN	1,510.90	2	10	2	2.70	0.100		40.79	
MC-ENHANCED MERIT I	1,426.84	1	9	1	2.04	0.100		30.01	
MC-HIGH VAL MERIT I	24,352.59	25	163	26	2.50	0.100		840.37	
MASTERCARD NONDEBIT TOTAL	106,519.87		638						2,721.67

3 EASY STEPS

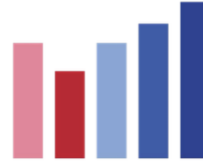
TO MAKE SURE
YOU ARE NOT
PAYING TOO MUCH
TO YOUR PROCESSOR:



ANALYZE

SAVE WITHOUT SWITCHING

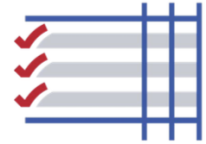
Keep your current processor relationship and still save. We will review all interchange levels and individual methods of processing cards to employ best practices.



ADJUST

NAVIGATE THE WATERS

We will decipher where the opportunities exist and initiate conversations with client, processor and gateway to get all parties on the same page. We only get paid if you save.



AUDIT

TRANSPARENCY AND REPORTING

We help ensure that client procedures are automated and coordinated with all parties including IT. We regularly monitor to ensure you keep saving.

THANK YOU

George Stein

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