



Do You Cringe at Credit Cards?

Accepting credit and debit cards at your business should help you make sales that you otherwise may not get. If you find that the fees are sinking your bottom line, or if you are starting to hesitate to accept them anymore because of the cost, please read on.

This special edition of the Pelorus International Marine Finance newsletter is intended to help you understand exactly what card processing is costing you, so that you can make an informed decision about what to do next. We suggest you take out your last processing statement and review these:

- 1. Card Type** – Does your statement distinguish credit cards from debit cards? Debit card transactions typically cost less to process, so you should be paying less for those transactions.
- 2. Transaction or Interchange Level** – Does your statement contain “qualified” and “non-qualified” transactions, and do you know what those are? Different qualification categories are sometimes used as a way to charge higher rates on certain transactions, which can be up to twice the rate you are expecting to pay.
- 3. Total Fees** – Sometimes a total isn’t really the total. On some account statements, the “total” card fee number is only the base rate expense, but does not include the additional fees on those transactions that were charged a higher rate. To check your numbers, add up the individual transaction fees and see if yours matches the “total” presented on your statement.
- 4. Discount Rate** – The discount rate is the “base” rate you expected to pay on your transactions. Check your statement to see how many of your transactions actually qualify for that low rate. Most retailers are very surprised when they do this and find out that very few transactions are actually being billed at the discount rate.
- 5. Bill-Backs and Surcharges** – There may be additional costs associated with your transactions. Some of these fees may apply to transactions from this month, and sometimes to previous months, which makes it difficult to see the true cost of any particular transaction.
- 6. Seriously, More Fees?** – Check for more fees with keywords like “authorization”, “batching”, “annual”, or “AVS”. These can just be a way to charge you more, even if it should cost less. AVS, for example, is an anti-fraud mechanism that should LOWER the cost of that transaction.
- 7. Middlemen** – Your card processing statement may not include all of the fees you are paying to take credit cards. Some intermediaries subtract their fees directly from your bank account, so be sure to check there as well for monthly withdrawals that you might not recognize as being associated with credit card processing.

If you’ve reviewed your statement and don’t feel good about your existing credit card processor, call Greg at (518) 641-1740. Pelorus International is proud to affiliate with a direct processor that believes in transparency, so you are well informed and will understand all charges BEFORE you review your past statements.



A Client in Every Port